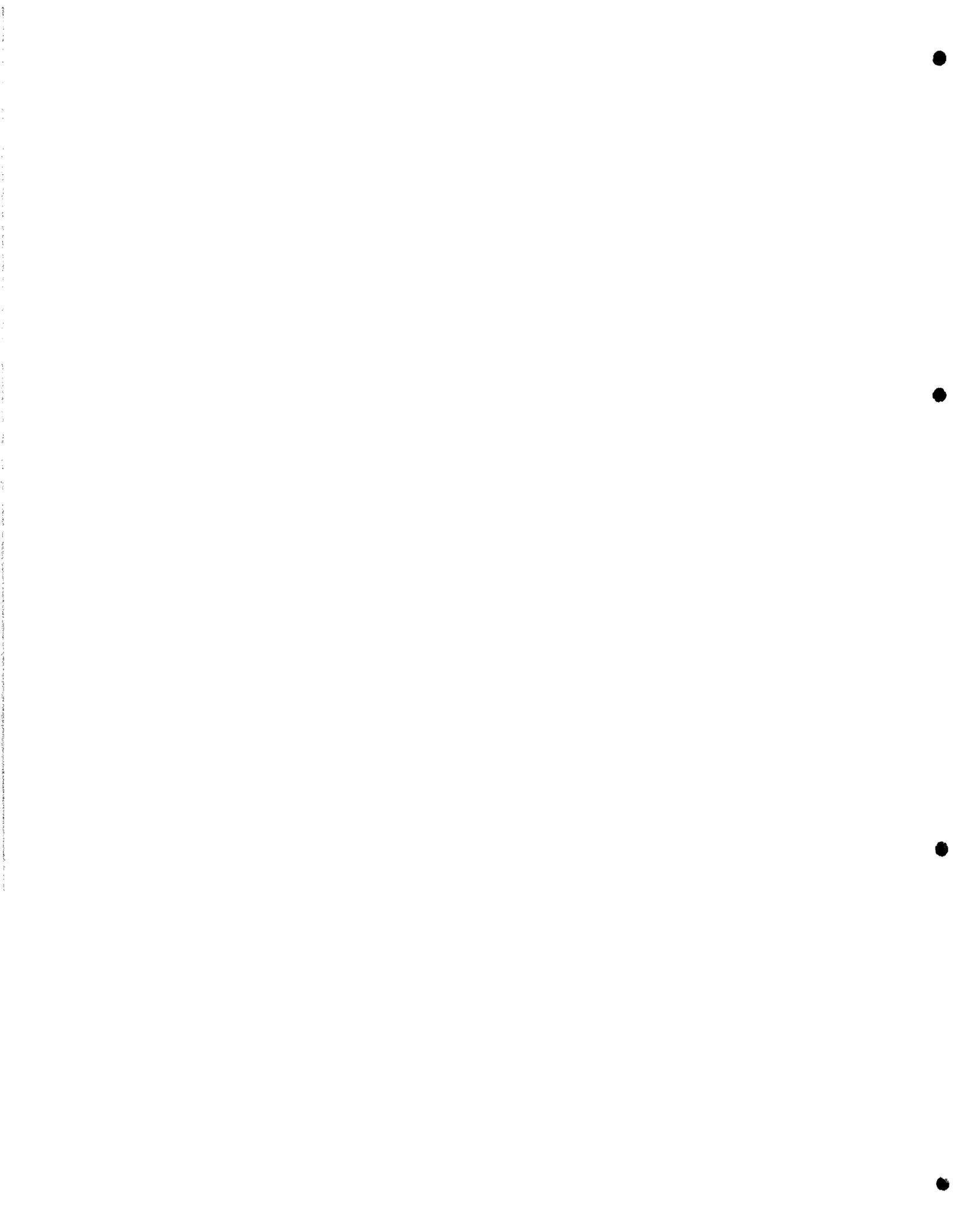




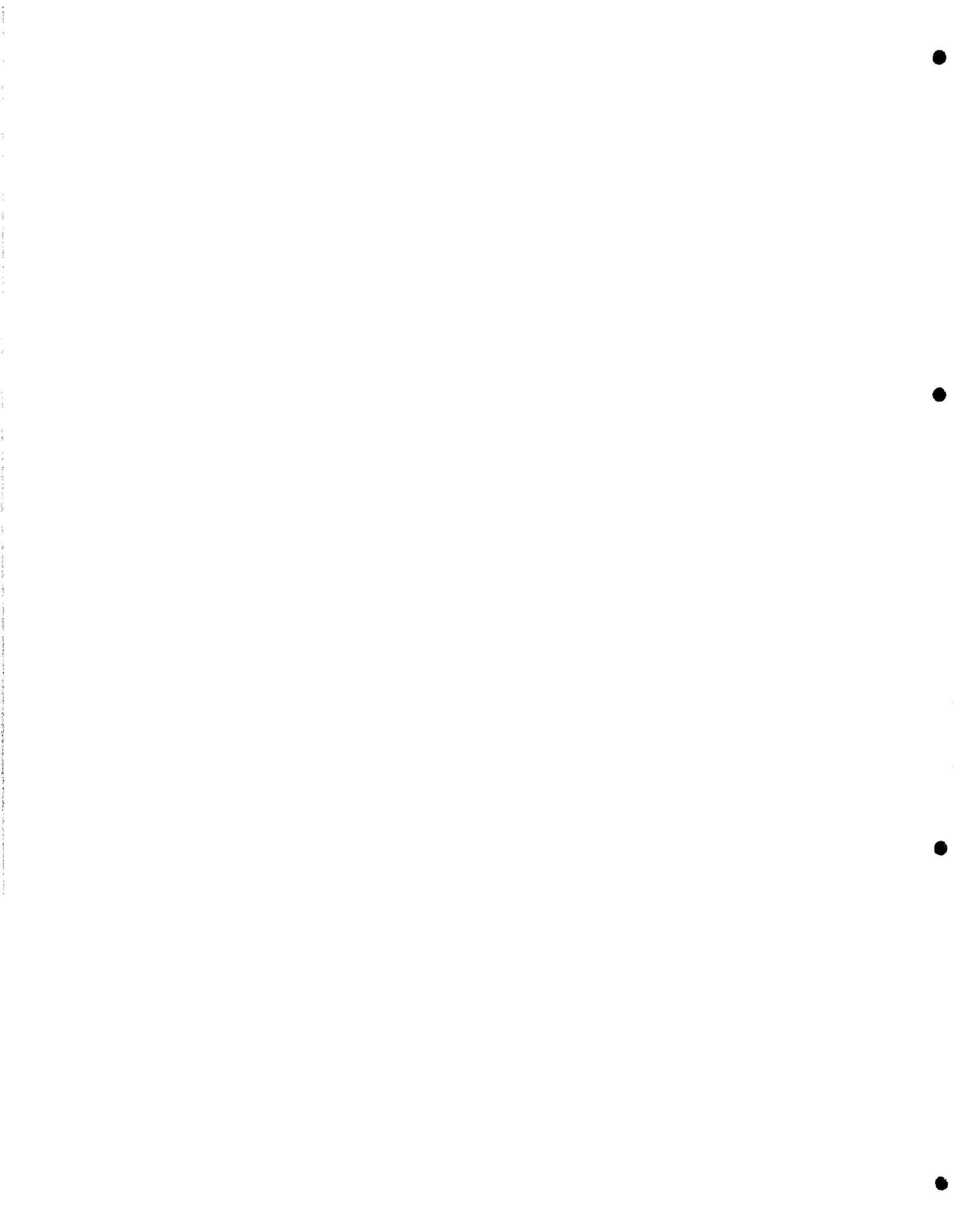
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CORINTH SCHOOL DISTRICT
Audited Financial Statements
For the Year Ended June 30, 2014



**CORINTH SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2014**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-11
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Exhibit A – Statement of Net Position	12
Exhibit B – Statement of Activities	13
Governmental Funds Financial Statements	
Exhibit C – Balance Sheet	14
Exhibit C-1 – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Exhibit D – Statement of Revenues, Expenditures and Changes in Fund Balances	16
Exhibit D-1 – Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	17
Fiduciary Funds Financial Statements	
Exhibit E – Statement of Fiduciary Net Position	18
Exhibit F – Statement of Changes in Fiduciary Net Position	19
Notes to the Financial Statements	20-36
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	37
Budgetary Comparison Schedule – Title I Fund	38
Budgetary Comparison Schedule – 21 st Century Fund	39
Notes to the Required Supplementary Information	40
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	41-42
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds	43
OTHER INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years	44
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years	45
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	46-47
Independent Auditor's Report on Compliance for Each Major Federal Program; And on Internal Control Over Compliance Required by OMB Circular A-133	48-49
Independent Auditor's Report on Compliance with State Laws and Regulations	50-51
Schedule of Findings and Questioned Costs	52





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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Corinth School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Corinth School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Corinth School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Corinth School District, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-11 and 37-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corinth School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Instructional, and Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated May 4, 2015 on our consideration of the Corinth School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and

compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Corinth School District's internal control over financial reporting and compliance.

Parsons, Vensterg & Co. P.A

Booneville, MS
May 4, 2015

**CORINTH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

The following discussion and analysis of Corinth School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2014 increased \$60,482 which represents a 0.02% increase from fiscal year 2013. Total net position for 2013 increased \$1,607,692, including a prior period adjustment of \$27,736, which represents a 6.47% increase from fiscal year 2013.
- General revenues amounted to \$15,975,246 and \$15,875,479, or 73.7% and 74% of all revenues for fiscal years 2014 and 2013, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,625,155, or 26.3% of total revenues for 2014, and \$5,482,572, or 26% of total revenues for 2013.
- The District had \$21,429,358 and \$19,778,095 in expenses for fiscal years 2014 and 2013; only \$5,625,155 for 2014 and \$5,482,572 for 2013 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$15,975,246 for 2014 and \$15,875,479 for 2013 were adequate to provide for these programs.
- Among major funds, the General Fund had \$14,920,242 in revenues and \$13,962,267 in expenditures for 2014, and \$14,808,703 in revenues and \$13,330,906 in expenditures for 2013. The General Fund's fund balance increased by \$473,083 from 2013 to 2014, and increased by \$1,096,678 from 2012 to 2013.
- Capital assets, net of accumulated depreciation, increased by \$1,784,229 for 2014 and increased by \$1,053,241 for 2013.
- Long-term debt decreased by \$662,320 for 2014 and decreased by \$620,598 for 2013. The liability for compensated absences increased by \$ 21,037 for 2014 and increased by \$34,846 for 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's basic financial statements, which include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplemental information, supplemental information, and other information.

**CORINTH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances. These statements consist of the Statement of Net Position and the Statement of Activities, which are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents information on all the District's nonfiduciary assets and liabilities, with the differences between the two reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instructional and interest on long-term liabilities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds – Most of the District's general activities are reported in its governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. The approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may gain a better understanding of the long-term impact of the District's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Position, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

**CORINTH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

The District maintains individual governmental funds in accordance with the *Financial Accounting Manual for Mississippi Public School Districts*. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All non-major funds are combined and presented in these reports as other governmental funds.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's own programs. These funds are reported using the accrual basis of accounting. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Reconciliation of Government-wide and Fund Financial Statements

The financial statements include two schedules that reconcile the amounts reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial statements (accrual basis of accounting). The following summarizes the major differences between the two statements:

Capital assets used in governmental activities are not reported on governmental funds financial statements.

Capital outlay spending results in capital assets on government-wide financial statements, but is reported as expenditures on the governmental funds financial statements.

Bond and note proceeds result in liabilities on government-wide financial statements, but are recorded as other financing sources on the governmental funds financial statements.

Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements, but are reported as expenditures on the governmental funds financial statements.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules as required supplemental information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional major special revenue fund as required by the Governmental Accounting Standards Board.

**CORINTH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

Supplemental Information

Additionally, a Schedule of Expenditures of Federal Awards as required by OMB Circular A-133 and a Schedule of Instructional, Administrative and Other Expenditures for governmental funds can be found in this report.

Other Information

Although not a required part of the basic financial statements, the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years, is presented for purposes of additional analysis as required by the Mississippi Department of Education.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$26,519,194 as of June 30, 2014.

The District's financial position is a product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

Table 1 presents a summary of the District's net position at June 30, 2014 and June 30, 2013.

**Table 1
Condensed Statement of Net Position**

	June 30, 2014	June 30, 2013	Percentage Change
Current assets	\$ 17,269,625	\$ 19,344,727	-10.73 %
Capital assets, net	30,133,193	28,348,964	6.29 %
Total assets	47,402,818	47,693,691	-0.61 %
Current liabilities	1,260,008	970,080	29.89 %
Long-term debt outstanding	19,623,616	20,264,899	-3.16 %
Total liabilities	20,883,624	21,234,979	-1.65 %
Net position:			
Net investment in capital assets	10,711,242	11,532,369	-7.12 %
Restricted	9,895,334	2,599,466	280.67 %
Unrestricted	5,912,618	12,326,877	-52.03 %
Total net position	\$ 26,519,194	\$ 26,458,712	0.002 %

**CORINTH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

The following are significant current year transactions that have had an impact on the Statement of Net Position.

- Increase in net capital assets in the amount of \$1,784,229.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2014 and June 30, 2013 were \$21,600,401 and \$21,358,051, respectively. The total cost of all programs and services was \$21,429,358 for 2014 and \$19,778,095 for 2013.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013.

**Table 2
Changes in Net Position**

	<u>Year Ended June 30, 2014</u>	<u>Year Ended June 30, 2013</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 443,116	\$ 423,783	4.56 %
Operating grants and contributions	5,182,039	5,058,789	2.44 %
General revenues:			
Property taxes	4,656,936	4,683,888	(0.58) %
Grants and contributions not restricted	11,301,414	10,907,326	3.61 %
Investment earnings	16,896	257,405	(93.44) %
Other	-	26,860	(100.00) %
Total revenues	<u>21,600,401</u>	<u>21,358,051</u>	1.13 %
Expenses:			
Instruction	12,380,062	11,958,774	3.52 %
Support services	6,735,384	5,939,173	13.41 %
Non-instructional	1,492,620	1,023,614	45.82 %
Interest on long-term liabilities	821,292	856,534	(4.11) %
Total expenses	<u>21,429,358</u>	<u>19,778,095</u>	8.35 %
Increase (Decrease) in net position	<u>171,043</u>	<u>1,579,956</u>	(89.17) %
Net Position, July 1, as previously reported	<u>26,458,712</u>	<u>24,851,020</u>	6.47 %
Prior Period Adjustment	<u>(110,561)</u>	<u>27,736</u>	(3.99)
Net Position, July 1, as restated	<u>26,348,151</u>	<u>24,878,756</u>	5.91 %
Net Position, June 30	<u>\$ 26,519,194</u>	<u>\$ 26,458,712</u>	0.23 %

**CORINTH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

Governmental activities

The following table presents the cost of four major District functional activities: instruction, support services, non-instructional, and interest on long-term liabilities. The table also shows each functional activity's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost presents the financial burden that was placed on the State and District's taxpayers by each of these functions.

**Table 3
Net Cost of Governmental Activities**

	<u>Total Expenses</u>		<u>Percentage Change</u>
	<u>2014</u>	<u>2013</u>	
Instruction	\$ 12,380,062	\$ 11,958,774	-1.04 %
Support services	6,735,384	5,939,173	13.41 %
Non-instructional	1,492,620	1,023,614	45.82 %
Interest on long-term liabilities	821,292	856,534	(4.11) %
Total expenses	<u>\$ 21,429,358</u>	<u>\$ 19,778,095</u>	3.52 %
	<u>Net (Expense) Revenue</u>		
	<u>2014</u>	<u>2013</u>	<u>Percentage Change</u>
Instruction	\$ (9,140,413)	\$ (8,745,365)	4.52 %
Support services	(5,585,772)	(4,832,531)	15.59 %
Non-instructional	(256,726)	138,907	(284.82) %
Interest on long-term liabilities	(821,292)	(856,534)	(4.11) %
Total net (expense) revenue	<u>\$ (15,804,203)</u>	<u>\$ (14,295,523)</u>	10.55 %

- Net cost of governmental activities (\$15,804,203) for 2014 and (\$14,925,523) for 2013 was financed by general revenue, which is primarily made up of property taxes (\$4,656,936 for 2014 and \$4,683,888 for 2013) and state and federal revenues (\$11,301,414 for 2014 and \$10,907,326 for 2013).
- Investment earnings amounted to \$16,896 for 2014 and \$257,405 for 2013.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

**CORINTH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$16,189,050, a decrease of (\$2,259,104), which includes an increase in inventory of \$5,836. \$6,114,283 or 37.76% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$10,074,767 or 62.24% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$473,803. The fund balance of Other Governmental Funds showed an increase in the amount of \$510,424, which includes an increase in reserve for inventory of \$5,836. The increase (decrease) in the fund balances for the other major funds were as follows:

Title I Fund	-
21st Century Fund	-
Capital Project QSCB 2012	\$ (3,242,611)

BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and major special revenue funds are provided in this report as required supplemental information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2014, the District's total capital assets were \$39,544,366, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment. This amount represents an increase of \$694,671 from 2013. Total accumulated depreciation as of June 30, 2014, was \$9,411,173, and total depreciation expense for the year was \$1,051,529, resulting in total net capital assets of \$30,133,193.

**Table 4
Capital Assets, Net of Accumulated Depreciation**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Land	\$ 2,146,535	\$ 2,146,535	0.00 %
Construction in Progress	3,986,704	818,116	387.30 %
Buildings	18,560,875	19,568,178	-5.15 %
Building improvements	3,854,147	3,955,942	-2.57 %
Improvements other than buildings	383,365	449,238	-14.66 %
Mobile equipment	790,217	871,523	-9.33 %
Furniture and equipment	411,350	539,432	-23.74 %
Total	\$ 30,133,193	\$ 28,348,964	6.29 %

Additional information on the District's capital assets can be found in Note 5 included in this report.

**CORINTH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

Debt Administration. At June 30, 2014, the District had \$19,623,616 in outstanding long-term debt, of which \$709,306 is due within one year. The liability for compensated absences increased \$21,037 from the prior year.

**Table 5
Outstanding Long-Term Debt**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>	
General obligation bonds payable	\$ 10,640,000	\$ 11,125,000	-4.36	%
Three mill notes payable	781,951	959,271	-18.48	%
Qualified school construction bonds payable	8,000,000	8,000,000	0.00	%
Compensated absences payable	201,665	180,628	11.65	%
Total	<u><u>\$ 19,623,616</u></u>	<u><u>\$ 20,264,899</u></u>	-3.16	%

Additional information on the District's long-term debt can be found in Note 6 included in this report.

CURRENT ISSUES

The Corinth School District is financially stable. The District is proud of its community support of the public schools.

The District has committed itself to financial excellence for many years. The District's system of financial planning, budgeting and an internal financial control is well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

The District actively pursues grant funding to supplement the local, state and federal revenues.

Enrollment for the 2013-2014 year increased by 2.35 % to 2,336 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Corinth School District, 1204 N Harper Road, Corinth, MS 38834.

CORINTH SCHOOL DISTRICT
Statement of Net Position
June 30, 2014

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 14,016,663
Due from other governments	928,306
Inventories and prepaid	27,442
Restricted assets	2,297,214
Capital assets, non-depreciable:	
Land	2,146,535
Construction in progress	3,986,704
Capital assets, net of accumulated depreciation:	
Buildings	18,560,875
Building improvements	3,854,147
Improvements other than buildings	383,365
Mobile equipment	790,217
Furniture and equipment	411,350
Total Assets	47,402,818
Liabilities	
Accounts payable and accrued liabilities	1,080,575
Interest payable on long-term liabilities	179,433
Long-term liabilities, due within one year:	
Capital related liabilities	709,306
Long-term liabilities, due beyond one year:	
Capital related liabilities	18,712,645
Non-capital related liabilities	201,665
Total Liabilities	20,883,624
Net Position	
Net investment in capital assets	10,711,242
Restricted for:	
Expendable:	
School -based activities	966,348
Debt service	2,009,799
Capital Improvements	6,672,566
Unemployment benefits	178,330
Non-expendable:	
Permanent fund	68,291
Unrestricted	5,912,618
Total Net Position	\$ 26,519,194

The notes to the financial statements are an intergral part of this statement.

CORINTH SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2014

Exhibit B

Function/Programs	Expenses	Program Revenues			Net (Expense)	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position	
Governmental Activities:					Governmental Activities	
Instruction	\$ 12,380,062	\$ 269,279	\$ 2,970,370	\$ -	\$ (9,140,413)	
Support services	6,735,384	-	1,149,612	-	(5,585,772)	
Non-instructional	1,492,620	173,837	1,062,057	-	(256,726)	
Interest on long-term liabilities	821,292	-	-	-	(821,292)	
Total Governmental Activities	\$ 21,429,358	\$ 443,116	\$ 5,182,039	\$ -	\$ (15,804,203)	
General Revenues:						
Taxes:						
General purpose levies						3,418,957
Debt purpose levies						1,237,979
Unrestricted grants and contributions:						
State						10,894,295
Federal						407,119
Unrestricted investment earnings						15,896
Total General Revenues						15,975,246
Change in Net Position						171,043
Net Position - Beginning						26,458,712
Prior period adjustment						(110,561)
Net Position - Ending						\$ 26,519,194

The note to the financial statements are an integral part of this statement.

CORINTH SCHOOL DISTRICT

Governmental Funds

Balance Sheet

June 30, 2014

Exhibit C

	Major Funds					Total Governmental Funds
	General Fund	Title I Fund	21st Century Fund	Capital Projects QSCB 2012	Other Governmental Funds	
Assets						
Cash and cash equivalents	\$ 12,213,769	\$ -	\$ -	\$ -	\$ 1,873,185	\$ 14,086,954
Investments	-	-	-	760,251	1,466,672	2,226,923
Due from other governments	211,778	129,974	168,332	-	418,222	928,306
Due from other funds	858,394	-	-	-	-	858,394
Inventories and prepaid items	-	-	-	-	27,442	27,442
Total assets	13,283,941	129,974	168,332	760,251	3,785,521	18,128,019
Liabilities and Fund Balances						
Liabilities :						
Accounts payable and accrued liabilities	420,712	-	132,791	247,819	235,573	1,036,895
Unearned Revenue	-	-	-	-	43,680	43,680
Due to other funds	-	129,974	35,541	487,367	205,512	858,394
Total liabilities	420,712	129,974	168,332	735,186	484,765	1,938,969
Fund Balances:						
Nonspendable:						
Inventory	-	-	-	-	27,442	27,442
Permanent fund	-	-	-	-	68,291	68,291
Restricted:						
Debt service	-	-	-	-	2,189,232	2,189,232
Capital projects	-	-	-	25,065	-	25,065
Unemployment	-	-	-	-	178,330	178,330
Food Services	-	-	-	-	663,281	663,281
Grant Activities	-	-	-	-	174,180	174,180
Assigned:						
Activity Funds	63,336	-	-	-	-	63,336
Capital projects	6,647,501	-	-	-	-	6,647,501
Textbooks	38,109	-	-	-	-	38,109
Unassigned	6,114,283	-	-	-	-	6,114,283
Total fund balances	12,863,229	-	-	25,065	3,300,756	16,189,050
Total liabilities and fund balances	\$ 13,283,941	\$ 129,974	\$ 168,332	\$ 760,251	\$ 3,785,521	\$ 18,128,019

The notes to the financial statements are an integral part of this statement.

CORINTH SCHOOL DISTRICT
Governmental Funds
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2014

Exhibit C-1

Total fund balances for governmental funds \$ 16,189,050

Amounts reported for governmental activities in the statement of net position are different because:

1 . Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	2,146,535	
Construction in progress	3,986,704	
Buildings	23,554,436	
Building improvements	5,040,180	
Improvements other than buildings	1,646,836	
Mobile equipment	2,214,506	
Furniture and equipment	955,169	
Accumulated depreciation	<u>(9,411,173)</u>	30,133,193
2 . Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	(10,640,000)	
Three mill note payable	(781,951)	
Qualified school construction bonds payable	(8,000,000)	
Compensated absences	(201,665)	
Unamortized charges	110,561	
Accrued interest payable	<u>(179,433)</u>	(19,692,488)
3 . Prior period adjustment to write off debt issuance cost of prior debt issued		<u>(110,561)</u>
Net position of governmental activities		<u><u>\$ 26,519,194</u></u>

The notes to the financial statements are an integral part of this statement.

CORINTH SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014

Exhibit D

	Major Funds					
	General Fund	Title I Fund	21st Century Fund	Capital Projects QSCB 2012	Other Governmental Funds	Total Governmental Funds
Revenues:						
Local sources	\$ 3,620,934	\$ -	\$ -	\$ 2,879	\$ 1,493,137	\$ 5,116,950
State sources	11,118,875	-	-	-	487,958	11,606,833
Federal sources	180,435	1,002,772	344,174	-	3,349,239	4,876,620
Total revenues	<u>14,920,244</u>	<u>1,002,772</u>	<u>344,174</u>	<u>2,879</u>	<u>5,330,334</u>	<u>21,600,403</u>
Expenditures:						
Instruction	8,984,161	792,939	229,915	26,593	2,071,148	12,104,756
Support services	4,559,936	209,833	114,259	-	688,718	5,572,746
Noninstructional	5,763	-	-	-	1,055,729	1,061,492
Facilities acquisition and construction	412,407	-	-	3,218,897	-	3,631,304
Debt service:						
Principal	-	-	-	-	662,320	662,320
Interest	-	-	-	-	822,357	822,357
Other	-	-	-	-	10,368	10,368
Total Expenditures	<u>13,962,267</u>	<u>1,002,772</u>	<u>344,174</u>	<u>3,245,490</u>	<u>5,310,640</u>	<u>23,865,343</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>957,977</u>	<u>-</u>	<u>-</u>	<u>(3,242,611)</u>	<u>19,694</u>	<u>(2,264,940)</u>
Other Financing Sources (Uses)						
Operating transfers in	-	-	-	-	484,894	484,894
Operating transfers out	(484,894)	-	-	-	-	(484,894)
Total Other Financing Sources (Uses)	<u>(484,894)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>484,894</u>	<u>-</u>
Net Change in Fund Balances	<u>473,083</u>	<u>-</u>	<u>-</u>	<u>(3,242,611)</u>	<u>504,588</u>	<u>(2,264,940)</u>
Fund Balances - Beginning	12,390,146			3,267,676	2,790,332	18,448,154
Increase in Reserve For Inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,836</u>	<u>5,836</u>
Fund Balances - Ending	<u>\$ 12,863,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,065</u>	<u>\$ 3,300,756</u>	<u>\$ 16,189,050</u>

The notes to the financial statements are an integral part of this statement.

CORINTH SCHOOL DISTRICT
Governmental Funds
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2014

Exhibit D-1

Net change in fund balances - Total Governmental Funds \$ (2,264,940)

Amounts reported for governmental activities in the statement of activities are different because:

- 1 . Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 3,704,645	
Depreciation expense	<u>(1,051,529)</u>	2,653,116

- 2 . In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.

(868,887)

- 3 . The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:

Payments of debt principal	662,320	
Accrued interest payable	<u>11,433</u>	673,753

- 4 . Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:

Change in compensated absences	(21,037)	
Change in inventory reserve	5,836	
Amortization of deferred charges, premiums and discounts	<u>(6,798)</u>	<u>(21,999)</u>

Change in net position of governmental activities \$ 171,043

The notes to the financial statements are an integral part of this statement.

CORINTH SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2014

Exhibit E

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 17,040	\$ 888,683
Total assets	17,040	888,683
Liabilities		
Accounts payable and accrued liabilities	3,750	751,796
Due to student clubs	-	136,887
Total liabilities	3,750	\$ 888,683
Net Position		
Held in trust	13,290	
Total Net Position	\$ 13,290	

The notes to the financial statements are an integral part of this statement.

CORINTH SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
June 30, 2014

Exhibit F

	Private-Purpose Trust Funds
Additions	
Interest on investments	\$ 15
Contributions and donations from private sources	1,379
Total Additions	1,394
 Deductions	
Scholarships awarded	2,750
Total Deductions	2,750
 Changes in Net Position	 (1,356)
 Net Position	
July 1, 2013	14,646
June 30, 2014	\$ 13,290

The notes to the financial statements are an integral part of this statement.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of the school district have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the school district's accounting policies are described below.

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered an "other stand-alone government." The school district is a related organization of, but not a component unit of, the City of Corinth since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

For financial reporting purposes, Corinth School District has included all funds and organizations. The district has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the District's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The school district reports the following major governmental funds:

General Fund – This is the school district’s primary operating fund. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Title I Fund – This fund is used to account for the federal revenues and expenditures of the Title I Program.

21st Century Fund – This fund is used to account for the federal revenues and expenditures of the 21st Century Program.

Capital Projects QSCB 2012– This fund is used to account for financial resources for acquisition or construction of major capital facilities.

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

The District’s fiduciary funds include the following:

Activity Agency Fund – This fund is used to account for revenues and expenditures of various student clubs in the district.

Accounts Payable Clearing – This fund is used to account for the district’s claims payable and the payment of those claims.

Payroll Clearing – This fund is used to account for salaries and related salaries expenditures payable and the payment of those payables.

Private Purpose Trust Funds – Private purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which the principal and income benefit individuals, private organizations or other governments.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Funds – Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds – Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Permanent Funds – Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not the principal, may be used for purposes that support the district programs.

FIDUCIARY FUNDS

Private-purpose Trust Funds – Private-purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, under which the principal and income benefit individuals, private organizations or other governments.

Agency Funds – Agency Funds are used to report resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting, as are the Fiduciary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations which include subjecting grants to financial and compliance audits.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Ad valorem property taxes are levied by the governing authority of the city on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars. Since the taxes are not levied and collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The effect of inter-fund activity has been eliminated from the government-wide statements.

Revenues from the Mississippi Adequate Education Program are appropriated on a fiscal year basis and are recorded at the time the revenues are received from the State of Mississippi.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2012 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems, 2003*, issued by the U.S. Department of Education.

D. Encumbrances

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

E. Assets, liabilities, and net position

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The school district deposits excess funds in the financial institutions selected by the school board. State statutes specify how these depositories are to be selected.

Investments

The school district can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

(1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

Investments for the district are reported at fair market value.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of inter-fund loans) or “advances to/from other funds” (i.e. the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Due from Other Governments

Due from other governments represents amounts due from the State of Mississippi and various grants and reimbursements from other governments.

4. Inventories and Prepaid Items

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in, first-out basis). The costs of governmental funds type inventories are reported as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond sinking funds.

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

Capital acquisition and construction are reflected as expenditures in the Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements.

Depreciation is calculated on the straight-line basis for all assets, except land.

The following schedule details the capitalization thresholds:

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	\$ 0	0
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

(*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 5 for details.

7. Compensated Absences

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report the liability for compensated absences from expendable available financial resources only if the payable has matured, for example, an employee retires.

8. Long-term Liabilities, Deferred Debt Expense, and Bond Discounts/Premiums

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond issue cost, bond discounts or premiums, and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 6 for details.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

9. Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is a resolution approved by the Board. Currently there is no committed fund balance for this school district.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Superintendent and Business Manager pursuant to authorization established by the Board of Education.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Note 2 – Cash and Cash Equivalents, and Investments

The district follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits and investments are imposed by statutes as follows:

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 2 – Cash and Cash Equivalents, and Investments (Continued)

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school district's deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects) and bond sinking funds (Debt Service Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$14,086,954 and \$905,723, respectively.

Custodial Credit Risk – Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2014, none of the district's bank balance of \$15,567,584 was exposed to custodial credit risk.

Investments

As of June 30, 2014, the district had the following investments.

<u>Investment Type</u>	<u>Rating</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>
Federated U. S. Treasury Fund	not rated	less than 1 year	\$ 1,466,672
Trustmark Investment Account	not rated	less than 1 year	760,251
			<u>\$ 2,226,923</u>

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 2 – Cash and Cash Equivalents, and Investments (Continued)

Interest Rate Risk. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The district does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk – Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk.

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2014, the district had the following investments:

Issuer	Fair Value	% of Total Investments
Federated U. S. Treasury Fund	\$ 1,466,672	66%
Trustmark Investment Account	760,251	34%

Note 3 – Inter-fund Receivables, Payables and Transfers

The following is a summary of inter-fund transactions and balances:

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Title I Fund	\$ 129,974
	21st Century Fund	35,541
	Capital Projects QSCB 2012	487,367
	Other Governmental	205,512
Total		\$ 858,394

Inter-fund loans are temporary loans until funds are received from grantors.

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 484,894
Total		\$ 484,894

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 3 – Inter-fund Receivables, Payables and Transfers (Continued)

At year end the District transferred \$484,894 to other governmental funds as support.

Note 4 – Restricted Assets

The restricted assets represent the investment balance, totaling \$800,003, of the QSCB 2010 Bond Retirement Fund and \$666,669 of the QSCB 2012 Bond Retirement Fund for a total of \$1,466,672, \$760,251 of the Capital Projects QSCB 2012 Fund and \$70,291 cash of the Permanent Fund.

Note 5 – Capital Assets

The following is a summary of changes in capital assets for governmental activities.

	Balance 7/1/2013	Increases	Decreases	Adjustments	Balance 6/30/2014
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 2,146,535	-	-	-	2,146,535
Construction in progress	818,116	3,631,304	-	(462,716)	3,986,704
Total non-depreciable capital assets	<u>2,964,651</u>	<u>3,631,304</u>	<u>-</u>	<u>(462,716)</u>	<u>6,133,239</u>
<u>Depreciable capital assets:</u>					
Buildings	25,163,290		(1,608,854)		23,554,436
Building improvements	5,943,640		(1,366,176)	462,716	5,040,180
Improvements other than buildings	1,646,836				1,646,836
Mobile equipment	2,155,665	58,841			2,214,506
Furniture and equipment	975,613	14,500	(34,944)		955,169
Total depreciable capital assets	<u>35,885,044</u>	<u>73,341</u>	<u>(3,009,974)</u>	<u>462,716</u>	<u>33,411,127</u>
<u>Less accumulated depreciation for:</u>					
Buildings	5,595,112	474,383	(1,075,934)		4,993,561
Building improvements	1,987,698	228,893	(1,030,558)		1,186,033
Improvements other than buildings	1,197,598	65,873			1,263,471
Mobile equipment	1,284,142	140,147			1,424,289
Furniture and equipment	436,181	142,233	(34,595)		543,819
Total accumulated depreciation	<u>10,500,731</u>	<u>1,051,529</u>	<u>(2,141,087)</u>	<u>-</u>	<u>9,411,173</u>
Total depreciable capital assets, net	<u>25,384,313</u>	<u>(978,188)</u>	<u>(868,887)</u>	<u>462,716</u>	<u>23,999,954</u>
Governmental activities capital assets, net	<u>\$ 28,348,964</u>	<u>2,653,116</u>	<u>(868,887)</u>	<u>-</u>	<u>30,133,193</u>

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 5 – Capital Assets (Continued)

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Instruction	\$ 262,685
Support services	281,695
Non-instruction	<u>507,149</u>
	<u>\$ 1,051,529</u>

Commitments under construction contracts at June 30, 2014, are summarized as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Corinth Turf & Track	\$ 375,160	\$ 579,076
Softball Complex	<u>3,611,544</u>	<u>189,997</u>
	<u>\$ 3,986,704</u>	<u>\$ 769,073</u>

Construction projects included in governmental activities are funded with Qualified School Construction Bond Funds.

Note 6 – Long-term Liabilities

The following is a summary of changes in long-term liabilities and other obligations for governmental activities:

	<u>Balance 6/30/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2014</u>	<u>due within one year</u>
A. General Obligation Bonds payable	\$ 11,125,000	-	485,000	10,640,000	525,000
B. Three Mill not payable	959,271	-	177,320	781,951	184,306
C. Qualified school construction bonds payable	8,000,000	-	-	8,000,000	-
D. Compensated absences	<u>180,628</u>	<u>21,037</u>	<u>-</u>	<u>201,665</u>	<u>-</u>
Total	<u>\$ 20,264,899</u>	<u>21,037</u>	<u>662,320</u>	<u>19,623,616</u>	<u>709,306</u>

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 6 – Long-term Liabilities (Continued)

A. General obligation bonds payable

General obligation bonds payable are direct obligations and pledge the full faith and credit of the school district. General obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation bonds	4.7-6.0%	11/1/2008	11/1/2028	\$ 7,800,000	\$ 6,475,000
General obligation bonds	4.375-5.3%	3/1/2009	3/1/2029	5,000,000	4,165,000
Total				<u>\$ 12,800,000</u>	<u>\$ 10,640,000</u>

This debt will be retired from the Bond Retirement Fund.

1. General obligation bond issue of 11-1-08:

Year Ending June 30,	Principal	Interest	Total
2015	325,000	300,813	625,813
2016	325,000	281,312	606,312
2017	325,000	262,625	587,625
2018	350,000	244,938	594,938
2019	375,000	227,984	602,984
2020-2024	2,125,000	876,091	3,001,091
2025-2029	2,650,000	320,775	2,970,775
	<u>\$ 6,475,000</u>	<u>\$ 2,514,538</u>	<u>\$ 8,989,538</u>

This debt will be retired from the Bond Retirement Fund.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 6 – Long-term Liabilities (Continued)

2. General obligation bond issue of 3-1-09:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 200,000	183,893	383,893
2016	200,000	173,293	373,293
2017	215,000	162,694	377,694
2018	225,000	151,299	376,299
2019	235,000	139,374	374,374
2020-2024	1,360,000	535,743	1,895,743
2025-2029	1,730,000	229,746	1,959,746
	<u>\$ 4,165,000</u>	<u>\$ 1,576,042</u>	<u>\$ 5,741,042</u>

This debt will be retired from the Bond Retirement Fund.

Total general obligation bond payments for all issues:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 525,000	484,706	1,009,706
2016	525,000	454,605	979,605
2017	540,000	425,319	965,319
2018	575,000	396,237	971,237
2019	610,000	367,358	977,358
2020-2024	3,485,000	1,411,834	4,896,834
2025-2029	4,380,000	550,521	4,930,521
	<u>\$ 10,640,000</u>	<u>\$ 4,090,580</u>	<u>\$ 14,730,580</u>

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2014, the amount of outstanding bonded indebtedness was equal to 11.44% of property assessments as of October 2, 2013.

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three Mill Notes	3.94%	10/1/2007	10/1/2017	\$ 1,750,000	\$ 781,951
Total				<u>\$ 1,750,000</u>	<u>\$ 781,951</u>

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 6 – Long-term Liabilities (Continued)

The following is a schedule by years of total payments due on this debt:

Year Ending June 30	Principal	Interest	Total
2015	\$ 184,306	\$ 30,809	\$ 215,115
2016	191,568	23,547	215,115
2017	199,116	15,999	215,115
2018	206,961	8,154	215,115
	<u>\$ 781,951</u>	<u>78,509</u>	<u>860,460</u>

This debt will be retired from the Three Mill Debt Retirement fund.

C. Qualified school construction bonds payable

As more fully explained in Note 11, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Series 2010 - QSCB	1.01%	1/15/2010	1/15/2025	\$ 3,000,000	\$ 3,000,000
Series 2012 - QSCB	4.82%	5/15/2012	5/15/2027	5,000,000	5,000,000
Total				<u>\$ 8,000,000</u>	<u>8,000,000</u>

1. Series 2010

Year Ending June 30	Principal	Interest	Total
2015	\$ -	30,300	30,300
2016	-	30,300	30,300
2017	-	30,300	30,300
2018	-	30,300	30,300
2019	-	30,300	30,300
2020-2024		151,500	151,500
2025	3,000,000	30,300	3,030,300
	<u>\$ 3,000,000</u>	<u>333,300</u>	<u>3,333,300</u>

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 6 – Long-term Liabilities (Continued)

2. Series 2012

Year Ending June 30	Principal	Interest	Total
2015	\$ -	241,000	241,000
2016	-	241,000	241,000
2017	-	241,000	241,000
2018	-	241,000	241,000
2019	-	241,000	241,000
2020-2024	-	1,205,000	1,205,000
2025-2027	5,000,000	723,000	5,723,000
	<u>\$ 5,000,000</u>	<u>3,133,000</u>	<u>8,133,000</u>

D. Compensated absences payable

As more fully explained in Note 1(E)(7), compensated absences payable is adjusted on an annual basis as required by Section 37-7-307(5), Miss. Code Ann. (1972). Compensated absences will be paid from the fund from which the employees' salaries were paid.

Note 7 – Defined Benefit Pension Plan

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee's Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal year ended June 30, 2014 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2014, 2013, and 2012 were \$1,550,901, \$1,415,346, and \$1,176,195, respectively, which equaled the required contributions for each year.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 8 – Contingencies

Federal Grants – The school district has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the school district.

Note 9 – Risk Management

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Except as described below, the district carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 90 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies.

Note 10 – Qualified School Construction Bonds

Section 1521 of The American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows state and local governments to borrow without incurring interest costs. While Qualified School Construction Bonds (QSCBs) are intended to be interest free to a borrower, the ARRA legislation allows a lender to charge supplemental interest, and such supplemental interest is the responsibility of the school district.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 10– Qualified School Construction Bonds (continued)

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2014 was \$1,466,672. The amount accumulated in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Series 2010		Series 2012		
Year Ending	Amount	Year Ending	Amount	Total
June 30		June 30		
2015	\$ 200,000	2015	\$ 333,333	\$ 533,333
2016	200,000	2016	333,333	533,333
2017	200,000	2017	333,333	533,333
2018	200,000	2018	333,333	533,333
2019	200,000	2019	333,333	533,333
2020-2024	1,000,000	2020-2024	1,666,665	2,666,665
2025	200,000	2025-2027	999,999	1,199,999
	<u>\$ 2,200,000</u>		<u>\$ 4,333,329</u>	<u>\$ 6,533,329</u>

Note 11 – Vocational School Consortium

The school district entered into a Vocational Educational Agreement dated January 31, 1984 creating the Alcorn County Vocational Center. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the Alcorn County School District and Corinth School District.

Section 37-31-73, Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for the construction or operation of a regional vocational education center. Any such agreement should provide for a designated fiscal agent, providing the method of financing the construction and operation of such facilities, the manner in which such facilities are to be controlled and staffed and detail procedures for student admission and transportation services for those students.

The Alcorn School District has been designated as the fiscal agent for the Alcorn County Vocational Center, and the operations of the consortium are included in its financial statements.

Note 12 – Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Corinth School District evaluated the activity of the district through May 4, 2015, (the date the financial statements were available to be issued), and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

CORINTH SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 3,984,143	3,933,695	3,620,934	(50,448)	(312,761)
State sources	10,512,908	10,845,885	11,118,875	332,977	272,990
Federal sources	205,400	174,400	180,435	(31,000)	6,035
Total revenues	<u>14,702,451</u>	<u>14,953,980</u>	<u>14,920,244</u>	<u>251,529</u>	<u>(33,736)</u>
Expenditures:					
Instruction	9,551,119	9,553,119	8,984,161	(2,000)	568,958
Support services	4,604,166	4,585,418	4,559,936	18,748	25,482
Noninstructional services	970	970	5,763	-	(4,793)
Facilities acquisition and construction	556,100	556,100	412,407	-	143,693
Total Expenditures	<u>14,712,355</u>	<u>14,695,607</u>	<u>13,962,267</u>	<u>16,748</u>	<u>733,340</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(9,904)</u>	<u>258,373</u>	<u>957,977</u>	<u>268,277</u>	<u>699,604</u>
Other Financing Sources (Uses)					
Sales of Property	200	200	-	-	(200)
Insurance loss recoveries	100	100	-	-	(100)
Operating transfers in	836,924	1,148,000	-	311,076	(1,148,000)
Operating transfers out	(1,938,633)	(1,945,633)	(484,894)	(7,000)	1,460,739
Total Other Financing Sources (Uses)	<u>(1,101,409)</u>	<u>(797,333)</u>	<u>(484,894)</u>	<u>304,076</u>	<u>312,439</u>
Net Change in Fund Balances	<u>(1,111,313)</u>	<u>(538,960)</u>	<u>473,083</u>	<u>572,353</u>	<u>1,012,043</u>
Fund Balances:					
July 1, 2013	<u>12,390,146</u>	<u>12,390,146</u>	<u>12,390,146</u>	<u>-</u>	<u>-</u>
June 30, 2014	<u>\$ 11,278,833</u>	<u>11,851,186</u>	<u>12,863,229</u>	<u>572,353</u>	<u>1,012,043</u>

The notes to the required supplementary information are an integral part of this schedule.

CORINTH SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Title I - Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 1,087,026	1,087,026	1,002,772	-	(84,254)
Total revenues	<u>1,087,026</u>	<u>1,087,026</u>	<u>1,002,772</u>	<u>-</u>	<u>(84,254)</u>
Expenditures:					
Instruction	884,979	884,979	792,939	-	92,040
Support services	196,370	196,370	209,833	-	(13,463)
Noninstructional	6,133	6,133	-	-	6,133
Total Expenditures	<u>1,087,482</u>	<u>1,087,482</u>	<u>1,002,772</u>	<u>-</u>	<u>84,710</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(456)</u>	<u>(456)</u>	<u>-</u>	<u>-</u>	<u>456</u>
Net Change in Fund Balances	<u>(456)</u>	<u>(456)</u>	<u>-</u>	<u>-</u>	<u>456</u>
Fund Balances:					
July 1, 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2014	<u>\$ (456)</u>	<u>(456)</u>	<u>-</u>	<u>-</u>	<u>456</u>

The notes to the required supplementary information are an integral part of this schedule.

CORINTH SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
21st Century Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 174,564	174,564	344,174	-	169,610
Total revenues	<u>174,564</u>	<u>174,564</u>	<u>344,174</u>	<u>-</u>	<u>169,610</u>
Expenditures:					
Instruction	96,844	96,844	229,915	-	(133,071)
Support services	2	2	114,259	-	(114,257)
Noninstructional	-	-	-	-	-
Total Expenditures	<u>96,846</u>	<u>96,846</u>	<u>344,174</u>	<u>-</u>	<u>(247,328)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>77,718</u>	<u>77,718</u>	<u>-</u>	<u>-</u>	<u>(77,718)</u>
Net Change in Fund Balances	<u>77,718</u>	<u>77,718</u>	<u>-</u>	<u>-</u>	<u>(77,718)</u>
Fund Balances:					
July 1, 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2014	<u>\$ 77,718</u>	<u>77,718</u>	<u>-</u>	<u>-</u>	<u>(77,718)</u>

The notes to the required supplementary information are an integral part of this schedule.

CORINTH SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2014

Budgetary Comparison Schedule

(1) Basis of Presentation

The Budgetary Comparison Schedules present the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, variances between the original budget and the final budget, and variances between the final budget and the actual data.

(2) Budget Amendments and Revisions

The budget is adopted by the school board and filed with the taxing authority. Amendments can be made on the approval of the school board. By statute, final budget revisions must be approved on or before October 15. A budgetary comparison is presented for the General Fund and each major Special Revenue Fund consistent with accounting principles generally accepted in the United States of America.

CORINTH SCHOOL DISTRICT
Supplementary Information
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education		
Child nutrition cluster:		
School breakfast program	10.553	\$ 260,785
National school lunch program	10.555	693,220
Summer food service program for children	10.559	39,172
Total child nutrition cluster		<u>993,177</u>
Total passed-through Mississippi Department of Education		<u>993,177</u>
Total U.S. Department of Agriculture		<u>993,177</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	47,472
Total Federal Communications Commission		<u>47,472</u>
<u>U.S. Department of Education</u>		
Direct programs:		
Impact aid	84.041	8,809
Carol White Physical Education Grant	84.215F	363,894
Fund for the Improvement of Education	84.215	165,546
Total Direct programs		<u>538,249</u>
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	1,002,772
Title I program for Neglected and Delinquent Youth	84.013	67,476
Education of homeless children and youth	84.196	14,334
Career and technical education basic grants to states	84.048	23,588
Improving teacher quality - state grants	84.367	105,051
Twenty-first century community learning centers	84.287	986,977
Rural education	84.358	47,266

CORINTH SCHOOL DISTRICT
Supplementary Information
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
English language acquisition grants	84.365	\$ 2,238
Special education Cluster		
Special education - grants to states	84.027	563,104
Special education - preschool grants	84.173	20,261
Total Special Education Cluster		<u>583,365</u>
Total passed-through Mississippi Department of Education		<u>2,833,067</u>
Total U.S. Department of Education		<u>3,371,316</u>
<u>U.S. Department of Health and Human Services</u>		
Passed-through Mississippi Department of Health		
Medical Assistance Program	93.778	20,686
Total		<u>20,686</u>
Total U.S. Department of Health and Human Services		<u>20,686</u>
Total for all Federal Awards		<u>\$ 4,432,651</u>

NOTES TO SCHEDULE

This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.

The expenditure amounts include transfers out.

The pass-through entities did not assign identifying numbers to the school district.

CORINTH SCHOOL DISTRICT
Supplementary Information
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2014

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 13,464,932	10,953,608	334,901	764,841	1,411,582
Other	10,400,411	2,186,231	149,701	22,054	8,042,425
Total	<u>\$ 23,865,343</u>	<u>13,139,839</u>	<u>484,602</u>	<u>786,895</u>	<u>9,454,007</u>
 Total number of students*	<u>2,336</u>				
 Cost per student	<u>\$ 10,216</u>	<u>5,625</u>	<u>207</u>	<u>337</u>	<u>4,047</u>

For purposes of this schedule, the following columnar descriptions are applicable:

Instruction and Other Student Instructional Expenditures - includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers aides or classroom assistants of any type.

General Administration- includes expenditures for the following functions: Support Services - General Administration and Support Services - Business.

School Administration - includes expenditures for the following function: Support Services - School Administration.

Other - includes all expenditure functions not included in Instruction or Administration Categories.

* includes the number of students reported on the ADA report submission for month 9, which is the final submission for the fiscal year.

CORINTH SCHOOL DISTRICT
Other Information
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years
UNAUDITED

	2014	2013*	2012*	2011*
Revenues:				
Local sources	\$ 3,620,934	\$ 3,901,140	3,826,173	3,638,215
State sources	11,118,875	10,726,279	9,756,968	8,739,122
Federal sources	180,435	181,284	235,281	264,209
Total revenues	<u>14,920,244</u>	<u>14,808,703</u>	<u>13,818,422</u>	<u>12,641,546</u>
Expenditures:				
Instruction	8,984,161	8,818,268	8,363,588	7,506,507
Support services	4,559,936	4,329,271	4,341,955	3,498,413
Noninstructional services	5,763	13,321	1,182	45
Facilities acquisition and construction	412,407	170,046	493,933	511,793
Debt service:				
Interest	-	-	-	30,300
Total Expenditures	<u>13,962,267</u>	<u>13,330,906</u>	<u>13,200,658</u>	<u>11,547,058</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>957,977</u>	<u>1,477,797</u>	<u>617,764</u>	<u>1,094,488</u>
Other Financing Sources (Uses)				
Sale of other property	-	-	12,702	-
Operating transfers in	-	57,407	11,924	68,449
Operating transfers out	(484,894)	(438,526)	(331,493)	(630,726)
Other financing uses	-	-	-	(200,000)
Total Other Financing Sources (Uses)	<u>(484,894)</u>	<u>(381,119)</u>	<u>(306,867)</u>	<u>(762,277)</u>
Net Change in Fund Balances	<u>473,083</u>	<u>1,096,678</u>	<u>310,897</u>	<u>332,211</u>
Fund balance, July 1	<u>12,390,146</u>	<u>11,293,468</u>	<u>10,982,571</u>	<u>10,650,360</u>
Fund balance, June 30	<u>\$ 12,863,229</u>	<u>\$ 12,390,146</u>	<u>11,293,468</u>	<u>10,982,571</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

CORINTH SCHOOL DISTRICT
Other Information
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds

Last Four Years
UNAUDITED

	2014	2013*	2012*	2011*
Revenues:				
Local sources	\$ 5,116,950	\$ 5,485,393	5,368,561	5,160,523
State sources	11,606,833	11,143,806	10,183,894	9,207,949
Federal sources	4,876,620	4,728,854	5,018,199	5,114,343
Total revenues	<u>21,600,403</u>	<u>21,358,053</u>	<u>20,570,654</u>	<u>19,482,815</u>
Expenditures:				
Instruction	12,104,756	11,732,862	11,961,298	10,862,617
Support services	5,572,746	5,390,480	5,562,734	5,132,241
Noninstructional	1,061,492	1,007,550	974,788	936,536
Facilities acquisition and construction	3,631,304	1,772,549	1,540,616	3,230,710
Debt service:				
Principal	662,320	620,598	579,132	567,910
Interest	822,357	857,604	645,566	683,618
Bond issuance cost and other	10,368	9,862	30,450	-
Total Expenditures	<u>23,865,343</u>	<u>21,391,505</u>	<u>21,294,584</u>	<u>21,413,632</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(2,264,940)</u>	<u>(33,452)</u>	<u>(723,930)</u>	<u>(1,930,817)</u>
Other Financing Sources (Uses)				
Other sources	-	-	-	200,000
Proceeds of QSCB	-	-	5,000,000	-
Sale of other property	-	-	12,702	-
Operating transfers in	484,894	495,933	343,982	699,175
Operating transfers out	(484,894)	(495,933)	(343,982)	(699,175)
Other uses	-	-	-	(200,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>5,012,702</u>	<u>-</u>
Net Change in Fund Balances	<u>(2,264,940)</u>	<u>(33,452)</u>	<u>4,288,772</u>	<u>(1,930,817)</u>
Fund Balances:				
Beginning, as originally reported	18,448,154	18,479,667	14,190,442	16,047,720
Prior period adjustments	-	-	-	67,788
Beginning, as restated	<u>18,448,154</u>	<u>18,479,667</u>	<u>14,190,442</u>	<u>16,115,508</u>
Increase (Decrease) in reserve for inventory	5,836	1,939	453	5,751
End of period	<u>\$ 16,189,050</u>	<u>\$ 18,448,154</u>	<u>18,479,667</u>	<u>14,190,442</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS



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INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Superintendent and School Board
Corinth School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Corinth School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Corinth School District's basic financial statements, and have issued our report thereon dated May 4, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the school district's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the school district's internal control. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corinth School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Parsons, Versteeg & Co. P.A.

Booneville, MS
May 4, 2015



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INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Superintendent and School Board
Corinth School District

Report on Compliance for Each Major Federal Program

We have audited Corinth School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Corinth School District's major federal programs for the year ended June 30, 2014. The Corinth School District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Corinth School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the school district's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the school district's compliance.

Opinion on Each Major Federal Program

In our opinion, Corinth School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Corinth School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Corinth School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of Corinth School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Parsons, Vansteyn & Co. P.A.

Booneville, MS

May 4, 2015



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INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board
Corinth School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Corinth School District as of and for the year ended June 30, 2014, which collectively comprise Corinth School District's basic financial statements and have issued our report thereon dated May 4, 2015

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$0- of classroom supply funds carried over from previous years.

Section 37-9-18(3)(b), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

The results of our procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

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The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statement did not disclose any instances of noncompliance with other state laws and regulations.

This report is intended solely for the information and use of the school board and management, entities with accreditation overview, and federal awarding agencies, the Office of the State Auditor and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Pyroner, Vanstony & Co. P.A.

Booneville, MS
May 4, 2015

CORINTH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section I: Summary of Auditor's Results

Financial Statements:

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | |
|---|---------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? No | |
| b. Significant deficiency(ies) identified? | None Reported |
| 5. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | No |

7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.556	National School Lunch Program
10.559	Summer Food Service Program for Children
84.287	21 st Century Cluster
84.041	Impact Aid
84.215	Fund for the Improvement of Education
84.215F	Carol White Physical Education Grant

- | |
|---|
| 8. Dollar threshold used to distinguish between type A and type B programs: \$300,000 |
| 9 Auditee qualified as low-risk auditee? No |

Section II: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported under *Government Auditing Standards*.

Section III: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to the federal awards.