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CORINTH SCHOOL DISTRICT
Audited Financial Statements
For the Year Ended June 30, 2015

CORINTH SCHOOL DISTRICT

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June 30, 2015

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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, 2015, 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, 2015, 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.

MEMBERS AMERICAN SOCIETY OF CPA'S-MEMBERS MISSISSIPPI SOCIETY OF CPA'S

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 3-10 and 39-45 the Schedule of District's Proportionate Share of Net Pension Liability and Schedule of District Contributions on pages 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 March 28, 2017, 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.

Bryant, Venable & Co. P.A.

Booneville, MS

March 28, 2017

**CORINTH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015. 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 2015 decreased \$22,105,134, including a prior period adjustment of (\$21,294,390) which represents a 83.50% decrease from fiscal year 2014. Total net position for 2014 increased \$60,482, which represents a 0.02% increase from fiscal year 2013.
- General revenues amounted to \$16,005,767 and \$15,975,246, or 69.09% and 73.7% of all revenues for fiscal years 2015 and 2014, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$7,160,065, or 30.91% of total revenues for 2015, and \$5,625,155, or 26.3% of total revenues for 2014.
- The District had \$225,174,328 and \$21,429,538 in expenses for fiscal years 2015 and 2014; only \$7,160,065 for 2015 and \$5,625,155 for 2014 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$16,005,767 for 2015 and were not adequate to provide for these programs. \$15,975,246 for 2014 were adequate to provide for these programs.
- Among major funds, the General Fund had \$16,330,243 in revenues and \$18,315,308 in expenditures for 2015, and \$14,920,242 in revenues and \$13,962,267 in expenditures for 2014. The General Fund's fund balance decreased by \$69,568 from 2014 to 2015, and increased by \$473,083 from 2013 to 2014.
- Capital assets, net of accumulated depreciation, decreased by \$490,048 for 2015 and increased by \$1,784,229 for 2014.
- Long-term debt increased by \$1,040,050 for 2015 and decreased by \$669,568 for 2014. The liability for compensated absences increased by \$ 71,513 for 2015 and increased by \$21,037 for 2014.

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, 2015**

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 deferred outflows of resources, liabilities, and deferred inflows of resources 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, pension expense 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, 2015**

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. Additionally, the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of the District's Contributions are presented in this section.

**CORINTH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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 and deferred outflows of resources exceeded liabilities and deferred inflows of by \$4,414,060 as of June 30, 2015.

FASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

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, 2015 and June 30, 2014.

Table 1 Condensed Statement of Net Position

	June 30, 2015	June 30, 2014	Percentage Change
Current assets	\$ 16,848,312	\$ 17,269,625	-2.44 %
Capital assets, net	29,643,145	30,133,193	-1.63 %
Total assets	46,491,457	47,402,818	-1.92 %
Deferred Outflows	2,383,166	-	N/A
Current liabilities	2,009,930	1,260,008	59.52 %
Long-term debt outstanding	19,390,342	19,623,616	-1.19 %
Pension liabilities	20,140,742	-	
Total liabilities	41,541,014	20,883,624	98.92 %
Deferred Inflows	2,919,549	-	NA
Net position:			
Net investment in capital assets	9,181,144	10,711,242	-14.28 %
Restricted	6,608,480	9,895,334	-31.96 %
Unrestricted	(11,375,564)	5,912,618	-189.43 %
Total net position	\$ 4,414,060	\$ 26,519,194	-83.360 %

**CORINTH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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

- Decrease in net capital assets in the amount of \$490,048.
Implementation of GASB Statement No. 687 which required the recording of a liability for the Proportionate share of the school district as well as the recording of deferred outflows/inflows of resources on the statement of Net Position.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2015 and June 30, 2014 were \$23,165,832 and \$21,600,401, respectively. The total cost of all programs and services was \$23,976,341 for 2015 and \$21,429,358 for 2014.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2015 and June 30, 2014.

GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

**Table 2
Changes in Net Position**

	<u>Year Ended 6/30/2015</u>	<u>Year Ended 6/30/2014</u>	<u>Percentage Change</u>
Revenues			
Program revenues:			
Charges for Service	458,791	443,116	3.54%
Operating grants and contributions	6,701,274	5,182,039	2.93%
General Revenues:			
Property taxes	4,776,157	4,656,936	2.56%
Grants and contributions not restricted	11,214,914	11,301,414	-0.77%
Investment earnings	12,779	16,896	-24.37%
Other	1,917	-	N/A
Total revenues	<u>23,165,832</u>	<u>21,600,401</u>	7.27%
Expenses:			
Instruction	14,623,774	12,380,062	18.12%
Support services	5,715,242	6,735,384	-15.15%
Non-instructional	1,153,761	1,492,620	-22.70%
Pension Expense	1,490,222	-	N/A
Interest on long-term liabilities	993,577	821,292	20.99%
Total expenses	<u>23,976,576</u>	<u>21,429,358</u>	11.88%
Increase (Decrease) in net position	<u>(810,744)</u>	<u>171,043</u>	-573.86%
Net Position, July 1, as previously reported	26,519,194	26,458,712	23.00%
Prior Period Adjustment	<u>(21,294,390)</u>	<u>(110,561)</u>	-193.61%
Net Position, July 1, as restated	<u>5,224,804</u>	<u>26,348,151</u>	-0.01%
Net Position, June 30	<u><u>4,414,060</u></u>	<u><u>26,519,194</u></u>	-83.36%

**CORINTH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

Governmental activities

The following table presents the cost of five major District functional activities: instruction, support services, non-instructional, pension expense 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**

	Total Expenses		Percentage
	2015	2014	Change
Instruction	14,623,774	12,380,062	18.12%
Support Services	5,715,242	6,735,384	-15.15%
Non-Instructional	1,153,761	1,492,620	-22.70%
Pension Expense	1,490,222	-	N/A
Interest on long-term liabilities	993,577	821,292	20.99%
Total Expenses	23,976,576	21,429,358	11.89%
Net (Expense) Revenue			
	2015	2014	Percentage
			Change
Instruction	(9,994,697)	(9,140,413)	9.34%
Support Services	(4,502,884)	(5,585,772)	-19.39%
Non-instructional	164,869	(256,726)	164.22%
Pension expense	(1,490,222)	-	N/A
Interest on long-term liabilities	(993,577)	(821,292)	20.98%
	(16,816,511)	(15,804,203)	-6.40%

- Net cost of governmental activities (\$16,816,511) for 2015 and (\$15,804,203) for 2014 was financed by general revenue, which is primarily made up of property taxes (\$4,776,157 for 2015 and \$4,656,936 for 2014) and state and federal revenues (\$11,214,914 for 2015 and \$11,301,414 for 2014).
- Investment earnings amounted to \$12,779 for 2015 and \$16,896 for 2014.

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 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, 2015**

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 \$16,569,414, an increase of \$ 380,364, which includes a prior period adjustment of \$5,984 and a decrease in inventory of \$3,324. \$7,186,353 or 43.37% 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 \$9,383,061 or 56.63% which consists of \$96,850 nonspendable, \$3,678,903 of restricted and \$5,607,308 is 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 decrease in fund balance in the General Fund for the fiscal year was \$69,568. The fund balance of Other Governmental Funds showed an increase in the amount of \$393,405. Food Service showed an increase of \$56,527 which includes a decrease in inventory of \$3,324.

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, 2015, the District's total capital assets were \$40,365,796, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment. This amount represents a increase of \$821,430 from 2014. Total accumulated depreciation as of June 30, 2015, was \$10,722,651, and total depreciation expense for the year was \$1,121,731, resulting in total net capital assets of \$29,643,145.

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

	June 30, 2015	June 30, 2014	Percentage Change
Land	\$ 2,146,535	\$ 2,146,535	0.00 %
Construction in Progress	971,330	3,986,704	-75.64 %
Buildings	18,104,032	18,560,875	-2.46 %
Building improvements	6,870,417	3,854,147	78.26 %
Improvements other than buildings	317,491	383,365	-17.18 %
Mobile equipment	913,192	790,217	15.56 %
Furniture and equipment	320,148	411,350	-22.17 %
Total	\$ 29,643,145	\$ 30,133,193	-1.63 %

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, 2015**

Debt Administration. At June 30, 2015, the District had \$20,735,179 in outstanding long-term debt, of which \$1,344,837 is due within one year. The liability for compensated absences increased \$71,513 from the prior year.

**Table 5
Outstanding Long-Term Debt**

	June 30, 2015	June 30, 2014	Percentage Change
General obligation bonds payable	\$ 10,115,000	\$ 10,640,000	-4.93 %
Three mill notes payable	597,645	781,951	-23.57 %
Qualified school construction bonds payable	8,000,000	8,000,000	0.00 %
Apple lease purchase	1,749,356	-	100.00 %
Compensated absences payable	273,178	201,665	35.46 %
Total	\$ 20,735,179	\$ 19,623,616	5.66 %

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 2014-2015 year increased by 2.35 % to 2,287 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, 2015

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 13,949,574
Due from other governments	874,620
Inventories and prepaid	24,118
Restricted assets	2,000,000
Capital assets, non-depreciable:	
Land	2,146,535
Construction in progress	971,330
Capital assets, net of accumulated depreciation:	
Buildings	18,104,032
Building improvements	6,870,417
Improvements other than buildings	317,491
Mobile equipment	913,192
Furniture and equipment	320,148
Total Assets	<u>46,491,457</u>
Deferred outflows of Resources	
Pensions	<u>2,383,166</u>
Liabilities	
Accounts payable and accrued liabilities	202,263
Unearned Revenue	76,635
Interest payable on long-term liabilities	386,195
Long-term liabilities, due within one year:	
Capital related liabilities	1,344,837
Long-term liabilities, due beyond one year:	
Capital related liabilities	19,117,164
Non-capital related liabilities	273,178
Net pension liability	20,140,742
Total Liabilities	<u>41,541,014</u>
Deferred inflows	
Pension	<u>2,919,549</u>
Net Position	
Net investment in capital assets	9,181,144
Restricted for:	
Expendable:	
School -based activities	2,883,806
Debt service	2,508,501
Capital Improvements	971,330
Unemployment benefits	172,111
Non-expendable:	
Permanent fund	72,732
Unrestricted	(11,375,564)
Total Net Position	<u>\$ 4,414,060</u>

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

CORINTH SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2015

Exhibit B

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 14,623,774	\$ 231,388	\$ 4,397,689	\$ -	\$ (9,994,697)
Support services	5,715,242	36,205	1,176,153	-	(4,502,884)
Non-instructional	1,153,761	191,198	1,127,432	-	164,869
Pension expense	1,490,222	-	-	-	(1,490,222)
Interest on long-term liabilities	993,577	-	-	-	(993,577)
Total Governmental Activities	<u>\$ 23,976,576</u>	<u>\$ 458,791</u>	<u>\$ 6,701,274</u>	<u>\$ -</u>	<u>\$ (16,816,511)</u>
General Revenues:					
Taxes:					
General purpose levies					3,537,194
Debt purpose levies					1,238,963
Unrestricted grants and contributions:					
State					10,959,430
Federal					255,484
Unrestricted investment earnings					12,779
Other					<u>1,917</u>
Total General Revenues					<u>16,005,767</u>
Change in Net Position					<u>(810,744)</u>
Net Position - Beginning					26,519,194
Prior period adjustment					<u>(21,294,390)</u>
Net Position - Ending					<u>\$ 4,414,060</u>

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

CORINTH SCHOOL DISTRICT

Governmental Funds

Balance Sheet

June 30, 2015

Exhibit C

	Major Funds							Other	Total
	General	Food	Title I	Title I	SPED	SPED	21st Century	Governmental	Governmental
	Fund	Service	Fund	Part D	Fund	Preschool	Fund	Funds	Funds
Assets									
Cash and cash equivalents	\$ 12,151,515	\$ 657,907	\$ -		\$ -		\$ -	\$ 1,140,152	\$ 13,949,574
Investments	-		-		-		-	2,000,000	2,000,000
Due from other governments	357,300	49,319	121,950		53,969		119,806	172,276	874,620
Due from other funds	362,228	-	-		-		-	-	362,228
Inventories and prepaid items	-	24,118	-		-		-	-	24,118
Total assets	12,871,043	731,344	121,950	-	53,969	-	119,806	3,312,428	17,210,540
Liabilities and Fund Balances									
Liabilities :									
Accounts payable and accrued									
liabilities	77,382	1,155	-		-		57,848	65,878	202,263
Unearned Revenue	-		-		-		-	76,635	76,635
Due to other funds	-	-	121,950		53,969		61,958	124,351	362,228
Total liabilities	77,382	1,155	121,950	-	53,969	-	119,806	266,864	641,126
Fund Balances:									
Nonspendable:									
Inventory	-	24,118	-		-		-	-	24,118
Permanent fund	-		-		-		-	72,732	72,732
Restricted:									
Debt service	-		-		-		-	2,894,696	2,894,696
Unemployment	-		-		-		-	78,136	78,136
Food Services	-	706,071	-		-		-	-	706,071
Assigned:									
Activity Funds	55,736		-		-		-	-	55,736
Unemployment	133,478								133,478
Capital Projects	5,418,094		-		-		-	-	5,418,094
Unassigned	7,186,353		-		-		-	-	7,186,353
Total fund balances	12,793,661	730,189	-	-	-	-	-	3,045,564	16,569,414
Total liabilities and fund balar	\$ 12,871,043	\$ 731,344	\$ 121,950	\$ -	\$ 53,969	\$ -	\$ 119,806	\$ 3,312,428	\$ 17,210,540

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, 2015

Exhibit C-1

Total fund balances for governmental funds **\$ 16,569,414**

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	971,330	
Buildings	23,554,436	
Building improvements	8,688,959	
Improvements other than buildings	1,646,836	
Mobile equipment	2,495,321	
Furniture and equipment	862,379	
Accumulated depreciation	<u>(10,722,651)</u>	29,643,145

- 2 Some liabilities including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds

Net pension liability: (20,140,742)

Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in funds:

Deferred outflows of resources related to pension	2,383,166	
Deferred inflows of resources related to pension	<u>(2,919,549)</u>	(536,383)








- 3 . 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	(10,115,000)	
Three mill note payable	(597,645)	
Qualified school construction bonds payable	(8,000,000)	
Apple lease purchase	(1,749,356)	
Compensated absences	(273,178)	
Accrued interest payable	<u>(386,195)</u>	<u>(21,121,374)</u>

Net position of governmental activities \$ 4,414,060

CORINTH SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2015

Exhibit D

	Major Funds									
	General	Food	Title I	Title I	SPED	SPED	21st Century	Other	Total	
	Fund	Service	Basic Fund	Part D Fund	Fund	Preschool	Fund	Governmental	Governmental	
	Fund	Service	Basic Fund	Part D Fund	Fund	Preschool	Fund	Funds	Funds	
Revenues:										
Local sources	\$ 3,776,567	\$ 145,147	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,364,971	\$ 5,286,685	
State sources	12,297,296	12,494	-	-	-	-	-	1,169,287	13,479,077	
Federal sources	256,380	1,125,515	875,670	39,510	490,851	19,901	719,772	870,554	4,398,153	
Total revenues	16,330,243	1,283,156	875,670	39,510	490,851	19,901	719,772	3,404,812	23,163,915	
Expenditures:										
Instruction	11,945,740	-	696,276	38,535	315,580	19,901	627,634	1,668,097	15,311,763	
Support services	5,040,874	99,518	179,394	975	175,271		80,114	381,629	5,957,775	
Noninstructional	6,551	1,071,913						3,612	1,082,076	
Facilities acquisition and construction	685,299	-	-	-	-	-	-	-	685,299	
Debt service:										
Principal	636,844							709,306	1,346,150	
Interest								786,815	786,815	
Other								4,450	4,450	
Total Expenditures	18,315,308	1,171,431	875,670	39,510	490,851	19,901	707,748	3,553,909	25,174,328	
Excess (Deficiency) of Revenues over (under) Expenditures										
	(1,985,065)	111,725	-	-	-	-	12,024	(149,097)	(2,010,413)	
Other Financing Sources (Uses)										
Sale of assets	10	-	-	-	-	-	-	-	10	
Insurance loss recovery	1,907	-	-	-	-	-	-	-	1,907	
Lease Liability	2,386,200	-	-	-	-	-	-	-	2,386,200	
Payment QSCB Escrow Agent	-	-	-	-	-	-	-	(533,306)	(533,306)	
Transfer to escrow agent	-	-	-	-	-	-	-	533,306	533,306	
Operating tranfers in	675,283	20,810	-	-	-	-	4,576	677,134	1,377,803	
Operating transfers out	(1,164,520)	(72,684)	-	-	-	-	(5,967)	(134,632)	(1,377,803)	
Total Other Financing Sources (Uses)	1,898,880	(51,874) 	- 	- 	- 	- 	- 	(1,391) 	542,502	2,388,117
Net Change in Fund Balances	(86,185)	59,851	-	-	-	-	10,633	393,405	377,704	
Fund Balances - Beginning	12,863,229	673,662	-	-	-	-	-	2,652,159	16,189,050	
Prior period adjustment	16,617		-	-	-	-	(10,633)	-	5,984	
Decrease in Reserve	-	(3,324)	-	-	-	-	-	-	(3,324)	
For Inventory	-		-	-	-	-	-	-	-	
Fund Balances - Ending	\$ 12,793,661	\$ 730,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,045,564	\$ 16,569,414	

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, 2015

Exhibit D-1

Net change in fund balances - Total Governmental Funds

\$ 377,704

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	1,026,924	
Depreciation expense	<u>(1,121,731)</u>	(94,807)

- 2 . 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:

Lease Purchase proceeds	(2,386,200)	
Payments of debt principal	1,346,150	
Accrued interest payable	<u>(206,762)</u>	(1,246,812)

- 4 . The recording of Pension expense in the settlement of activities do not require the use of current financial resources and, therefore, are not reported as governmental funds:

Pension Expense	(1,490,222)	
Contributions made after measurement data	<u>1,718,230</u>	228,008

- 5 . 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	(71,513)	
Change in inventory reserve	<u>(3,324)</u>	<u>(74,837)</u>

Change in net position of governmental activities

\$ (810,744)

CORINTH SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2015

Exhibit E

	Payroll Clearing Fund	Agency Funds	Private-Purpose Trust Funds
Assets			
Cash and cash equivalents	\$ 847,422	\$ 142,971	\$ 5,619
Total assets	<u>847,422</u>	<u>142,971</u>	<u>5,619</u>
Liabilities			
Accounts payable and accrued liabilities	847,422	142,971	-
Total liabilities	<u>847,422</u>	<u>142,971</u>	<u>-</u>
Net Position			
Held in Trust			5,619
Total Net Position			<u>5,619</u>

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, 2015

Exhibit F

	<u>Private-Purpose Trust Funds</u>
Additions	
Interest on investments	7
Contributions and donations from private sources	<u>1264</u>
Total Additions	<u>1271</u>
Deductions	
Scholarships awarded	<u>4,500</u>
Total Deductions	<u>4,500</u>
Change in Net Position	<u>-3229</u>
Net Position	
July 1, 2014	13,290
Prior Period Adjustment	<u>(4,442)</u>
June 30, 2015	<u>\$ 5,619</u>

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, 2015

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 deferred outflows of resources, liabilities and deferred inflows of resources 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 liabilities, outstanding balances of bonds, notes and other debt attributable to the acquisition, construction of 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, 2015

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.

Food Service Fund – This fund is used to account for the revenues and expenditures of the Child Nutrition Program.

Title I Fund – These funds are used to account for the federal revenues and expenditures of the Title I Program.

Title I Part D Fund – These funds are used to account for the federal revenues and expenditures of the Title I Part D Program

Special Education Fund – These funds are used to account for federal revenues and expenditures of EHA Part B.

Special Education Preschool – These funds are used to account for revenues and expenditures of SPED Preschool.

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

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 school district also reports fiduciary funds which focus on net position and changes in net position.

The Districts’ 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.

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, 2015

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, 2015

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, deferred outflows/inflows, and net position/fund balance

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, 2015

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 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.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

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. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources for pensions is \$2,383,166 .

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources for pension is \$ 2,919,549, Note 7 provides further information.

8. 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.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

9. Long-term Liabilities 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.

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

11. 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.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

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:

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 \$15,949,574 and \$996,012, respectively, which includes \$2,000,000 of certificate of deposits with original maturity beyond three months and is reported on the balance sheet as investment.

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, 2015, none of the district's bank balance of \$17,647,451 was exposed to custodial credit risk.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2015

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

Investments

As of June 30, 2015, the district had the following investments.

<u>Investment Type</u>	<u>Rating</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>
Certificate of deposit		1 year	\$ 2,000,000
			<u>\$ 2,000,000</u>

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, 2015, the district had the following investments:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Trustmark Certificate of Deposit	\$ 2,000,000	100%

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Title I Fund	\$ 121,950
	21st Century Fund	61,958
	Special Education Cluster	53,969
	Other Governmental	124,351
Total		<u>\$ 362,228</u>

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

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2015

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

B. Inter-fund Transfers

<u>Transfers Out</u>	<u>Amount</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	\$ 1,164,520	General Fund	\$ 675,283
Food Service	72,684	Food Service	\$ 20,810
21st Century Fund	5,967	21st Century Fund	\$ 4,576
Other governmental	134,632	Other Governmental	677,134
Total	<u>\$ 1,377,803</u>		<u>\$ 1,377,803</u>

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 \$1,000,000, of the QSCB 2010 Bond Retirement Fund and \$1,000,000 of the QSCB 2012 Bond Retirement Fund for a total of \$2,000,000, of the Capital Projects QSCB 2012 Fund.

Note 5 – Capital Assets

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

	<u>Balance 7/1/2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Balance 6/30/2015</u>
Governmental Activities:					
Non-depreciable capital assets:					
Land	\$ 2,146,535	-	-	-	2,146,535
Construction in progress	3,986,704	685,299	(3,700,673)	-	971,330
Total non-depreciable capital assets	<u>6,133,239</u>	<u>685,299</u>	<u>(3,700,673)</u>	<u>-</u>	<u>3,117,865</u>
Depreciable capital assets:					
Buildings	23,554,436	-	-	-	23,554,436
Building improvements	5,040,180	-	3,700,673	(51,894)	8,688,959
Improvements other than buildings	1,646,836	-	-	-	1,646,836
Mobile equipment	2,214,506	290,175	-	(9,360)	2,495,321
Furniture and equipment	955,169	51,450	-	(144,240)	862,379
Total depreciable capital assets	<u>33,411,127</u>	<u>341,625</u>	<u>3,700,673</u>	<u>(205,494)</u>	<u>37,247,931</u>
Less accumulated depreciation for:					
Buildings	4,993,561	456,843	-	-	5,450,404
Building improvements	1,186,033	322,098	-	310,411	1,818,542
Improvements other than buildings	1,263,471	65,874	-	-	1,329,345
Mobile equipment	1,424,289	165,060	-	(7,220)	1,582,129
Furniture and equipment	543,819	111,856	-	(113,444)	542,231
Total accumulated depreciation	<u>9,411,173</u>	<u>1,121,731</u>	<u>-</u>	<u>189,747</u>	<u>10,722,651</u>
Total depreciable capital assets, net	<u>23,999,954</u>	<u>(780,106)</u>	<u>3,700,673</u>	<u>(395,241)</u>	<u>26,525,280</u>
Governmental activities capital assets, net	<u>\$ 30,133,193</u>	<u>(94,807)</u>	<u>-</u>	<u>(395,241)</u>	<u>29,643,145</u>

The District transferred accounting software from an existing vendor to a new one. In the process of moving the accounting for capital assets, it was determined that outdated equipment was included and should be removed from capital assets.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2015

Note 5 – Capital Assets (Continued)

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Instruction	\$ 226,923
Support services	276,916
Non-instruction	<u>617,892</u>
	<u>\$ 1,121,731</u>

Net adjustments were made in the amount of (\$395,241) to correct equipment that was disposed or adjusted to correct values.

Commitments under construction contracts at June 30, 2015 are summarized as follows:

	<u>Spent to date</u>
Corinth Turf & Track	\$ 932,609
Restrooms	<u>38,721</u>
	<u>\$ 971,330</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</u> <u>6/30/2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2015</u>	<u>Amounts</u> <u>due within</u> <u>one year</u>
A. General Obligation Bonds payable	\$ 10,640,000	-	525,000	10,115,000	525,000
B. Three Mill not payable	781,951	-	184,306	597,645	191,568
C. Qualified school construction bonds payable	8,000,000	-	-	8,000,000	-
D. Apple Lease Purchase	-	430,200	144,102	286,098	142,700
Apple Lease Purchase	-	1,956,000	492,742	1,463,258	485,569
E. Compensated absences	201,665	71,513	-	273,178	-
Total	<u>\$ 19,623,616</u>	<u>2,457,713</u>	<u>1,346,150</u>	<u>20,735,179</u>	<u>1,344,837</u>

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2015

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	\$ 6,150,000
General obligation bonds	4.375-5.3%	3/1/2009	3/1/2029	5,000,000	3,965,000
Total				<u>\$ 12,800,000</u>	<u>\$ 10,115,000</u>

This debt will be retired from the Bond Retirement Fund.

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

Year Ending June 30,	Principal	Interest	Total
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	375,000	211,813	586,813
2021-2025	2,250,000	777,078	3,027,078
2026-2029	2,150,000	207,981	2,357,981
	<u>6,150,000</u>	<u>2,213,731</u>	<u>8,363,731</u>

This debt will be retired from the Bond Retirement Fund.

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

Year Ending June 30,	Principal	Interest	Total
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>3,965,000</u>	<u>1,392,149</u>	<u>5,357,149</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, 2015

Note 6 – Long-term Liabilities (Continued)

Total general obligation bond payments for all issues:

Year Ending June 30,	Principal	Interest	Total
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	620,000	338,732	958,732
2020-2024	3,680,000	1,259,523	4,939,523
2025-2029	3,565,000	364,106	3,929,106
	<u>\$ 10,115,000</u>	<u>\$ 3,605,880</u>	<u>\$ 13,720,880</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, 2015, the amount of outstanding bonded indebtedness was equal to 11.82% of property assessments as of October 2, 2014.

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	\$ 597,645
Total				<u>\$ 1,750,000</u>	<u>\$ 597,645</u>

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

Year Ending June 30	Principal	Interest	Total
2016	191,568	23,547	215,115
2017	199,116	15,999	215,115
2018	206,961	8,154	215,115
	<u>\$ 597,645</u>	<u>47,700</u>	<u>645,345</u>

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

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2015

Note 6 – Long-term Liabilities (Continued)

C: Qualified school construction bonds payable

As more fully explained in Note 10, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt Currently outstanding is a 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>

Year Ending June 30	Principal	Interest	Total
2016	\$ -	241,000	241,000
2017	-	241,000	241,000
2018	-	241,000	241,000
2019	-	241,000	241,000
2020	-	241,000	241,000
2021-2025	-	1,205,000	1,205,000
2026-2027	5,000,000	482,000	5,482,000
	<u>\$ 5,000,000</u>	<u>2,892,000</u>	<u>7,892,000</u>

Year Ending June 30	Principal	Interest	Total
2016	\$ -	30,300	30,300
2017	-	30,300	30,300
2018	-	30,300	30,300
2019	-	30,300	30,300
2020	-	30,300	30,300
2021-2025	3,000,000	151,500	3,151,500
	<u>\$ 3,000,000</u>	<u>303,000</u>	<u>3,303,000</u>

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2015

D: Apple Lease Purchase:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Apple Lease Purchase	0.49%	7/15/2014	7/15/2017	\$ 1,956,600	\$ 1,463,258
Apple Lease Purchase	0.49%	7/15/2014	7/15/2016	\$ 430,200	\$ 286,098
Total				<u>\$ 2,386,800</u>	<u>\$ 1,749,356</u>

The above purchase of Apple Computers is for the purpose of providing students with computers for use in the classroom. The debt payouts are the expected useful life of the equipment.

**Apple Lease Payment Schedule Maturity Date
7/15/2016**

Year Ending June 30	Interest Rate	Principal	Interest	Total
2015	0.49%	\$ 142,700	1,402	144,102
2016	0.49%	\$ 143,398	702	144,100
		<u>\$ 286,098</u>	<u>2,104</u>	<u>288,202</u>

**Apple Lease Payment Schedule Maturity Date
7/15/17**

Year Ending June 30	Interest Rate	Principal	Interest	Total
2015	0.49%	\$ 485,569	\$ 7,123	\$ 492,692
2016	0.49%	487,949	4,794	492,743
2017	0.49%	489,740	2,403	492,143
		<u>\$ 1,463,258</u>	<u>\$ 14,320</u>	<u>\$ 1,477,578</u>

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2015

E. Compensated absences payable

As more fully explained in Note 1(E)(8) compensated absences payable are 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

General Information about the 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.

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying Employees and officials of the state of Mississippi, state universities, community and junior colleges, teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employees earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost of Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

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, 2015 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, 2015, 2014, and 2013 were \$1,718,230, \$1,596,908, and, \$1,414,988 respectively, which equaled the required contributions for each year.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2015

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the school District reported a liability of \$20,140,742 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and total pension liability used to calculate the net pension liability was based on a projection of the school district's long-term share of contributions to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2014, the District's portion was .165929 percent. For the year ended June 30, 2015, the District recognized pension expense of \$1,490,222. At June 30, 2015 the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$314,190	
Net difference between projected and actual earnings on pension plan investments		2,919,549
Changes of assumptions	350,746	
Changes in proportion and differences between District contributions and proportionate share of contributions		
District contribution subsequent to the measurements date	1,718,230	
	<u>\$2,383,166</u>	<u>2,919,549</u>

\$1,718,230 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	(490,702)
2017	(490,702)
2018	(543,322)
2019	(729,887)
2020	-
	<u>(2,254,613)</u>

Actuarial assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	4.25-19.50 percent including inflation
Investment rate of return	8.00 percent, net of pension plan investment
	Expense, including inflation

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2015

Note 7 – Defined Benefit Pension Plan (Continued)

Mortality rates were based on the RP-2000 Mortality Table Projected with Scale AA to 2025, set forward two years for males.

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2012. The experience report is dated June 12, 2013.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected nominal Returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Allocation</u>	<u>Rate or Return</u>
U. S. Broad	0.34	5.2
International Equity	19	5
Emerging Market Equity	8	5.45
Fixed Income	20	0.25
Real Assets	10	4
Private Equity	8	6.15
Cash	1	-0.5
Total	<u>100%</u>	

Discount rate. The discount rate used to measure the total pension liability was 8.00 percent. The Projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Employer contributions will be made at a rate equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to change in the discount rate. The following present the District's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the District's proportionate share of the net position liability would be if it were calculated using a discount rate that is 1-percentage point lower (7 percent) or a 1-percentage-point higher (9 percent) than the current rate.

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>-7%</u>	<u>-8.00%</u>	<u>-9.00%</u>
District's proportionate share of the net pension liability	\$27,457,838	\$20,140,742	\$14,037,197

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2015

Note 8 – Prior Period Adjustments

A summary of significant Net Position adjustments is as follows:

Exhibit B – Statement of Net Activities

Net Pension Liability Measurement date	\$ (22,502,042)
Deferred outflows -- contributions made during fiscal year 2014	1,596,908
Capital Asset adjustment	(395,240)
Other adjustment	5,984
Total prior period adjustment related to GASB 68 and 71	<u>\$ (21,294,390)</u>

Prior period adjustments were made in the amount of \$(21,294,390) to restate the fund balances for implementation of GASB 68 and 71.

<u>Exhibit D - Statement of Revenues, Expenditures, and Changes in Fund Balances</u>				
Fund		Explanation		Amount
General Fund		Prior year receivable not posted	\$	16,617
21st Century Fund		Prior year receivable not posted		(10,633)
Total			\$	<u>5,984</u>
<u>Exhibit F - Statement of Changes in Fiduciary Net Position</u>				
Explanation				Amount
1 Donor requested funds be removed from private purpose fund			\$	(4,442)
Total			\$	<u>(4,442)</u>

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.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2015

Note 9 – Risk Management (Continued)

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.

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, 2015 was \$2,000,000. 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		Year Ending		
June 30	Amount	June 30	Amount	Total
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	200,000	2020	333,333	533,333
2021-2025	1,000,000	2021-2025	1,666,665	2,666,665
	<u>\$ 2,000,000</u>	2026-2027	666,666	666,666
			<u>\$ 3,999,996</u>	<u>\$ 5,999,996</u>

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2015

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 March 28, 2017, (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, 2015

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 3,883,783	3,776,579	3,776,567	(107,204)	(12)
State sources	10,845,887	12,335,382	12,297,296	1,489,495	(38,086)
Federal sources	174,402	218,294	256,380	43,892	38,086
Total revenues	14,904,072	16,330,255	16,330,243	1,426,183	(12)
Expenditures:					
Instruction	10,240,975	9,559,621	11,945,740	681,354	(2,386,119)
Support services	4,642,389	4,869,918	5,040,874	(227,529)	(170,956)
Noninstructional services	1,042	6,551	6,551	(5,509)	172,574
Facilities acquisition and construction	556,108	857,873	685,299	(301,765)	-
Principal and Interest	-	636,844	636,844	(636,844)	-
Total Expenditures	15,440,514	15,930,807	18,315,308	(490,293)	(2,384,501)
Excess (Deficiency) of Revenues over (under) Expenditures	(536,442)	399,448	(1,985,065)	935,890	(2,384,513)
Other Financing Sources (Uses)					
Sales of Property	100	-	10	(100)	10
Insurance loss recoveries	100	1,907	1,907	1,807	-
Lease liability	-	-	2,386,200	-	2,386,200
Operating transfers in	1,110,000	675,283	675,283	(434,717)	-
Operating transfers out	(1,803,634)	(1,164,520)	(1,164,520)	639,114	-
Total Other Financing Sources (Uses)	(30,300)	-	-	30,300	-
	(723,734)	(487,330)	1,898,880	236,404	2,386,210
Net Change in Fund Balances	(1,260,176)	(87,882)	(86,185)	1,172,294	1,697
Fund Balances:					
July 1, 2014	12,878,970	12,878,970	12,863,229	-	(15,741)
Prior Period adjustment	(43,154)	(42,280)	16,617	874	58,897
June 30, 2014, as restated	12,835,816	12,836,690	12,879,846	874	43,156
June 30, 2015	\$ 11,575,640	12,748,808	12,793,661	1,173,168	44,853

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

CORINTH SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Food Service
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local Sources	\$ 145,995	145,147	\$ 145,147	(848)	-
State Sources	11,600	12,494	12,494	894	-
Federal sources	\$ 761,400	1,051,833	1,125,515	290,433	73,682
Total revenues	918,995	1,209,474	1,283,156	290,479	73,682
Expenditures:					
Instruction		-	-	-	-
Support services	98,944	98,562	99,518	382	(956)
Noninstrucitonal	835,634	1,037,110	1,071,913	(201,476)	(34,803)
Total Expenditures	934,578	1,135,672	1,171,431	(201,094)	(35,759)
Excess (Deficiency) of Revenues over (under) Expenditures	(15,583)	73,802	111,725	89,385	37,923
Other Financing Sources (Uses)					
Operating transfers in	-	20,810	20,810	20,810	-
Operating transfes out	-	(67,089)	(72,684)	(67,089)	(5,595)
Total Other Financiing Sources(u	-	(46,279)	(51,874)	(46,279)	(5,595)
Net change in fund balances	(15,583)	27,523	59,851	43,106	32,328
Fund Balances:					
July 1, 2014	-	673,662	673,662	673,662	-
Decrease in Reserve for Inventoi	-	-	(3,324)	-	(3,324)
June 30, 2015	\$ (15,583)	\$ 701,185	\$ 730,189	716,768	(29,004)

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, 2015

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 1,043,541	1,046,541	875,670	3,000	(170,871)
Total revenues	1,043,541	1,046,541	875,670	3,000	(170,871)
Expenditures:					
Instruction	813,446	810,512	696,276	(2,934)	114,236
Support services	220,899	223,831	179,394	2,932	44,437
Noninstrucional	9,198	9,198	-	-	9,198
Total Expenditures	1,043,543	1,043,541	875,670	(2)	167,871
Excess (Deficiency) of Revenues over (under) Expenditures	(2)	3,000		2,998	(3,000)
Net Change in Fund Balances	(2)	3,000	-	2,998	(3,000)
Fund Balances:					
July 1, 2014	-	-	-	-	-
June 30, 2015	\$ (2)	3,000	-	2,998	(3,000)

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 Part D Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 39,510	39,510	39,510	-	-
Total revenues	39,510	39,510	39,510	-	-
Expenditures:					
Instruction	38,535	38,535	38,535	-	-
Support services	975	975	975	-	-
Noninstrucional	-	-	-	-	-
Total Expenditures	39,510	39,510	39,510	-	-
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	-	-	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2014	-	-	-	-	-
June 30, 2015	\$ -	-	-	-	-

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

CORINTH SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Special Education Preschool
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 19,901	19,901	19,901	-	-
Total revenues	19,901	19,901	19,901	-	-
Expenditures:					
Instruction	26,536	19,901	19,901	6,635	-
Support services	-	-	-	-	-
Noninstrucional	-	-	-	-	-
Total Expenditures	26,536	19,901	19,901	6,635	-
Excess (Deficiency) of Revenues over (under) Expenditures	(6,635)	-	-	6,635	-
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Other financing uses	-	-	-	-	-
Net change in					
Fund Balances:	-	-	-	-	-
July 1, 2014	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
June 30, 2015	\$ (6,635)	-	-	6,635	-

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

CORINTH SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Special Education Part B
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 653,006	658,136	490,851	5,130	(167,285)
Total revenues	653,006	658,136	490,851	5,130	(167,285)
Expenditures:					
Instruction	438,864	442,585	315,580	(3,721)	127,005
Support services	211,142	212,551	175,271	(1,409)	37,280
Noninstrucitonal	3,000	3,000	-	-	3,000
Total Expenditures	653,006	658,136	490,851	(5,130)	167,285
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Other financing uses	-	-	-	-	-
Net change in					
Fund Balances:	-	-		-	-
July 1, 2014	-	-	-	-	-
Prior period adjustment	-	-		-	-
June 30, 2015		-	-	-	-

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, 2015

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 824,117	824,117	719,772	-	(104,345)
Total revenues	824,117	824,117	719,772	-	(104,345)
Expenditures:					
Instruction	675,066	695,706	627,634	(20,640)	68,072
Support services	92,643	82,628	80,114	10,015	2,514
Noninstructional	-	-	-	-	-
Total Expenditures	767,709	778,334	707,748	(10,625)	70,586
Excess (Deficiency) of Revenues over (under) Expenditures	56,408	45,783	12,024	(10,625)	(33,759)
Operating transfers in	-	4,576	4,576	4,576	-
Operating transfers out	(24,114)	(18,065)	(5,967)	6,049	12,098
Net change in	-	-	-	-	-
Other financing uses	(24,114)	(13,489)	(1,391)	10,625	12,098
Net change in	-	-	-	-	-
Fund Balances:	32,294	32,294	10,633	-	(21,661)
July 1, 2014	-	-	-	-	-
Prior period adjustment	-	(10,633)	(10,633)	(10,633)	-
June 30, 2015	\$ 32,294	21,661	-	(10,633)	(21,661)

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

CORINTH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY
PERS
Last 10 Years

	<u>2015</u>
District's proportion of the net pension liability	0.165929%
District's proportionate share of the net pension liability	\$20,140,742
District's covered-employee payroll	\$10,139,098
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	198.64%
Plan fiduciary net position as a percentage of the total pension liability	67.21%

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

CORINTH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERS
Last 10 Years

	<u>2015</u>
Contractually required contribution	\$1,718,230
Contractually in relation to the contractually required contribution	\$1,718,230
Contribution deficiency(excess)	0
District's covered -employee payroll	10,909,397
Contributions as a percentage of covered employee payroll	15.75%

The amounts presented for each fiscal year were determined as of 6/30/2015.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

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, 2015

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.

Pension Schedules

1. Changes of Benefit Terms
None
2. Changes of assumptions
None

CORINTH SCHOOL DISTRICT
Supplementary Information
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

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	\$ 248,658
National school lunch program	10.555	803,175
Summer food service program for children	10.559	73,682
Total child nutrition cluster		<u>1,125,515</u>
Total passed-through Mississippi Department of Education		<u>1,125,515</u>
Total U.S. Department of Agriculture		<u>1,125,515</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	136,241
Total Federal Communications Commission		<u>136,241</u>
<u>U.S. Department of Education</u>		
Direct programs:		
Impact aid	84.041	12,383
Carol White Physical Education Grant	84.215F	294,532
Total Direct programs		<u>306,915</u>
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	875,670
Title I program for Neglected and Delinquent Youth	84.013	39,510
Education of homeless children and youth	84.196	38,758
Career and technical education basic grants to states	84.048	23,553
Improving teacher quality - state grants	84.367	194,048
Twenty-first century community learning centers	84.287	719,772
Rural education	84.358	47,013

CORINTH SCHOOL DISTRICT
Supplementary Information
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
English language acquisition grants	84.365	\$ 747
Special education Cluster		
Special education - grants to states	84.027	490,851
Special education - preschool grants	84.173	19,901
Total Special Education Cluster		510,752
Total passed-through Mississippi Department of Education		2,414,943
Total U.S Department of Education		2,721,858
<u>U.S. Department of Health and Human Services</u>		
Passed-through Mississippi Department of Health		
Medical Assistance Program	93.778	20,686
Total		20,686
Total U.S. Department of Health and Human Services		20,686
Total for all Federal Awards		\$ 4,004,300

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, 2015

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 15,311,763	11,893,590	680,097	803,085	1,934,991
Other	9,862,565	3,035,132	150,553	13,548	6,663,332
Total	<u>\$ 25,174,328</u>	<u>14,928,722</u>	<u>830,650</u>	<u>816,633</u>	<u>8,598,323</u>
Total number of students*	<u>2,287</u>				
Cost per student	<u>\$ 11,007</u>	<u>6,528</u>	<u>363</u>	<u>357</u>	<u>3,759</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

	2015	2014	2013	2012
Revenues:				
Local sources	\$ 3,776,567	\$ 3,620,934	3,901,140	3,826,173
State sources	12,297,296	11,118,875	10,726,279	9,756,968
Federal sources	256,380	180,435	181,284	235,281
Total revenues	16,330,243	14,920,244	14,808,703	13,818,422
Expenditures:				
Instruction	11,945,740	8,984,161	8,818,268	8,363,588
Support services	5,040,874	4,559,936	4,329,271	4,341,955
Noninstructional services	6,551	5,763	13,321	1,182
Facilities acquisition and construction	685,299	412,407	170,046	493,933
Debt service:				
Principal	636,844	-	-	-
Total Expenditures	18,315,308	13,962,267	13,330,906	13,200,658
Excess (Deficiency) of Revenues over (under) Expenditures	(1,985,065)	957,977	1,477,797	617,764
Other Financing Sources (Uses)				
Sale of other property	10	-	-	12,702
Insurance recovery	1,907	-	-	-
Lease Liability	2,386,200	-	-	-
Operating transfers in	675,283	-	57,407	11,924
Operating transfers out	(1,164,520)	(484,894)	(438,526)	(331,493)
Total Other Financing Sources (Uses)	1,898,880	(484,894)	(381,119)	(306,867)
Net Change in Fund Balances	(86,185)	473,083	1,096,678	310,897
Fund balance, July 1	12,863,229	12,390,146	11,293,468	10,982,571
Prior period adjustment	16,617	-	-	-
Fund balance, June 30	\$ 12,793,661	\$ 12,863,229	12,390,146	11,293,468

*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

	2015	2014	2013	2012
Revenues:				
Local sources	\$ 5,286,685	\$ 5,116,950	5,485,393	5,368,561
State sources	13,479,077	11,606,833	11,143,806	10,183,894
Federal sources	4,398,153	4,876,620	4,728,854	5,018,199
Total revenues	23,163,915	21,600,403	21,358,053	20,570,654
Expenditures:				
Instruction	15,311,763	12,104,756	11,732,862	11,961,298
Support services	5,957,775	5,572,746	5,390,480	5,562,734
Noninstructional	1,082,076	1,061,492	1,007,550	974,788
Facilities acquisition and construction	685,299	3,631,304	1,772,549	1,540,616
Debt service:				
Principal	1,346,150	662,320	620,598	579,132
Interest	786,815	822,357	857,604	645,566
Bond issuance cost and other	4,450	10,368	9,862	30,450
Total Expenditures	25,174,328	23,865,343	21,391,505	21,294,584
Excess (Deficiency) of Revenues over (under) Expenditures	(2,010,413)	(2,264,940)	(33,452)	(723,930)
Other Financing Sources (Uses)				
Other sources	10	-	-	-
Insurance loss recovery	1,907			
Lease Liability	2,386,200			
Proceeds of QSCB	-	-	-	5,000,000
Sale of other property	-	-	-	12,702
Operating transfers in	1,377,803	484,894	495,933	343,982
Operating transfers out	(1,377,803)	(484,894)	(495,933)	(343,982)
Payment QZAB escrow agent	533,306			
Transfer & escrow agent	(533,306)	-	-	-
Total Other Financing Sources (Uses)	2,388,117	-	-	5,012,702
Net Change in Fund Balances	377,704	(2,264,940)	(33,452)	4,288,772
Fund Balances:				
Beginning, as originally reported	16,189,050	18,448,154	18,479,667	14,190,442
Prior period adjustments	5,984	5,836	-	-
Beginning, as restated	16,195,034	16,189,050	18,479,667	14,190,442
Increase (Decrease) in reserve for inventory	(3,324)	-	1,939	453
End of period	\$ 16,569,414	\$ 16,189,050	18,448,154	18,479,667

*SOURCE - PRIOR YEAR AUDIT REPORTS



Certified Public Accountants
Locations in Corinth, MS & Booneville, MS

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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, 2015, 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 March 28, 2017.

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.

P. Browner, VanStory & Co. P.A.

Booneville, MS
March 28, 2017



Certified Public Accountants
Locations in Corinth, MS & Booneville, MS

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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, 2015. 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, 2015.

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.

Prawner, Vansterg & Co. P.A.

Booneville, MS
March 28, 2017



Certified Public Accountants
Locations in Corinth, MS & Booneville, MS

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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, 2015, which collectively comprise Corinth School District's basic financial statements and have issued our report thereon dated March 28, 2017.

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.

Browner, Vansterg & Co. P.A

Booneville, MS
March 28, 2017

CORINTH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

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
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children
84.010	Title I Grants to local educational agencies
84.013	Title I Part D
	Special Education Cluster:
84.027	Special Education-Grants to States
84.173	Special Education-Preschool Grants
84.287	21 st Century

- | |
|---|
| 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.