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The City of Corinth Mississippi

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MUNICIPAL



BUILDING

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CORINTH, MISSISSIPPI 38835-0669

ALDERMEN
MIKE HOPKINS
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AT-LARGE
WARD 1
WARD 2
WARD 3
WARD 4
WARD 5

July 1, 2019

State of Mississippi
Office of the State Auditor
P.O. Box 956
Jackson, MS 39205

Re: City of Corinth FY2018 Audit Report

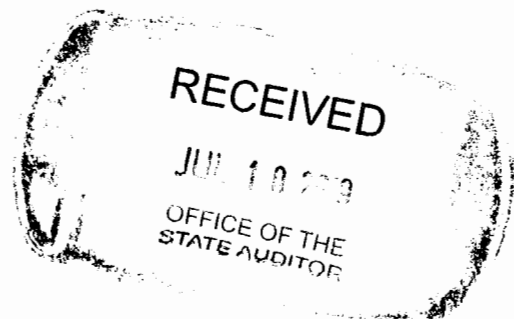
Dear Sir:

Please find enclosed the city of Corinth's most recent audit (FY2018). If there is any additional information needed, please let me know.

Sincerely,

Vickie Roach
City Clerk

Enclosure



CITY OF CORINTH, MISSISSIPPI
AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018



CITY OF CORINTH, MISSISSIPPI

CORINTH, MISSISSIPPI

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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
City of Corinth, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corinth, Mississippi as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Corinth, Mississippi'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.

Auditors' 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 reasonable 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 auditors' judgment, including the assessment of the risks of material misstatement 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 unmodified and adverse audit opinions.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements referred to above do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported with financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for

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Corinth, Mississippi
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its component units. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the aggregate discretely presented component units would have been presented as \$89,823,191, \$252,114, \$40,630,858, \$164,379, \$49,280,068, \$11,545,323, and \$11,526,793, respectively.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Corinth, Mississippi, as of September 30, 2018, or the changes in financial position or cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corinth, Mississippi, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the City's Proportionate Share of the Net Pension Liability, and the Schedule of City Contributions on pages 5-12, 47, 48, and 49, respectively, 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 City of Corinth, Mississippi's basic financial statements. The accompanying Combining Balance Sheet – Other Governmental Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Other Governmental Funds, Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other information section, which includes the Schedule of Surety Bonds for Municipal Officials are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Combining Balance Sheet – Other Governmental Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Other Governmental Funds, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Combining Balance Sheet – Other Governmental Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Other Governmental Funds, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

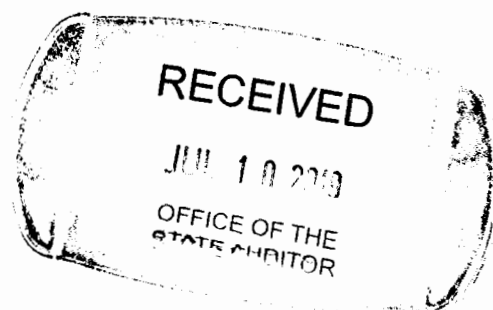
The other information section, which includes the Schedule of Surety Bonds for Municipal Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2019, on our consideration of the City of Corinth, Mississippi'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Corinth, Mississippi's 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 City of Corinth, Mississippi's internal control over financial reporting and compliance.

The Sparks CPA Firm, P.C.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Corinth, Mississippi
June 21, 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

The following discussion and analysis of the City of Corinth, Mississippi's financial performance provides an overview of the City's financial activities for the year ended September 30, 2018. The intent of this discussion and analysis is to look at the City'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 City's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2018 increased \$924,159, which represents a 3.82% increase from fiscal year 2017. Total net position for 2017 decreased \$1,203,604, including a prior period adjustment of 14,000, which represents a 4.74% decrease from fiscal year 2016.
- General revenues amounted to \$12,639,875 and \$12,221,760, or 53.06% and 60.02% of all revenues for fiscal years 2018 and 2017, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$11,184,184 or 46.94% of total revenues for 2018, and \$8,141,466, or 39.98% of total revenues for 2017.
- The City had \$22,899,900 and \$21,580,830 in expenses for fiscal years 2018 and 2017; only \$11,184,184 for 2018 and \$8,141,466 for 2017 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$12,639,875 for 2018 were adequate to provide for these programs and \$12,221,760 for 2017 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$11,183,694 in revenues and \$11,119,144 in expenditures for 2018, and \$10,875,539 in revenues and \$10,467,504 in expenditures in 2017. The General Fund's fund balance decreased by \$253,015 from 2017 to 2018 and increased by \$151,933 from 2016 to 2017. The EDA Drainage Project Fund had \$2,955,165 in revenues and \$3,576,028 in expenditures for 2018, and \$-0- in revenues and \$482,834 in expenditures in 2017. The EDA Drainage Project Fund's fund balance increased by \$692,137 from 2017 to 2018 and decreased by \$482,834 from 2016 to 2017.
- Capital assets, net of accumulated depreciation, increased by \$1,296,973 for 2018 and decreased by \$1,376,124 for 2017. The increase for 2018 was due to the addition of construction in progress and mobile equipment, the disposal of mobile equipment and furniture and equipment, coupled with the increase in accumulated depreciation.
- Long-term debt increased by \$904,666 for 2018 and decreased by \$2,172,130 for 2017. The increase for 2018 was due primarily to the issuance of G.O. Bonds and a CAP loan and payments on outstanding long-term debt. The liability for compensated absences increased by \$14,642 for 2018 and increased by \$4,657 for 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City'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 City's nonfiduciary assets, deferred outflows, liabilities, and deferred inflows, with the differences between them reported as "net position." Over time, increases or decreases in the City'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 City'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 City that are principally supported by property taxes and sales taxes (governmental activities) and sewer and solid waste charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, and interest on long-term debt.

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 City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Most of the City'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 City'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 City'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.

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.

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**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Other Information

Although not a required part of the basic financial statements, the Schedule of Surety Bonds for Municipal Officials is presented for purposes of additional analysis as required by the Mississippi Office of the State Auditor.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$25,103,654 as of September 30, 2018.

The largest portion of the City's net position, 100.00%, reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; however, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City'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 City's net position at September 30, 2018 and September 30, 2017.

Table 1						
City of Corinth's Statement of Net Position						
	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and Other Assets \$	13,716,708	\$ 12,131,677	\$ 4,526,939	\$ 4,412,663	\$ 18,243,647	\$ 16,544,340
Capital Assets, Net	<u>17,082,176</u>	<u>14,219,612</u>	<u>42,728,121</u>	<u>44,293,712</u>	<u>59,810,297</u>	<u>58,513,324</u>
Total Assets	<u>30,798,884</u>	<u>26,351,289</u>	<u>47,255,060</u>	<u>48,706,375</u>	<u>78,053,944</u>	<u>75,057,664</u>
Deferred Outflows of Resources	<u>1,116,722</u>	<u>1,973,976</u>	<u>487,066</u>	<u>671,652</u>	<u>1,603,788</u>	<u>2,645,628</u>
Current Liabilities	726,649	346,919	70,140	78,230	796,789	425,149
Long-Term Debt	7,382,876	4,886,205	26,497,202	28,089,207	33,880,078	32,975,412
Net Pension Liability	<u>12,483,015</u>	<u>12,057,743</u>	<u>3,109,064</u>	<u>3,019,177</u>	<u>15,592,079</u>	<u>15,076,920</u>
Total Liabilities	<u>20,592,540</u>	<u>17,290,867</u>	<u>29,676,406</u>	<u>31,186,614</u>	<u>50,268,946</u>	<u>48,477,481</u>
Deferred Inflows of Resources	<u>3,985,213</u>	<u>4,612,806</u>	<u>299,919</u>	<u>433,510</u>	<u>4,285,132</u>	<u>5,046,316</u>
Net Position						
Net Investment in Capital Assets	10,028,632	9,648,678	16,287,043	16,260,048	26,315,675	25,908,726
Restricted	1,505,315	1,411,517	-	-	1,505,315	1,411,517
Unrestricted	<u>(4,196,094)</u>	<u>(4,638,603)</u>	<u>1,478,758</u>	<u>1,497,855</u>	<u>(2,717,336)</u>	<u>(3,140,748)</u>
Total Net Position	<u>\$ 7,337,853</u>	<u>\$ 6,421,592</u>	<u>\$ 17,765,801</u>	<u>\$ 17,757,903</u>	<u>\$ 25,103,654</u>	<u>\$ 24,179,495</u>

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Additional information on unrestricted net position:

In connection with the application of standards on accounting and financial reporting for pensions, management presents the following additional information:

Total unrestricted net position (deficit)	\$ (2,717,335)
Less unrestricted deficit in net position resulting from recognition of the net pension liability, including the deferred outflows and deferred inflows related to pensions	15,636,883
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 12,919,548</u>

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

- The increase in net capital assets in the amount of \$2,862,564 in the governmental activities.
- The decrease in net capital assets in the amount of \$1,565,591 in the business-type activities.
- The principal retirement of \$515,548 of long-term debt in the governmental activities and \$1,592,587 in the business-type activities.

Changes in net position

The City's total revenues for the fiscal years ended September 30, 2018 and September 30, 2017 were \$23,824,059 and \$20,363,226, respectively. The total cost of all programs and services was \$22,899,900 for 2018 and \$21,580,830 for 2017.

Table 2 presents a summary of the changes in net position for the fiscal years ended September 30, 2018 and September 30, 2017.

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**Table 2
Changes in the City of Corinth's Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services	\$ 604,451	\$ 799,068	\$ 5,649,739	\$ 5,346,687	\$ 6,254,190	\$ 6,145,755
Operating Grants and Contributions	1,976,400	1,440,351	-	-	1,976,400	1,440,351
Capital Grants and Contributions	2,953,594	555,360	-	-	2,953,594	555,360
General Revenues:						
Sales Taxes	7,410,210	7,516,491	-	-	7,410,210	7,516,491
Property Taxes	4,164,790	3,693,229	-	-	4,164,790	3,693,229
Other	1,048,677	872,738	16,197	139,302	1,064,874	1,012,040
Total Revenues	18,158,122	14,877,237	5,665,936	5,485,989	23,824,058	20,363,226
Expenses						
General Government	2,266,387	2,198,361	-	-	2,266,387	2,198,361
Public Safety	6,003,452	6,381,270	-	-	6,003,452	6,381,270
Public Works	5,004,371	3,787,566	-	-	5,004,371	3,787,566
Culture and Recreation	2,364,389	1,916,730	-	-	2,364,389	1,916,730
Sewer	-	-	3,184,345	3,291,793	3,184,345	3,291,793
Solid Waste	-	-	1,979,339	2,064,166	1,979,339	2,064,166
Pension Expense	1,410,620	1,276,304	-	-	1,410,620	1,276,304
Interest on Long-Term Debt	192,642	142,279	494,354	522,361	686,996	664,640
Total Expenses	17,241,861	15,702,510	5,658,038	5,878,320	22,899,899	21,580,830
Increase (Decrease) in Net Position	916,261	(825,273)	7,898	(392,331)	924,159	(1,217,604)
Net Position-Beginning, as previously stated	6,421,592	7,232,865	17,757,903	18,150,234	24,179,495	25,383,099
Prior Period Adjustment	-	14,000	-	-	-	14,000
Net Position-Beginning, as restated	6,421,592	7,246,865	17,757,903	18,150,234	24,179,495	25,397,099
Net Position-Ending	<u>\$ 7,337,853</u>	<u>\$ 6,421,592</u>	<u>\$ 17,765,801</u>	<u>\$ 17,757,903</u>	<u>\$ 25,103,654</u>	<u>\$ 24,179,495</u>

Governmental activities

Governmental activities increased the City's net position by \$916,261. The largest funding sources for the City's governmental activities, as a percent of total revenues, are sales taxes of \$7,410,210, or 40.82%, property taxes of \$4,164,790, or 22.94%, and operating grants and contributions of \$1,976,400, or 10.88%. The largest expense categories for the City's governmental activities are public safety (34.82%), public works (29.02%), and culture and recreation (13.71%).

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Business-type activities

Business-type activities increased the City's net position by \$7,898. Charges for services are the major revenue categories for the proprietary funds. The business-type activities revenues are comprised of \$3,933,341 for the sewer system and \$1,716,398 for the sanitation fund.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$9,796,307, an increase of \$1,246,748 from the prior year. \$7,511,780 or 76.68% of the fund balance constitutes unassigned fund balance, which is available for spending at the City's discretion. The remaining fund balance of \$2,284,527, or 23.32% is either nonspendable, restricted, committed, or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed, or assigned.

The General Fund is the principal operating fund of the City. The decrease in fund balance in the General Fund for the fiscal year was \$253,015, or 3.29%. The increase in fund balance in the EDA Drainage Project Fund for the fiscal year was \$692,137, or 143.49%. The fund balance of Other Governmental Funds showed an increase in the amount of \$807,626, or 60.06%.

Proprietary Funds. The focus of the City's proprietary funds is the same as is provided in the government-wide financial statements, only in more detail. Unrestricted net position of the Sewer System Fund at year-end amounted to \$2,596,130. The increase in net position amounted to \$294,504. Unrestricted net position of the Sanitation Enterprise Fund at year-end amounted to (\$1,117,372). The decrease in net position amounted to \$286,606.

BUDGETARY HIGHLIGHTS

During the year, the City 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 City.

A schedule showing the original and final budget amounts compared to the City's actual financial activity for the General Fund and each major special revenue fund is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of September 30, 2018, the City's total capital assets were \$90,540,245, including land, buildings, construction in progress, infrastructure, and equipment. This amount represents an increase of \$3,698,544 from the previous year, due primarily to infrastructure additions and purchase of equipment. Total accumulated depreciation as of September 30, 2018, was \$30,729,948, and total depreciation expense for the year was \$2,675,231, resulting in total net capital assets of \$59,810,297.

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Table 3

	City's Capital Assets, Net of Accumulated Depreciation					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 674,483	\$ 674,483	\$ 62,493	\$ 62,493	\$ 736,976	\$ 736,976
Construction in Progress	4,531,595	931,047	-	-	4,531,595	931,047
Buildings	6,006,174	6,006,174	-	-	6,006,174	6,006,174
Infrastructure - Streets	9,133,756	9,133,756	-	-	9,133,756	9,133,756
Mobile Equipment	4,026,351	4,035,692	2,729,522	2,615,185	6,755,873	6,650,877
Furniture and Equipment	589,890	596,890	615,545	615,545	1,205,435	1,212,435
Sewer plant and buildings	-	-	62,170,436	62,170,436	62,170,436	62,170,436
Less: Accumulated Depreciation	(7,880,073)	(7,158,430)	(22,849,875)	(21,169,947)	(30,729,948)	(28,328,377)
Total	\$ 17,082,176	\$ 14,219,612	\$ 42,728,121	\$ 44,293,712	\$ 59,810,297	\$ 58,513,324

Additional information on the City's capital assets can be found in Notes 1 and 5 included in this report.

Debt Administration. At September 30, 2018, the City had \$33,880,078 in outstanding long-term debt, of which \$2,217,072 is due within one year. The liability for compensated absences increased \$14,642 from the prior year.

Table 4

	City's Outstanding Long-Term Debt					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds payable	\$ 5,600,000	\$ 4,010,000	\$ -	\$ -	\$ 5,600,000	\$ 4,010,000
Bond Premium	4,302	8,993	-	-	4,302	8,993
Bond Discount	(2,612)	(5,462)	-	-	(2,612)	(5,462)
Other loans payable	1,271,891	296,011	26,255,416	27,938,087	27,527,307	28,234,098
Capital leases payable	179,963	261,392	185,662	95,577	365,625	356,969
Compensated absences payable	329,332	315,271	56,124	55,543	385,456	370,814
Total	\$ 7,382,876	\$ 4,886,205	\$ 26,497,202	\$ 28,089,207	\$ 33,880,078	\$ 32,975,412

Additional information on the City's long-term debt can be found in Notes 1 and 6 included in this report.

CURRENT ISSUES

The City of Corinth, Mississippi is financially stable.

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

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Mayor's Office of the City of Corinth, Mississippi, 300 Childs Street, Corinth, MS 38834.

BASIC FINANCIAL STATEMENTS

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CITY OF CORINTH, MISSISSIPPI
Statement of Net Position
09/30/2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,924,855	\$ 4,032,146	\$ 12,957,001
Property taxes receivable	2,636,540	-	2,636,540
Accounts receivable	-	492,360	492,360
Intergovernmental receivables	1,415,215	-	1,415,215
Fines receivable (net of allowance for uncollectibles of \$414,275)	621,413	-	621,413
Other receivables	114,685	-	114,685
Due from other funds	4,000	2,433	6,433
Capital assets, non-depreciable:			
Land	674,483	62,493	736,976
Construction in progress	4,531,595	-	4,531,595
Capital assets, net of accumulated depreciation			
Sewer plant and buildings		41,886,740	41,886,740
Buildings	3,729,312	-	3,729,312
Infrastructure	6,997,321	-	6,997,321
Mobile equipment	1,001,638	724,928	1,726,566
Furniture and equipment	147,827	53,960	201,787
Total Assets	<u>30,798,884</u>	<u>47,255,060</u>	<u>78,053,944</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,116,722	487,066	1,603,788
Total Deferred Outflows of Resources	<u>1,116,722</u>	<u>487,066</u>	<u>1,603,788</u>
LIABILITIES			
Accounts payable	573,235	19,394	592,629
Accrued liabilities	67,950	7,092	75,042
Amounts held in custody for others	18,830	-	18,830
Due to other funds	2,433	4,000	6,433
Accrued interest payable	64,201	39,654	103,855
Long-term liabilities			
Net pension liability	12,483,015	3,109,064	15,592,079
Due within one year:			
Capital debt	455,327	1,771,745	2,227,072
Due in more than one year:			
Capital debt	6,598,217	24,669,333	31,267,550
Non-capital debt	329,332	56,124	385,456
Total Liabilities	<u>20,592,540</u>	<u>29,676,406</u>	<u>50,268,946</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,348,673	299,919	1,648,592
Property taxes for future reporting period	2,636,540	-	2,636,540
Total Deferred Inflows of Resources	<u>3,985,213</u>	<u>299,919</u>	<u>4,285,132</u>
NET POSITION			
Net investment in capital assets	10,028,632	16,287,043	26,315,675
Restricted:			
Expendable:			
Debt service	321,419	-	321,419
Public safety	359,725	-	359,725
Public works	24,110	-	24,110
Culture and recreation	800,061	-	800,061
Unrestricted	(4,196,094)	1,478,758	(2,717,336)
Total Net Position	<u>\$ 7,337,853</u>	<u>\$ 17,765,801</u>	<u>\$ 25,103,654</u>

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

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CITY OF CORINTH, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,266,387	168,000	-	-	(2,098,387)		(2,098,387)
Public safety	6,003,452	434,143	272,673	-	(5,296,636)		(5,296,636)
Public works	5,004,371	2,308	1,173,085	2,953,594	(875,384)		(875,384)
Culture and recreation	2,364,389	-	530,642	-	(1,833,747)		(1,833,747)
Interest on long-term debt	192,642	-	-	-	(192,642)		(192,642)
Pension expense	1,410,620	-	-	-	(1,410,620)		(1,410,620)
Total Governmental Activities	<u>17,241,861</u>	<u>604,451</u>	<u>1,976,400</u>	<u>2,953,594</u>	<u>(11,707,416)</u>		<u>(11,707,416)</u>
Business-type activities:							
Sewer	3,184,345	3,933,341	-	-	-	748,996	748,996
Solid waste	1,979,339	1,716,398	-	-	-	(262,941)	(262,941)
Interest on long-term debt	494,354	-	-	-	-	(494,354)	(494,354)
Total Business-Type Activities	<u>5,658,038</u>	<u>5,649,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,299)</u>	<u>(8,299)</u>
Total Primary Government	\$ <u>22,899,899</u>	<u>6,254,190</u>	<u>1,976,400</u>	<u>2,953,594</u>	<u>(11,707,416)</u>	<u>(8,299)</u>	<u>(11,715,715)</u>
General revenues and transfers							
Taxes:					\$		
Property					3,687,255	-	3,687,255
Sales					7,410,210	-	7,410,210
Franchise					469,026	-	469,026
Gasoline					13,564	-	13,564
Pro-rata road					198,678	-	198,678
In-lieu of taxes					200,058	-	200,058
Homestead reimbursement					277,477	-	277,477
Other permits and taxes					153,894	-	153,894
Grants and contributions not restricted to specific programs					7,267	-	7,267
Investment earnings					63,307	32,582	95,889
Gain (loss) on sale of capital assets					980	(22,263)	(21,283)
Other					141,961	5,878	147,839
Total General revenues and transfers					<u>12,623,677</u>	<u>16,197</u>	<u>12,639,874</u>
Changes in Net Position					<u>916,261</u>	<u>7,898</u>	<u>924,159</u>
Net Position - Beginning					<u>6,421,592</u>	<u>17,757,903</u>	<u>24,179,495</u>
Net Position - Ending					<u>\$ 7,337,853</u>	<u>17,765,801</u>	<u>25,103,654</u>

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

CITY OF CORINTH, MISSISSIPPI
Balance Sheet - Governmental Funds
September 30, 2018

	Major Fund		Other	Total
	General	EDA Drainage	Governmental	Governmental
	Fund	Project	Funds	Funds
	Fund	Fund		
Assets:				
Cash and cash equivalents	\$ 6,850,807	\$ 430	\$ 2,073,618	\$ 8,924,855
Property taxes receivable	2,047,369	-	589,171	2,636,540
Intergovernmental receivables	588,269	622,754	204,192	1,415,215
Fines receivable (net of allowance for uncollectible of \$414,275)	621,413	-	-	621,413
Other receivables	114,685	-	-	114,685
Due from other funds	18,557	-	-	18,557
Total Assets	<u>\$ 10,241,100</u>	<u>\$ 623,184</u>	<u>\$ 2,866,981</u>	<u>\$ 13,731,265</u>
Liabilities:				
Accounts payable	\$ 48,363	\$ 399,324	\$ 125,548	\$ 573,235
Accrued liabilities	67,950	-	-	67,950
Amounts held in custody for others	18,830	-	-	18,830
Due to other funds	2,433	14,557	-	16,990
Total Liabilities	<u>137,576</u>	<u>413,881</u>	<u>125,548</u>	<u>677,005</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	2,047,369	-	589,171	2,636,540
Unavailable revenue - fines	621,413	-	-	621,413
Total Deferred Inflows of Resources	<u>2,668,782</u>	<u>-</u>	<u>589,171</u>	<u>3,257,953</u>
Fund Balances:				
Restricted:				
Public safety	-	-	359,725	359,725
Public works	-	209,303	24,110	233,413
Culture and recreation	-	-	800,061	800,061
Debt service	-	-	385,620	385,620
Committed:				
Culture and recreation	-	-	505,708	505,708
Unassigned	7,434,742	-	77,038	7,511,780
Total Fund Balances	<u>7,434,742</u>	<u>209,303</u>	<u>2,152,262</u>	<u>9,796,307</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 10,241,100</u>	<u>\$ 623,184</u>	<u>\$ 2,866,981</u>	<u>\$ 13,731,265</u>

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

CITY OF CORINTH, MISSISSIPPI
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2018

	<u>Amount</u>	
Total fund balances for governmental funds	\$ 9,796,307	
Amounts reported for governmental activities in the statement of net position are different because:		
1. Certain assets are not available to pay current period expenditures and therefore are not reported in the funds but are reported in the Statement of Net Position.		621,413
2. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	674,483	
Construction in progress	4,531,595	
Buildings	6,006,174	
Infrastructure - Streets	9,133,756	
Mobile equipment	4,026,351	
Furniture and equipment	589,890	
Accumulated depreciation	<u>(7,880,073)</u>	17,082,176
3. 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	(12,483,015)	
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions	1,116,722	
Deferred inflows of resources related to pensions	<u>(1,348,673)</u>	(12,714,966)
4. 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 payable	(5,600,000)	
Other loans payable	(1,271,891)	
Capital leases payable	(179,964)	
Compensated absences payable	(329,332)	
Accrued interest payable	(64,201)	
Bond premium	(4,302)	
Bond discount	<u>2,613</u>	(7,447,077)
Net position of governmental activities	\$	<u><u>7,337,853</u></u>

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

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CITY OF CORINTH, MISSISSIPPI
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2018

	Major Funds		Other	Total
	General	EDA Drainage	Governmental	Governmental
	Fund	Project	Funds	Funds
		Fund		
Revenues:				
Property taxes	\$ 2,771,502	\$ -	\$ 946,901	\$ 3,718,403
Licenses and permits	622,920	-	-	622,920
Intergovernmental revenues	6,997,689	2,955,165	3,053,246	13,006,100
Charges for services	177,043	-	-	177,043
Fines and forfeitures	427,966	-	-	427,966
Miscellaneous revenues	186,574	-	18,693	205,267
Total Revenues	11,183,694	2,955,165	4,018,840	18,157,699
Expenditures:				
Current:				
General government	2,284,896	-	-	2,284,896
Public safety	6,243,657	-	48,408	6,292,065
Public works	2,494,248	3,576,028	2,235,869	8,306,145
Culture and recreation	-	-	2,364,389	2,364,389
Debt service:				
Principal	84,819	-	430,729	515,548
Interest	11,524	-	142,641	154,165
Other	-	-	2,866	2,866
Total Expenditures	11,119,144	3,576,028	5,224,902	19,920,074
Excess (Deficiency) of Revenues Over (Under) Expenditures	64,550	(620,863)	(1,206,062)	(1,762,375)
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	9,123	-	-	9,123
Proceeds from bond issuance	-	-	2,000,000	2,000,000
Proceeds from loan	-	1,000,000	-	1,000,000
Operating transfers in	-	313,000	127,688	440,688
Operating transfers out	(326,688)	-	(114,000)	(440,688)
Total Other Financing Sources (Uses)	(317,565)	1,313,000	2,013,688	3,009,123
Net Change in Fund Balances	(253,015)	692,137	807,626	1,246,748
Fund Balances:				
October 1, 2017	7,687,757	(482,834)	1,344,636	8,549,559
September 30, 2018	\$ 7,434,742	\$ 209,303	\$ 2,152,262	\$ 9,796,307

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

CITY OF CORINTH, MISSISSIPPI
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended September 30, 2018

	<u>Amount</u>
Net change in fund balances - total governmental funds	\$ 1,246,748
Amounts reported for governmental activities in the statement of activities are different because:	
1. Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:	
Capital outlay	\$ 3,665,638
Depreciation expense	<u>(794,931)</u> 2,870,707
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.	(8,143)
3. In the statement of activities, revenues related to court fines receivable are reported; however, these revenues do not provide current financial resources and are not reported as revenues in the funds.	(558)
4. This 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:	
Proceeds from the issuance of long-term debt	(3,000,000)
Payments of debt principal	515,549
Accrued interest payable	<u>(37,452)</u> (2,521,903)
5. Some items relating to pensions and 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 the governmental funds. These activities include:	
Pension expense for the current year	(658,371)
6. 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	(14,061)
Amortization of bond premiums	4,691
Amortization of bond discounts	<u>(2,850)</u> (12,220)
7. Rounding	<u>1</u>
Change in net position of governmental activities	\$ <u>916,261</u>



CITY OF CORINTH, MISSISSIPPI
Statement of Net Position
Proprietary Funds
09/30/2018

	Business-type Activities Proprietary Funds		Totals
	Sewer System Fund	Sanitation Enterprise Fund	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 3,734,466	\$ 297,680	\$ 4,032,146
Accounts receivable	349,047	143,313	492,360
Due from other funds	-	2,433	2,433
Total current assets	<u>4,083,513</u>	<u>443,426</u>	<u>4,526,939</u>
Noncurrent assets:			
Capital assets:			
Land	17,500	44,993	62,493
Construction in progress	-	-	-
Sewer plant and buildings	62,170,436	-	62,170,436
Mobile equipment	1,099,452	1,630,070	2,729,522
Furniture and equipment	611,817	3,728	615,545
Less accumulated depreciation	(21,735,100)	(1,114,775)	(22,849,875)
Total net capital assets	<u>42,164,105</u>	<u>564,016</u>	<u>42,728,121</u>
Total noncurrent assets	<u>42,164,105</u>	<u>564,016</u>	<u>42,728,121</u>
Total assets	<u>46,247,618</u>	<u>1,007,442</u>	<u>47,255,060</u>
Deferred outflows of resources:			
Deferred outflow - pension	252,447	234,619	487,066
Total deferred outflows of resources	<u>252,447</u>	<u>234,619</u>	<u>487,066</u>
Total assets and deferred outflows of resources	<u>\$ 46,500,065</u>	<u>\$ 1,242,061</u>	<u>\$ 47,742,126</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 19,394	\$ -	\$ 19,394
Accrued liabilities	3,370	3,722	7,092
Due to other funds	4,000	-	4,000
Accrued interest payable	39,654	-	39,654
Capital leases, due within one year	-	57,767	57,767
Notes payable, due within one year	1,713,978	-	1,713,978
Total current liabilities	<u>1,780,396</u>	<u>61,489</u>	<u>1,841,885</u>
Noncurrent liabilities:			
Compensated absences payable	28,440	27,684	56,124
Capital leases, due in more than one year	-	127,895	127,895
Notes payable, due in more than one year	24,541,438	-	24,541,438
Net pension liability	1,534,845	1,574,219	3,109,064
Total noncurrent liabilities	<u>26,104,723</u>	<u>1,729,798</u>	<u>27,834,521</u>
Total liabilities	<u>27,885,119</u>	<u>1,791,287</u>	<u>29,676,406</u>
Deferred inflows of resources:			
Deferred inflow - pension	110,127	189,792	299,919
Total deferred inflows of resources	<u>110,127</u>	<u>189,792</u>	<u>299,919</u>
Net position:			
Net investment in capital assets	15,908,689	378,354	16,287,043
Unrestricted	2,596,130	(1,117,372)	1,478,758
Total net position	<u>18,504,819</u>	<u>(739,018)</u>	<u>17,765,801</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 46,500,065</u>	<u>\$ 1,242,061</u>	<u>\$ 47,742,126</u>

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

CITY OF CORINTH, MISSISSIPPI
Statements of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2018

	Business-type Activities Proprietary Funds		Totals
	Sewer System Fund	Sanitation Enterprise Fund	
Operating revenues:			
Charges for services	\$ 3,933,341	\$ 1,716,398	\$ 5,649,739
Total operating revenues	<u>3,933,341</u>	<u>1,716,398</u>	<u>5,649,739</u>
Operating expenses:			
Salaries and benefits	652,461	1,080,762	1,733,223
Materials and supplies	228,467	188,243	416,710
Repairs and maintenance	159,060	4,330	163,390
Other operating expenses	390,867	579,194	970,061
Depreciation and amortization	1,753,490	126,810	1,880,300
Total operating expenses	<u>3,184,345</u>	<u>1,979,339</u>	<u>5,163,684</u>
Operating income	<u>748,996</u>	<u>(262,941)</u>	<u>486,055</u>
Nonoperating revenues (expenses):			
Gain (loss) on sale of capital assets	-	(22,263)	(22,263)
Miscellaneous revenues	5,878	-	5,878
Interest income	29,749	2,833	32,582
Interest expense	(490,119)	(4,235)	(494,354)
Total nonoperating revenues (expenses)	<u>(454,492)</u>	<u>(23,665)</u>	<u>(478,157)</u>
Change in net position	294,504	(286,606)	7,898
Net position - beginning	18,210,315	(452,412)	17,757,903
Net position - ending	<u>\$ 18,504,819</u>	<u>\$ (739,018)</u>	<u>\$ 17,765,801</u>

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

CITY OF CORINTH, MISSISSIPPI
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2018

	Business-type Activities Proprietary Funds		Totals
	Sewer System Fund	Sanitation Enterprise Fund	
Cash flows from operating activities:			
Cash receipts from customers	\$ 3,886,841	\$ 1,716,399	\$ 5,603,240
Cash payments to suppliers for goods and services	(232,971)	(188,245)	(421,216)
Cash payments to employees for services	(590,369)	(1,002,391)	(1,592,760)
Cash payments to vendors for other services and charges	(549,926)	(583,523)	(1,133,449)
Net cash provided (used) by operating activities	<u>2,513,575</u>	<u>(57,760)</u>	<u>2,455,815</u>
Cash flows from noncapital financing activities:			
Cash receipts from other revenue	<u>5,878</u>	<u>-</u>	<u>5,878</u>
Net cash provided (used) by noncapital financing activities	<u>5,878</u>	<u>-</u>	<u>5,878</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	(336,972)	(336,972)
Principal paid on long-term debt	(1,682,671)	90,084	(1,592,587)
Interest paid on debt	(492,705)	(4,235)	(496,940)
Net cash provided (used) by capital and related financing activities	<u>(2,175,376)</u>	<u>(251,123)</u>	<u>(2,426,499)</u>
Cash flows from investing activities:			
Interest received on investments	<u>29,748</u>	<u>2,834</u>	<u>32,582</u>
Net cash provided (used) by investing activities	<u>29,748</u>	<u>2,834</u>	<u>32,582</u>
Net increase (decrease) in cash and cash equivalents	373,825	(306,049)	67,776
Cash and cash equivalents at beginning of year	3,360,641	603,729	3,964,370
Cash and cash equivalents at end of year	<u>\$ 3,734,466</u>	<u>\$ 297,680</u>	<u>\$ 4,032,146</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ 748,996</u>	<u>\$ (262,941)</u>	<u>\$ 486,055</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	1,753,490	126,810	1,880,300
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(46,500)	-	(46,500)
(Increase) decrease in deferred outflows - pensions	72,769	111,817	184,586
Increase (decrease) in accounts payable	(4,504)	-	(4,504)
Increase (decrease) in accrued liabilities	570	(1,570)	(1,000)
Increase (decrease) in compensated absences payable	5,759	(5,177)	582
Increase (decrease) in deferred inflows - pensions	(52,891)	(80,700)	(133,591)
Increase (decrease) in net pension liability	35,886	54,001	89,887
Total adjustments	<u>1,764,579</u>	<u>205,181</u>	<u>1,969,760</u>
Net cash provided (used) by operating activities	<u>\$ 2,513,575</u>	<u>\$ (57,760)</u>	<u>\$ 2,455,815</u>

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

CITY OF CORINTH, MISSISSIPPI
Statement of Fiduciary Net Position
September 30, 2018

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 23,211	\$ 53,472
Total Assets	<u>23,211</u>	<u>\$ 53,472</u>
Liabilities		
Amounts held for others	-	\$ 53,472
Total Liabilities	-	<u>\$ 53,472</u>
Net Position		
Held in trust	<u>23,211</u>	
Total Net Position	<u>\$ 23,211</u>	

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

CITY OF CORINTH, MISSISSIPPI
Statement of Changes in Fiduciary Net Position
September 30, 2018

	Private-Purpose Trust Funds
Additions	
Interest income	\$ 207
Lot sales	<u>2,100</u>
Total Additions	<u>2,307</u>
Deductions	
Other	<u>8,310</u>
Total Deductions	<u>8,310</u>
Change in Net Position	<u>(6,003)</u>
Net Position	
October 1, 2017	<u>29,214</u>
September 30, 2018	\$ <u><u>23,211</u></u>

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

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

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Note 1 - Summary of Significant Accounting Policies

Except as described below under "A. Financial Reporting Entity", the accompanying financial statements of the City of Corinth, Mississippi, 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 City's accounting policies are described below.

The City of Corinth was incorporated March, 1855, and operates under an Aldermen-Mayor form of government. The City's major operations include public safety (fire and police protection), public works (street and drainage services), culture and recreation, and general government. In addition, the City owns and operates a sewer system and solid waste system.

A. Financial Reporting Entity

These financial statements present the City's primary government only. Management has chosen to omit from these financial statements the following component units, which have a significant operational or financial relationship with the City. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the City of Corinth, Mississippi, and the changes in its financial position and its cash flows, where applicable, as of and for the year ended September 30, 2018, in conformity with accounting principles generally accepted in the United States of America.

Corinth Utility Commission

Corinth Library Commission

B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information for the primary government.

Government-Wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the primary government as a whole. They include all funds of the primary government except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities rely to a significant extent on fees and charges for support. Governmental and business-type activities are reported separately.

The Statement of Net Position presents the financial condition of the City by activity type at year-end. The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the City's activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or service offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the City with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each function is self-balancing or draws from the general revenues of the City.

Fund Financial Statements:

Fund financial statements of the primary government are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

major categories: governmental, business-type, and fiduciary. An emphasis is placed on major funds within governmental and business-type categories.

C. Measurement Focus and Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, activities are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Program revenues on the Statement of Activities consist primarily of charges for services and state and federal awards.

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

In the fund financial statements, governmental funds and agency funds are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Property taxes, state appropriations and federal awards associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which is reported when due.

The City reports the following major governmental funds:

General Fund – This is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

EDA Drainage Project Fund – This fund accounts for grant funds received for capital improvements of the drainage system of the City.

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

Additionally, the City reports the following fund types and funds, when applicable:

GOVERNMENTAL FUNDS

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted for specific expenditure purposes.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

FIDUCIARY FUNDS

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

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

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

C. Measurement Focus and Basis of Accounting (continued)

PROPRIETARY FUNDS

Sewer System Fund – This fund accounts for the activities of the City's sewer systems operations.

Sanitation Enterprise Fund – This fund accounts for the activities of the City's solid waste operations.

D. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (e.g., roads, bridges, sidewalks, drainage systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Governmental activities capital assets, other than infrastructure assets, are defined by the government as assets with an estimated useful life greater than one year, an initial, individual cost greater than \$5,000 for furniture and equipment, \$25,000 for building improvements and improvements other than buildings, and \$50,000 for buildings. These capitalization thresholds are consistent with the suggested thresholds in the *Mississippi Municipal Audit and Accounting Guide*, issued by the Mississippi Office of the State Auditor. Business-type activities capital assets are defined as assets with an initial cost greater than \$500 and an estimated useful life greater than one year.

As allowable under GASB 34 for Phase III governments, the City has elected to report only prospectively the cost of general infrastructure assets.

All property, plant and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated property, plant and equipment are valued at their estimated fair market value on the date donated.

Depreciation is calculated on the straight-line basis using the following useful lives.

Land	N/A
Buildings	40 years
Building Improvements	20 years
Improvements other than Buildings	20 years
Infrastructure	20 years
Furniture and Equipment	3 – 10 years
Sewer System Infrastructure	50 years

E. Long-Term Liabilities and Bond Discounts/Premiums

In the government-wide financial statements and proprietary fund types in the fund financial statements, outstanding debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

withheld from the actual debt proceeds received, are reported as debt service expenditures. See Note 6 for details.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration of the City funds.

G. Cash and Other Deposits

The City deposits excess funds in the financial institutions selected by the City board. State statutes specify how these depositories are to be selected.

State law authorizes the City to invest in interest-bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any City, municipality or school district of the state.

Cash consists of amounts on deposit in demand accounts. Other deposits consist of certificates of deposit and other highly liquid investments. Cash and other deposits are valued at cost.

H. Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This allowance is estimated by analyzing the allowance for doubtful accounts percentage of receivables from prior years.

I. Compensated Absences

Employees of the City accumulate sick and personal leave at a minimum amount as required by state law or at a greater amount provided by City policy. The City pays for unused personal leave for employees as provided by City policy for each department.

The liability for these compensated absences is recorded as a long-term liability in the government-wide statements.

J. Statement of Cash Flows

For the purpose of cash flows, the proprietary funds consider all liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

K. Equity Classifications

Government-Wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

1. Net Investment in capital assets – Consists of capital assets including restricted assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, constructions or improvement of those assets.
2. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

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**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

3. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Governmental Financial Statements:

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City Board of Alderman – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes but are neither restricted nor committed. The City Board and City Clerk have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. No amounts have been assigned as of September 30, 2018.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use externally restricted resources first, then unrestricted resources, committed, assigned, and unassigned, in order as needed. It is the City’s general policy to consider these resources to have been spent in the same order as needed.

L. Inter-fund Transactions and Balances

During the course of normal operations, numerous transactions occur between individual funds that may result in amounts owed between funds. These receivables and payables are classified as “due from other funds” or “due to other funds” on the governmental funds balance sheet. These interfund balances are eliminated in the Statement of Net Position.

M. Property Tax Revenues

Numerous statutes exist under which the Board of Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the City. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Aldermen, each year in September, levies property taxes for the ensuing fiscal year which begins October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

Section 35-57-1 et seq., Mississippi Code 1972, requires that the City levy and collect all taxes for and on behalf of the municipal separate school district. Section 39-3-7, Mississippi Code 1972, authorized the City to levy and collect a tax not in excess of three mills for the support of any public library system located within the municipality. Ad valorem taxes collected and settled in accordance with the above-noted statutory authorities are not recognized as revenues and expenditures of the City.

N. Intergovernmental Revenues in Governmental Funds

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in the Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because the expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

O. Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures/expenses. Actual results could vary from the estimates that were used. Significant estimates used in preparing these financial statements include those assumed in computing the depreciation expense and the net pension liability. It is at least reasonably possible that the significant estimates used will change within the next year.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has four types of deferred outflows all related to the City's pension: (1) differences between expected and actual experience, (2) net difference between projected and actual earnings on pension plan investments, (3) changes of assumptions, and (4) City contributions subsequent to the measurement date. See Note 10 for further details.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has six types of deferred outflows, four of which are related to the City's pension: (1) differences between expected and actual experience, (2) net difference between

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

projected and actual earnings on pension plan investments, (3) changes of assumptions, (4) changes in the proportion and the differences between the City's contributions and the proportionate share of contributions, (5) property tax for future reporting period/unavailable revenue – property taxes, and (6) Unavailable revenue – fines. See Note 10 for further details.

Property tax for future reporting period/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed non-exchange revenue transactions are received or reported as a receivable before the period which property taxes are levied.

Unavailable revenue – fines – When an asset is recorded in the governmental fund financial statements, but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Q. 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 Employee's Retirement System of Mississippi (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, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Changes in Accounting Standards

The City implemented the following standard issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions of this standard have been incorporated into the financial statements and notes. However, the City had no postemployment benefits other than pension agreements in place as of and for the year ended September 30, 2018; therefore, no further disclosure is necessary.

Note 2 - Cash and Other Deposits

Deposits:

The carrying amount of the City's total deposits with financial institutions at September 30, 2018, was \$13,033,684, and the bank balance was \$13,606,573. The collateral for public entities' 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 (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. 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 (FDIC). 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 City. As of September 30, 2018, none of the City's bank balance of \$13,606,573 was exposed to custodial credit risk.

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

as a means of managing its exposure to fair value losses arising from increasing interest rates.

Note 3 - Interfund Transactions and Balances

The following is a summary of inter-fund transactions and balances at September 30, 2018:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	EDA Drainage Project Fund	\$ 14,557
General Fund	Sewer System Fund	4,000
Sanitation Enterprise Fund	General Fund	<u>2,433</u>
Total		<u>\$ 20,990</u>

These inter-fund loans represent temporary loans to other funds to cover expenditures in those funds. All inter-fund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
EDA Drainage Project Fund	General Fund	\$ 313,000
Other Governmental Funds	General Fund	13,688
Other Governmental Funds	Other Governmental Funds	<u>114,000</u>
Total		<u>\$ 440,688</u>

The principal purpose of interfund transfers was to provide funds for operating expenses. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

Note 4 - Intergovernmental Receivables

Intergovernmental receivables at September 30, 2018 consisted of the following:

<u>Governmental Activities:</u>	
<u>Description</u>	<u>Amount</u>
Due From State - Sales Tax	\$ 513,155
Due From State - Tourism Tax	55,194
Due From State - Grant Reimbursements	10,987
Due From State - Liquor Privilege Tax	1,125
Due From Alcorn County - Ad Valorem Taxes	41,335
Due From Airport - Multi Modal Grant	105,573
Due From Corinth Housing Authority - In Lieu of Taxes	31,149

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

Due From Federal - EFLAP Grant	24,110
Due From Federal - EDA Grant	622,754
Due From Federal - FAA Grant	9,833
Total Governmental Activities	<u>\$ 1,415,215</u>

Note 5 - Capital Assets

The following is a summary of changes in governmental activities capital assets during the fiscal year

	Balance 10/1/2017	Additions	Retirements	Adjustments/ Completed Construction	Balance 9/30/2018
<u>Governmental Activities</u>					
<u>Non-depreciable capital assets</u>					
Land	\$ 674,483	\$ -	\$ -	\$ -	\$ 674,483
Construction in progress	931,047	3,600,548	-	-	4,531,595
Total non-depreciable capital assets	<u>1,605,530</u>	<u>3,600,548</u>	<u>-</u>	<u>-</u>	<u>5,206,078</u>
<u>Depreciable capital assets:</u>					
Buildings	6,006,174	-	-	-	6,006,174
Infrastructure - Streets	9,133,756	-	-	-	9,133,756
Mobile equipment	4,035,692	65,090	74,431	-	4,026,351
Furniture and equipment	596,890	-	7,000	-	589,890
Total depreciable capital assets	<u>19,772,512</u>	<u>65,090</u>	<u>81,431</u>	<u>-</u>	<u>19,756,171</u>
<u>Less accumulated depreciation</u>					
Buildings	2,172,613	104,249	-	-	2,276,862
Infrastructure - streets	1,829,654	306,781	-	-	2,136,435
Mobile equipment	2,750,763	340,938	66,988	-	3,024,713
Furniture and equipment	405,400	42,963	6,300	-	442,063
Total accumulated depreciation	<u>7,158,430</u>	<u>794,931</u>	<u>73,288</u>	<u>-</u>	<u>7,880,073</u>
Total depreciable capital assets, net	<u>12,614,082</u>	<u>(729,841)</u>	<u>8,143</u>	<u>-</u>	<u>11,876,098</u>
Total Governmental activities capital assets, net	<u>\$ 14,219,612</u>	<u>\$ 2,870,707</u>	<u>\$ 8,143</u>	<u>\$ -</u>	<u>\$ 17,082,176</u>

Adjustments were made to capital assets to transfer assets between governmental and business-type activities and also to record a prior period adjustment for the addition of a confiscated asset.

Depreciation expense was charged to the following governmental functions:

General Government	\$ 69,993
Public Safety	352,744
Public Works	372,194
Total governmental activities depreciation expense	<u>\$ 794,931</u>

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

Note 6 - Long-Term Debt

The following is a summary of changes in long-term debt of the City's governmental activities for the year ended September 30, 2018:

	Balance 10/1/17	Additions	Reductions	Balance 9/30/18	Amounts due within one year
A. General Obligation					
Bonds Payable	\$ 4,010,000	\$ 2,000,000	\$ 410,000	\$ 5,600,000	\$ 310,000
Add: Bond Premiums	8,993	-	4,691	4,302	4,302
Less: Bond Discounts	(5,462)	-	(2,850)	(2,612)	(2,612)
B. Other Loans Payable	296,011	1,000,000	24,121	1,271,890	60,491
C. Capital Leases	261,392	-	81,428	179,964	83,146
D. Compensated Absences Payable	315,271	14,061	-	329,332	-
Total	<u>\$ 4,886,205</u>	<u>\$ 3,014,061</u>	<u>\$ 517,390</u>	<u>\$ 7,382,876</u>	<u>\$ 455,327</u>

A. General Obligation Bonds Payable.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Series 2009	3.30-4.70%	12/28/2009	12/1/2029	3,200,000	2,255,000
Series 2013	3.30-3.50%	12/19/2013	12/1/2028	1,600,000	1,345,000
Series 2018	3.25-3.50%	2/1/2018	2/1/2038	2,000,000	2,000,000
				<u>\$ 6,800,000</u>	<u>\$ 5,600,000</u>

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

Years Ending September 30,	Principal	Interest	Total
2019	\$ 310,000	\$ 215,703	\$ 525,703
2020	325,000	173,901	498,901
2021	330,000	163,119	493,119
2022	350,000	152,106	502,106
2023	365,000	140,614	505,614
2024-2028	2,120,000	500,982	2,620,982
2029-2033	1,165,000	164,861	1,329,861
2034-2038	635,000	52,031	687,031
Total	<u>\$ 5,600,000</u>	<u>\$ 1,563,317</u>	<u>\$ 7,163,317</u>

The general obligation bonds were issued to provide funds for the construction of major capital facilities. These bonds are direct obligations and pledge the full faith and credit of the City.

This debt will be retired from the Municipal Bond and Interest Fund.

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**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

B. Other Loans Payable

Other loans payable consists of the following:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
CAP Loan	3.00%	11/1/2010	11/1/2030	\$ 411,265	\$ 275,283
CAP Loan	2.00%	8/1/2018	8/1/2038	1,000,000	996,607
				<u>\$ 1,411,265</u>	<u>\$ 1,271,890</u>

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

Years Ending September 30,	Principal	Interest	Total
2019	\$ 60,491	\$ 27,585	\$ 88,076
2020	61,909	26,167	88,076
2021	63,362	24,715	88,077
2022	64,850	23,226	88,076
2023	66,375	21,702	88,077
2024-2028	356,086	84,297	440,383
2029-2033	315,965	43,456	359,421
2034-2038	282,852	13,957	296,809
Total	<u>\$ 1,271,890</u>	<u>\$ 265,105</u>	<u>\$ 1,536,995</u>

The 2010 CAP Loan was issued to provide funds for the construction of a new fire station. The debt will be retired from the Municipal Fire Protection Fund. The 2018 CAP Loan was issued to provide matching funds for The EDA Drainage Project. The debt will be retired from the Municipal Reserve Fund.

C. Capital Leases Payable

Capital lease payable consists of the following:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Wheel Loader	2.09%	9/17/2015	9/17/2020	\$ 138,499	\$ 57,140
Excavator	2.09%	10/16/2015	10/15/2020	64,676	27,770
Motor Grader	2.09%	12/2/2015	12/2/2020	205,327	95,054
				<u>\$ 408,502</u>	<u>\$ 179,964</u>

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

Years Ending September 30,	Principal	Interest	Total
2019	\$ 83,146	\$ 2,968	\$ 86,114
2020	84,900	1,214	86,114
2021	11,918	40	11,958
Total	<u>\$ 179,964</u>	<u>\$ 4,222</u>	<u>\$ 184,186</u>

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

The following is a summary of changes in long-term debt of the City's business-type activities for the year ended September 30, 2018:

	Balance 10/1/2017	Additions	Reductions	Balance 9/30/2018	Amounts due within one year
A. Other Loans Payable	\$ 27,938,087	\$ -	\$ 1,682,671	\$ 26,255,416	\$ 1,713,978
B. Capital Lease Payable	95,577	136,000	45,915	185,662	57,767
C. Compensated Absences Payable	55,543	581	-	56,124	-
Total	<u>\$ 28,089,207</u>	<u>\$ 136,581</u>	<u>\$ 1,728,586</u>	<u>\$ 26,497,202</u>	<u>\$ 1,771,745</u>

A. Other Loans Payable.

Other loans payable consists of three loans from the Mississippi Department of Environmental Quality State Revolving Loan Fund. Payments for these loans are withheld from sales tax payments due to the City.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State Revolving Loan Fund Loan Payable	1.75%	5/22/2012	3/14/2034	\$ 20,250,866	\$ 16,983,758
State Revolving Loan Fund Loan Payable	2.00%	10/6/2006	12/1/2027	12,655,057	6,549,449
State Revolving Loan Fund Loan Payable	1.75%	8/8/2014	12/8/2036	3,430,760	2,722,209
				<u>\$ 36,336,683</u>	<u>\$ 26,255,416</u>

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

Year Ending September 30,	Principal	Interest	Total
2019	\$ 1,713,978	\$ 461,398	\$ 2,175,376
2020	1,745,871	429,506	2,175,377
2021	1,778,359	397,018	2,175,377
2022	1,811,455	363,922	2,175,377
2023	1,845,169	330,208	2,175,377
2024-2028	9,168,027	1,126,743	10,294,770
2029-2033	6,557,204	438,931	6,996,135
2034-2036	1,635,353	20,913	1,656,266
Total	<u>\$ 26,255,416</u>	<u>\$ 3,568,639</u>	<u>\$ 29,824,055</u>

This debt will be retired from the Sewer System Fund.

B. Capital Leases Payable

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

Capital leases payable consists of the following:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Bulldozer	2.09%	9/17/2015	9/17/2020	\$ 156,048	\$ 64,381
Knuckle Boom Truck	3.35%	2/21/2018	2/16/2023	136,000	121,281
				<u>\$ 292,048</u>	<u>\$ 185,662</u>

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

Year Ending September 30,	Principal	Interest	Total
2019	\$ 57,767	\$ 4,708	\$ 62,475
2020	59,320	3,155	62,475
2021	27,705	1,874	29,579
2022	28,648	932	29,580
2023	12,222	102	12,324
Total	<u>\$ 185,662</u>	<u>\$ 10,771</u>	<u>\$ 196,433</u>

The debt will be retired from the Sanitation Fund.

C. Compensated Absences Payable.

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

Note 7 - No Commitment Debt (Not Included in Financial Statements)

No commitment debt is repaid only by the entities for whom the debt was issued and includes debt that either bears the City's name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states the absence of obligation by the City other than possibly an agreement to assist creditors in exercising their rights in the event of default. The City of Corinth and Alcorn County issued this debt on a basis of 45% City and 55% County. Because a default may adversely affect the City's own ability to borrow, the principal amount of such debt outstanding at year end is disclosed as follows:

	Balance at 9/30/2018	City Share
Hospital Revenue Bonds, Series 2011 A	<u>\$ 73,695,000</u>	<u>\$ 33,162,750</u>

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

Note 8 - Property Taxes

The millage rate for the City for October 1, 2017, through September 30, 2018, was 95.0 mills, broken down as follows:

School: Public School Purposes	46.20	Mills
School: School Three Mill Notes	3.00	Mills
School: General Obligation Bonds	10.00	Mills
General Revenue and General Improvement	26.30	Mills
Corinth Library	1.50	Mills
Parks and Playgrounds	2.00	Mills
Municipal bond and Interest	6.00	Mills
Total	<u>95.00</u>	<u>Mills</u>

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

Note 9 - Joint Ventures

The City of Corinth is a participant with Alcorn County in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Corinth-Alcorn County Airport. The joint venture was created to provide an airport for the area and is governed by a five-member board of commissioners appointed as follows: Alcorn County, two; City of Corinth, two; jointly, one. The City contributed \$931,416, including the local match, federal, and state expenditures from grants, to support the operation of this joint venture during the year ended September 30, 2018. Complete financial statements for the Corinth-Alcorn County Airport can be obtained from the Corinth-Alcorn County Airport, 56 County Road 613, Corinth, MS 38834.

The City of Corinth is a participant with Alcorn County in a joint venture to operate the Siege and Battle of Corinth Commission. The joint venture was created to promote tourism and is governed by a five-member Board appointed as follows: Alcorn County, two; City of Corinth, two; jointly, one. Complete financial statements for the Siege and Battle of Corinth Commission can be obtained from Siege and Battle of Corinth Commission, P.O. Box 45, Corinth, MS 38835.

The City of Corinth is a participant with Alcorn County in a joint venture, authorized by Section 41-13-15, Miss. Code Ann. (1972), to operate the Magnolia Regional Health Center. The joint venture was created to provide a community hospital for the area and is governed by a five-member board of directors, two appointed by the City board of supervisors, two appointed by the City and one jointly appointed. Complete financial statements for the Magnolia Regional Health Center can be obtained from Magnolia Regional Health Center, 611 Alcorn Drive, Corinth, MS 38834.

The City of Corinth is a participant with Alcorn County in a joint venture, authorized by Section 55-9-1, Miss. Code Ann. (1972), to operate the Corinth-Alcorn County Recreation Commission. The joint venture was created to provide recreational opportunities for the area and is governed by a five-member board. Each entity appoints two of the five board members, and the fifth is jointly appointed. The City contributed \$300,000 to support the operation of this joint venture during the year ended September 30, 2018. Complete financial statements for the Corinth-Alcorn County Recreation Commission can be obtained from Corinth-Alcorn County Recreation Commission, P.O. Box 1372, Corinth, MS 38835.

The City of Corinth is a participant with Alcorn County in a joint venture, established by local and private legislation (Senate Bill 3219), 1997 Session, to operate the Corinth Area Convention and Visitors Bureau. The joint venture was created to promote tourism and is governed by a seven-member board of directors. Each entity appoints one board member, the Corinth Area Restaurant Association appoints three board members and the Corinth Area Hotel-Motel-Inn-Bed and Breakfast Association appoints three board members. The joint venture is funded with one-half of a 2 percent sales tax on motel and food and beverage

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

sales within the City of Corinth. Complete financial statements for the Corinth Area Convention and Visitors Bureau can be obtained from Corinth Area Convention and Visitors Bureau, P.O. Box 2158, Corinth, MS 38835.

The City of Corinth is a participant with Alcorn County in a joint venture, established by local and private legislation (Senate Bill 3219), 1997 Session, to operate the Crossroads Arena. The joint venture was created to operate an arena for various events and is governed by a seven-member board of directors. Each entity appoints three board members, and the seventh is jointly appointed. The City contributed \$-0- to support the operation of this joint venture during the year ended September 30, 2018. Complete financial statements for the Crossroads Arena can be obtained from Crossroads Arena, 2800 Harper Road, Corinth, MS 38834.

Note 10 - Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The City 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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the 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 Employees' 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, and 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.

Contributions. PERS members are required to contribute 9.00% of the annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2018 was 15.75% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The City's contributions to amended, and may be amended only by the Mississippi Legislature. The City's contributions to PERS for the fiscal years ending September 30, 2018, 2017, and 2016 were \$937,072, \$917,431, and \$960,609, respectively, which equaled the required contributions for each year.

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

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

At September 30, 2018, the City reported a liability of \$15,592,079 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The City's proportionate share used to calculate the September 30, 2018 net pension liability was 0.093742 percent, which was based on a measurement date of June 30, 2018. This was an increase of 0.003045 percent from its proportionate share used to calculate the September 30, 2017 net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended September 30, 2018, the City recognized pension expense of \$1,736,325. At September 30, 2018, The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 227,433	\$ 93,597
Net difference between projected and actual earnings on pension plan investments	646,678	364,105
Changes of assumptions	292,728	25,283
Changes in the proportion and differences between the City's contributions and proportionate share of contributions	196,813	1,165,607
City contributions subsequent to the measurement date	240,136	-
	<u>\$ 1,603,788</u>	<u>\$ 1,648,592</u>

\$240,136 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30,</u>	
2019	\$ (147,752)
2020	(36,316)
2021	(38,883)
2022	(61,989)
	<u>\$ (284,940)</u>

Actuarial Assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.75 - 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2022, with males' rates set forward one year.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2018.

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 future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	27.00 %	4.60 %
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Assets	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	0.00
Total	<u>100.00 %</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.75 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 (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). 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 members. 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 City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability	\$ 20,530,295	\$ 15,592,079	\$ 11,487,771

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.



**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

Note 11 - Commitments and Contingencies

Litigation - The City of Corinth is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate outcome or liability, if any, of the City with respect to the various proceedings. However, the City's legal counsel does not expect any liability resulting from these lawsuits will have a material adverse effect on the financial condition of the City.

Federal Grants - The City participates in numerous federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required. Accordingly, no provision for any liability that may result has been recognized in the City's financial statements.

See Note 5 for commitments on construction contracts.

Note 12 - Risk Management

The City 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 City 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 City is a member of the Mississippi Municipal Workers' Compensation Group (MMWCG) and the Mississippi Municipal Liability Plan (MMLP), both of which are administered by Municipal Services, Inc. Both groups are risk-sharing pools. Such a pool is frequently referred to as a self-insurance pool.

MMWCG covers risk of loss arising from injuries to the City's 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 the MMWCG contributes quarterly to a fund held in trust. The funds in the trust account are used to pay any employee claim. If total claims during a year were to deplete the trust account, then the pool members would be required to pay for the deficiencies. The City has not had an additional assessment for excess losses incurred by the pool.

MMLP covers the risk of loss related to torts and other liability claims. The general policy limit is \$500,000 per occurrence, but the policy also tracks the Mississippi tort claims law for municipalities which limits the City's liability to \$250,000 per occurrence. The policy also covers up to \$1,000,000 in federal claims. As with the MMWCG, pool members would be required to pay for the deficiency should total claims for the year exceed member contributions. The City has received no assessments for excess losses incurred by the pool.

Note 13 - Operating Leases

As Lessor:

On November 1, 2007, the City entered into a non-cancellable operating lease agreement with AbilityWorks, Inc. for the lease of a building owned by the City for the purpose of conducting the business activities of AbilityWorks, Inc. The operating lease stipulated that the lease would pay approximately \$4,000 per month in lease payments commencing November 1, 2007 for a term of 15 years. At the end of the lease term, the lessee has the right to renew for an additional 3 months.

The City receives income from property it leases under non-cancellable operating leases. Total income from such leases was \$48,000 for the year ended September 30, 2018.

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2019	48,000
2020	48,000
2021	48,000
2022	48,000
2023	4,000
Total Minimum Payments Required	\$ <u>196,000</u>

Note 14 - Deficit Fund Balances of Individual Funds

The following funds reported deficits in fund balances at September 30, 2018:

<u>FUND</u>	<u>AMOUNT</u>
CDBG Fund	\$ 2,377

Note 15 - Tax Abatements

For the year beginning October 1, 2017, the Governmental Accounting Standards Board (GASB) implemented Statement 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Board of Aldermen negotiate property tax abatements on an individual basis. All abatements are either for seven or ten years and are for economic development purposes. The City had tax abatement agreements with nine entities as of September 30, 2018.

The City had two types of abatements, none of which provides for the abatement of school or state tax levies:

Section 27-31-101, Miss. Code (Ann.) 1972
All allowable property tax levies.

There are four companies that have tax abatements under this statute.

The total amount of taxes abated during the fiscal year under this statute was \$11,772.

Section 17-21-5, Miss. Code (Ann.) 1972
All allowable property tax levies.

There are five companies that have tax abatements under this statute.

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018**

The total amount of taxes abated during the fiscal year under this statute was \$9,201.

Note 16 - Effects of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of (\$4,196,093) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$197,800 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. The \$1,116,722 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next three years. The \$1,348,673 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next four years.

The business-type activities' unrestricted net position amount of \$1,496,093 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$42,336 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. The \$487,066 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next three years. The \$299,919 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next four years.

Please reference Note 10 for details on amortization of deferred outflows/inflows related to pensions.

Note 17 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements were 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 has evaluated the activity of the City through June 21, 2019, (the date the financial statements were available to be issued) and determined that the following subsequent events have occurred that would require disclosure in the notes to the financial statements. No adjustments were considered necessary to the financial statements.

- On November 6, 2018, the Board approved the purchase of 3 2019 Chevrolet Tahoes on state contract at \$31,359 each.
- On January 2, 2019, the Board approved the acceptance of the 2019 Hot Spot Federal Grant in the amount of \$118,000.

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CITY OF CORINTH, MISSISSIPPI
Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Taxes	\$ 2,697,500	\$ 2,857,000	\$ 2,767,704	\$ 159,500	\$ (89,296)
Licenses and Permits	600,000	603,000	622,920	3,000	19,920
Intergovernmental	6,586,800	6,474,300	6,951,624	(112,500)	477,324
Charges for Services	177,500	177,500	177,043	-	(457)
Fines and Forfeits	550,000	390,000	427,966	(160,000)	37,966
Other	74,600	135,500	181,474	60,900	45,974
Total Revenues	10,686,400	10,637,300	11,128,731	(49,100)	491,431
Expenditures:					
General Government	2,262,100	2,247,218	2,284,896	14,882	(37,678)
Public Safety	6,787,600	6,695,800	6,243,657	91,800	452,143
Public Works	1,851,200	2,592,400	2,494,248	(741,200)	98,152
Culture and Recreation	-	-	-	-	-
Debt Service:	-	-	-	-	-
Principal	86,114	86,328	84,819	(214)	1,509
Interest	-	-	11,524	-	(11,524)
Other	-	-	-	-	-
Total Expenditures	10,987,014	11,621,746	11,119,144	(634,732)	502,602
Excess (Deficiency) of Revenues Over (Under) Expenditures	(300,614)	(984,446)	9,587	(683,832)	994,033
Other Financing Sources (Uses):					
Proceeds from sale of capital assets	-	-	9,123	-	9,123
Operating transfers in	-	1,439,112	-	1,439,112	(1,439,112)
Operating transfers out	(350,000)	(1,058,570)	(326,688)	(708,570)	731,882
Total Other Financing Sources (Uses)	(350,000)	380,542	(317,565)	730,542	(698,107)
Net Change in Fund Balances	(650,614)	(603,904)	(307,978)	46,710	295,926
Fund Balances:					
October 1, 2017	6,678,086	6,727,280	7,706,989	49,194	979,709
September 30, 2018	\$ 6,027,472	\$ 6,123,376	\$ 7,399,011	\$ 95,904	\$ 1,275,635

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

CITY OF CORINTH, MISSISSIPPI
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERS
Last 5 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.093742%	0.090697%	0.091820%	0.089430%	0.091881%
City's proportionate share of the net pension liability (asset)	\$ 15,592,079	15,076,920	\$ 16,402,059	\$ 13,824,114	\$ 10,924,352
City's covered payroll	\$ 5,949,776	5,824,959	\$ 6,099,105	\$ 5,647,613	\$ 5,629,460
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	262.06%	258.83%	268.93%	244.78%	194.06%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and, until a full 10-year trend is compiled, the City 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.

CITY OF CORINTH, MISSISSIPPI
SCHEDULE OF CITY CONTRIBUTIONS
PERS
Last 5 Fiscal Years*

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 937,072	\$ 917,431	\$ 960,609	\$ 889,499	\$ 886,640
Contributions in relation to the contractually required contribution	(937,072)	(917,431)	(960,609)	(889,499)	(886,640)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	5,949,776	5,824,959	6,099,105	5,647,613	5,629,460
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%	15.75%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and, until a full 10-year trend is compiled, the City 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.

CITY OF CORINTH, MISSISSIPPI
Notes to the Required Supplementary Information
For the Year Ended September 30, 2018

Budgetary Comparison Schedule

(1) Basis of Presentation.

The Budgetary Comparison Schedule presents 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. This schedule is presented for the General Fund and each major special revenue fund.

Budget/GAAP Reconciliation

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the amounts on the Budgetary Comparison Schedule - General Fund to the amounts on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds:

	<u>Net Change in Fund Balance General Fund</u>
Budget (Cash Basis)	\$ (307,978)
Net adjustments for Revenue Accruals	<u>54,963</u>
GAAP Basis	\$ <u><u>(253,015)</u></u>

(2) Budget Amendments and Revisions.

Statutory requirements dictate how and when the City's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the City, using historical and anticipated fiscal data and proposed budgets submitted by the City Clerk, Police Chief, Fire Chief and Public Works Director for his or her respective department, prepares an original budget for each of the Governmental Funds and Proprietary Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investments balances. When during the fiscal year it appears to the Board of Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

The City's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

CITY OF CORINTH, MISSISSIPPI
Notes to the Required Supplementary Information
For the Year Ended September 30, 2018

Pension Schedules

(1) Change of assumptions.

2015:

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.

2016:

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2017:

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumption was reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

(2) Changes in benefit provisions

2016:

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

SUPPLEMENTARY INFORMATION



CITY OF CORINTH, MISSISSIPPI
Combining Balance Sheet - Other Governmental Funds
September 30, 2018

	Fire Protection Fund	Library Fund	Park and Playground Fund	Tourism Construction Fund	Tourism Budget Fund	CDBG Fund	EFLAP Project Fund	Shared Path Project Fund	2018 GO Bond Fund	Municipal B & I Fund	Total Other Governmental
Assets											
Cash and cash equivalents	\$ 359,725	\$ 277,926	\$ 224,534	\$ 744,486	\$ 381	\$ 6,944	\$ -	\$ -	\$ 79,415	\$ 380,207	\$ 2,073,618
Property taxes receivable	-	92,058	128,881	-	-	-	-	-	-	368,232	589,171
Intergovernmental receivables	-	1,353	1,895	27,597	27,597	116,227	24,110	-	-	5,413	204,192
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 359,725</u>	<u>\$ 371,337</u>	<u>\$ 355,310</u>	<u>\$ 772,083</u>	<u>\$ 27,978</u>	<u>\$ 123,171</u>	<u>\$ 24,110</u>	<u>\$ -</u>	<u>\$ 79,415</u>	<u>\$ 753,852</u>	<u>\$ 2,866,981</u>
Liabilities and Fund Balances											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,548	\$ -	\$ -	\$ -	\$ -	\$ 125,548
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,548</u>
Deferred Inflows of Resources											
Unavailable revenue - property taxes	-	92,058	128,881	-	-	-	-	-	-	368,232	589,171
Total Deferred Inflows of Resources	<u>-</u>	<u>92,058</u>	<u>128,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>368,232</u>	<u>589,171</u>
Fund Balances:											
Restricted:											
Public safety	359,725	-	-	-	-	-	-	-	-	-	359,725
Public works	-	-	-	-	-	-	24,110	-	-	-	24,110
Culture and recreation	-	-	-	772,083	27,978	-	-	-	-	-	800,061
Debt service	-	-	-	-	-	-	-	-	-	385,620	385,620
Committed:											
Culture and recreation	-	279,279	226,429	-	-	-	-	-	-	-	505,708
Unassigned	-	-	-	-	-	(2,377)	-	-	79,415	-	77,038
Total Fund Balance	<u>359,725</u>	<u>279,279</u>	<u>226,429</u>	<u>772,083</u>	<u>27,978</u>	<u>(2,377)</u>	<u>24,110</u>	<u>-</u>	<u>79,415</u>	<u>385,620</u>	<u>2,152,262</u>
Total Liabilities and Fund Balances	<u>\$ 359,725</u>	<u>\$ 371,337</u>	<u>\$ 355,310</u>	<u>\$ 772,083</u>	<u>\$ 27,978</u>	<u>\$ 123,171</u>	<u>\$ 24,110</u>	<u>\$ -</u>	<u>\$ 79,415</u>	<u>\$ 753,852</u>	<u>\$ 2,866,981</u>

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

CITY OF CORINTH, MISSISSIPPI
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Other Governmental Funds
For the Year Ended September 30, 2018

	Fire Protection Fund	Library Fund	Park and Playground Fund	Tourism Construction Fund	Tourism Budget Fund	CDBG Fund	EFLAP Project Fund	Shared Path Project Fund	2018 GO Bond Fund	Municipal B & I Fund	Total Other Governmental
Revenues:											
Property taxes	\$ -	\$ 148,290	\$ 199,718	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 598,893	\$ 946,901
Intergovernmental revenues	83,187	11,099	388,291	665,266	665,266	990,037	43,929	159,000	-	47,171	3,053,246
Miscellaneous revenues	2,680	2,210	6,625	1,931	-	25	-	25	2,714	2,483	18,693
Total Revenues	<u>85,867</u>	<u>161,599</u>	<u>594,634</u>	<u>667,197</u>	<u>665,266</u>	<u>990,062</u>	<u>43,929</u>	<u>159,025</u>	<u>2,714</u>	<u>648,547</u>	<u>4,018,840</u>
Expenditures:											
Current:											
Public safety	48,408	-	-	-	-	-	-	-	-	-	48,408
Public works	-	-	-	-	-	988,027	24,519	-	1,223,323	-	2,235,869
Culture and recreation	-	128,943	697,111	641,977	693,116	-	-	203,242	-	-	2,364,389
Debt Service:											
Principal	20,729	-	-	-	-	-	-	-	-	410,000	430,729
Interest	8,923	-	-	-	-	-	-	-	-	133,718	142,641
Other	-	-	-	-	-	-	-	-	-	2,866	2,866
Total Expenditures	<u>78,060</u>	<u>128,943</u>	<u>697,111</u>	<u>641,977</u>	<u>693,116</u>	<u>988,027</u>	<u>24,519</u>	<u>203,242</u>	<u>1,223,323</u>	<u>546,584</u>	<u>5,224,902</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,807</u>	<u>32,656</u>	<u>(102,477)</u>	<u>25,220</u>	<u>(27,850)</u>	<u>2,035</u>	<u>19,410</u>	<u>(44,217)</u>	<u>(1,220,609)</u>	<u>101,963</u>	<u>(1,206,062)</u>
Other Financing Sources (Uses):											
Proceeds from Bond Issuance	-	-	-	-	-	-	-	-	2,000,000	-	2,000,000
Operating Transfers In	-	-	69,783	-	-	8,988	4,700	44,217	-	-	127,688
Operating Transfers Out	-	-	-	-	-	-	-	-	(114,000)	-	(114,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>69,783</u>	<u>-</u>	<u>-</u>	<u>8,988</u>	<u>4,700</u>	<u>44,217</u>	<u>1,886,000</u>	<u>-</u>	<u>2,013,688</u>
Net Change in Fund Balances	<u>7,807</u>	<u>32,656</u>	<u>(32,694)</u>	<u>25,220</u>	<u>(27,850)</u>	<u>11,023</u>	<u>24,110</u>	<u>-</u>	<u>665,391</u>	<u>101,963</u>	<u>807,626</u>
Fund Balances:											
October 1, 2017	<u>351,918</u>	<u>246,623</u>	<u>259,123</u>	<u>746,863</u>	<u>55,828</u>	<u>(13,400)</u>	<u>-</u>	<u>-</u>	<u>(585,976)</u>	<u>283,657</u>	<u>1,344,636</u>
September 30, 2018	<u>\$ 359,725</u>	<u>\$ 279,279</u>	<u>\$ 226,429</u>	<u>\$ 772,083</u>	<u>\$ 27,978</u>	<u>\$ (2,377)</u>	<u>\$ 24,110</u>	<u>\$ -</u>	<u>\$ 79,415</u>	<u>\$ 385,620</u>	<u>\$ 2,152,262</u>

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

CITY OF CORINTH, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Catalog of Federal Domestic Assistance No.	Pass-Through Entity Number	Federal Expenditures
<u>U.S. Department of Commerce</u>			
Direct Grants			
Economic Adjustment Assistance*	11.307	N/A	\$ 2,955,165
Total U.S. Department of Commerce			<u>2,955,165</u>
<u>U.S. Department of Justice</u>			
Passed-through Mississippi Department of Public Safety:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15HS2071	19,485
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16HS2071	66,434
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16LB2651	5,990
Total U.S. Department of Justice			<u>91,909</u>
<u>U.S. Department of Transportation</u>			
Direct Grants			
Airport Improvement Program*	20.106	N/A	759,247
Federal Lands Access Program	20.224	N/A	19,819
Total Direct Grants			<u>779,066</u>
Total U.S. Department of Transportation			<u>779,066</u>
<u>Appalachian Regional Commission</u>			
Passed-through Mississippi Development Authority:			
Appalachian Area Development	23.002	MS-18467	127,988
Total Appalachian Regional Commission			<u>127,988</u>
<u>U.S. Environmental Protection Agency</u>			
Direct Grants			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	26,992
Total U.S. Environmental Protection Agency			<u>26,992</u>
Total for All Federal Awards			\$ <u>3,981,120</u>

* - Denotes major program

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

CITY OF CORINTH, MISSISSIPPI
Notes to the Supplementary Information
For the Year Ended September 30, 2018

Schedule of Expenditures of Federal Awards:

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Corinth, Mississippi under programs of the federal government for the year ended September 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Corinth, Mississippi, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Corinth, Mississippi.

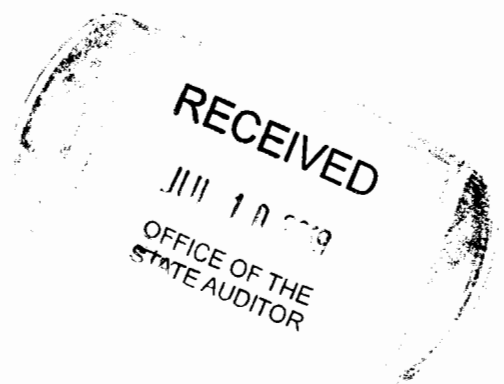
Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts show on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 – Indirect Cost Rate

The City of Corinth, Mississippi has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

OTHER INFORMATION



CITY OF CORINTH, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2018

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Tommy Irwin	Mayor	Western Surety Company	\$ 100,000
Vickie Roach	City Clerk/Tax Collector	Western Surety Company	\$ 100,000
Benjamin Albarracin	Alderman	Travelers Casualty & Surety Co of America	\$ 100,000
Chip Wood	Alderman	Travelers Casualty & Surety Co of America	\$ 100,000
Mike Hopkins	Alderman	Travelers Casualty & Surety Co of America	\$ 100,000
Michael McFall	Alderman	Travelers Casualty & Surety Co of America	\$ 100,000
Andrew Labas	Alderman	Travelers Casualty & Surety Co of America	\$ 100,000
J. C. Hill	Alderman	Travelers Casualty & Surety Co of America	\$ 100,000
John C. Ross	City Judge	Western Surety Company	\$ 50,000
Brandy Smith	Deputy City Clerk	Western Surety Company	\$ 100,000
Christe Bennett	Deputy City Clerk	Western Surety Company	\$ 100,000
Alicia Walker	Deputy City Clerk	Western Surety Company	\$ 100,000
Leigh Dewsnap	Admin. Building Dept. Clerk	Western Surety Company	\$ 25,000
Greg Tyson	Building Official	Western Surety Company	\$ 50,000
Zane Elliott	Court Clerk	Western Surety Company	\$ 100,000
Ginger Seawright	Deputy Court Clerk	Western Surety Company	\$ 100,000
Missy Wilbanks	Deputy Court Clerk	Western Surety Company	\$ 100,000
Deena Willis	Deputy Court Clerk	Western Surety Company	\$ 100,000
Donna Null	Deputy Tax Collector	Western Surety Company	\$ 100,000
Ralph Dance	Chief of Police	Western Surety Company	\$ 50,000
Kim Ratliff	Project Coordinator	Western Surety Company	\$ 25,000

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REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

Honorable Mayor and Board of Aldermen
City of Corinth, Mississippi

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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corinth, Mississippi, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Corinth, Mississippi's basic financial statements, and have issued our report thereon dated June 21, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Corinth, Mississippi'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 City of Corinth, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Corinth, Mississippi'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 a 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 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 City of Corinth, Mississippi'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 statement 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.

Florence, Alabama
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Muscle Shoals, Alabama
Phone: (256)314-5082

Booneville, Mississippi
Phone: (662)728-6172

Corinth, Mississippi
Phone: (662)286-7082

Iuka, Mississippi
Phone: (662)423-5057

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 *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Sparks CPA Firm, P.C.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Corinth, Mississippi
June 21, 2019



Member of:

American Institute of Certified Public Accountants

Alabama Society of Certified Public Accountants

Mississippi Society of Certified Public Accountants

Certified Public Accountants

www.sparkscpas.com

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and Board of Aldermen
City of Corinth, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the City of Corinth, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Corinth, Mississippi's major federal programs for the year ended September 30, 2018. City of Corinth, Mississippi's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Corinth, Mississippi'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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 City of Corinth, Mississippi'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 of the City of Corinth, Mississippi's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Corinth, Mississippi 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 September 30, 2018.

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Report on Internal Control Over Compliance

Management of the City of Corinth, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Corinth, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the City of Corinth, Mississippi'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 a 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 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The Sparks CPA Firm, P.C.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Corinth, Mississippi
June 21, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE
LAWS AND REGULATIONS**



Member of:
American Institute of Certified Public Accountants
Alabama Society of Certified Public Accountants
Mississippi Society of Certified Public Accountants

Certified Public Accountants

www.sparkscpas.com

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
STATE LAWS AND REGULATIONS**

Honorable Mayor and Board of Aldermen
City of Corinth, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corinth, Mississippi as of and for the year ended September 30, 2018, which collectively comprise the City of Corinth, Mississippi's basic financial statements and have issued our report thereon dated June 21, 2019. 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.

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 those procedures and our audit of the financial statements did not disclose any instances of noncompliance with state laws and regulations.

This report is intended solely for the information and use of the mayor, board of aldermen, management, federal awarding agencies and pass-through entities and the Office of the State Auditor 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.

The Sparks CPA Firm, P.C.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Corinth, Mississippi
June 21, 2019



Florence, Alabama
Phone: (256)764-0991

Red Bay, Alabama
Phone: (256)356-9375

Muscle Shoals, Alabama
Phone: (256)314-5082

Booneville, Mississippi
Phone: (662)728-6172

Corinth, Mississippi
Phone: (662)286-7082

Iuka, Mississippi
Phone: (662)423-5057

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CITY OF CORINTH, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2018

Section 1: Summary of Auditors' Results

Financial Statements:

- | | | |
|----|---|------------|
| 1. | Type of auditors' report issued: | |
| | Governmental Activities: | Unmodified |
| | Business-Type Activities: | Unmodified |
| | General Fund: | Unmodified |
| | EDA Drainage Project Fund | Unmodified |
| | Sewer System Fund: | Unmodified |
| | Sanitation Enterprise Fund: | Unmodified |
| | Aggregate Remaining Fund Information: | Unmodified |
| | Aggregate Discretely Presented Component Units: | Adverse |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiency identified? | No |
| 3. | Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | | |
|----|---|------------|
| 4. | Internal control over major programs: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified? | No |
| 5. | Type of auditors' report issued on compliance for major programs: | Unmodified |
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) | No |
| 7. | Identification of major programs: | |

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
11.307	Economic Adjustment Assistance
20.106	Airport Improvement Program

- | | | |
|----|---|-----------|
| 8. | Dollar threshold used to distinguish between type A and type B: | \$750,000 |
| 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 by *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 federal awards.