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CORINTH SCHOOL DISTRICT
AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019



Certified Public Accountants

CORINTH SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

Superintendent and School Board
Corinth School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Corinth School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Corinth School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Corinth School District, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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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 District's Proportionate Share of the Net Pension Liability, and the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 5-12, 49-52, 53-54, and 55-56, 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 Corinth School District's basic financial statements. The accompanying 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, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2020 on our consideration of the Corinth School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Corinth School District'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 Corinth School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Booneville, Mississippi
May 21, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CORINTH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

The following discussion and analysis of Corinth School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2019. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2019 decreased \$2,969,008, including a prior period adjustment of \$(75,442) which represents a 2,515.58% decrease from fiscal year 2018. Total net position for 2018 decreased \$2,539,373, including a prior period adjustment of (\$1,566,828) which represents a 96.00% decrease from fiscal year 2017.
- General revenues amounted to \$19,011,160 and \$18,303,609, or 78.54% and 77.00% of all revenues for fiscal years 2019 and 2018, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,193,345, or 21.46% of total revenues for 2019, and \$5,609,340, or 23.00% of total revenues for 2018.
- The District had \$27,098,071 and \$24,885,494 in expenses for fiscal years 2019 and 2018; only \$5,193,345 for 2019 and \$5,609,340 for 2018 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$19,011,160 for 2019 and \$18,303,609 for 2018 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$16,676,184 in revenues and \$19,375,191 in expenditures for 2019, and \$16,748,397 in revenues and \$14,840,733 in expenditures in 2018. The General Fund's fund balance decreased by \$715,867 from 2018 to 2019 and increased by \$696,230 from 2017 to 2018.
- Capital assets, net of accumulated depreciation, decreased by \$1,054,212 for 2019 and, increased by \$947,670 for 2018. The decrease for 2019 was primarily due to the disposal of mobile equipment coupled with the increase of accumulated depreciation.
- Long-term debt decreased by \$356,700 for 2019 and decreased by \$1,732,268 for 2018. This decrease for 2019 was due primarily to the refinancing of capital leases. The liability for compensated absences increased by \$16 for 2019 and decreased by \$5,118 for 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

**CORINTH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

Fund Financial Statements

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

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

**CORINTH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

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

A net pension liability and net OPEB liability result in liabilities on the government-wide financial statements but are not reported on governmental funds financial statements.

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

Notes to the financial statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District Contributions (PERS), Schedule of District's Proportionate Share of the Net OPEB Liability, and Schedule of District Contributions (OPEB) as required supplementary information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional major special revenue fund as required by the Governmental Accounting Standards Board.

Supplementary Information

Additionally, a 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 a Schedule of Instructional, Administrative and Other Expenditures for governmental funds can be found in this report.

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$2,850,983 as of June 30, 2019.

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

**CORINTH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

Table 1 presents a summary of the District's net position at June 30, 2019 and June 30, 2018.

**Table 1
Condensed Statement of Net Position**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Percentage Change</u>
Current assets	\$ 14,047,033	\$ 14,918,378	(5.84) %
Restricted assets	4,161,108	3,690,424	12.75 %
Capital assets, net	29,818,040	30,872,252	(3.41) %
Total Assets	<u>48,026,181</u>	<u>49,481,054</u>	(2.94) %
Deferred Outflows of Resources	<u>3,972,008</u>	<u>5,435,641</u>	(26.93) %
Current liabilities	677,020	485,210	39.53 %
Long-term debt outstanding	20,446,648	20,803,348	(1.71) %
Net OPEB liability	1,866,256	1,917,252	(2.66) %
Net pension liability	30,369,143	29,356,082	3.45 %
Total Liabilities	<u>53,359,067</u>	<u>52,561,892</u>	1.52 %
Deferred Inflows of Resources	<u>1,490,105</u>	<u>2,236,778</u>	(33.38) %
Net Position:			
Net investment in capital assets	11,937,488	12,231,896	(2.41) %
Restricted	8,454,242	5,724,450	47.69 %
Unrestricted	<u>(23,242,713)</u>	<u>(17,838,321)</u>	(30.30) %
Total Net Position	<u>\$ (2,850,983)</u>	<u>\$ 118,025</u>	(2,515.58) %

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (23,242,713)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability, including the deferred outflows and deferred inflows	<u>30,426,549</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 7,183,836</u>

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

- Decrease in net capital assets in the amount of \$1,054,212.
- The decrease of \$356,700 of long-term debt.

**CORINTH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2019 and June 30, 2018 were \$24,404,505 and \$23,912,949, respectively. The total cost of all programs and services was \$27,098,071 for 2019 and \$24,885,494 for 2018.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2019 and June 30, 2018.

**Table 2
Changes in Net Position**

	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 381,636	\$ 580,954	(34.31) %
Operating grants and contributions	4,737,103	5,028,386	(5.79) %
Capital Grants and Contributions	74,606	-	N/A %
General revenues:			
Property taxes	5,382,558	5,254,081	2.45 %
Grants and contributions not restricted	12,659,042	12,771,384	(0.88) %
Investment earnings	107,033	94,166	13.66 %
Other	862,527	183,978	368.82 %
Total revenues	<u>24,204,505</u>	<u>23,912,949</u>	1.22 %
Expenses:			
Instruction	14,950,810	12,467,840	19.91 %
Support services	6,386,873	5,998,173	6.48 %
Non-instructional	1,744,450	1,550,820	12.49 %
Pension expense	3,488,509	4,058,063	(14.04) %
OPEB expense	97,492	108,810	(10.40) %
Interest on long-term liabilities	429,937	701,788	(38.74) %
Total expenses	<u>27,098,071</u>	<u>24,885,494</u>	8.89 %
Increase (Decrease) in net position	<u>(2,893,566)</u>	<u>(972,545)</u>	(197.53) %
Net Position, July 1, as previously reported	<u>118,025</u>	<u>2,657,398</u>	(95.56) %
Prior Period Adjustment	<u>(75,442)</u>	<u>(1,566,828)</u>	95.19 %
Net Position, July 1, as restated	<u>42,583</u>	<u>1,090,570</u>	(96.10) %
Net Position, June 30	<u>\$ (2,850,983)</u>	<u>\$ 118,025</u>	(2,515.58) %

Governmental activities

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

**CORINTH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

**Table 3
Net Cost of Governmental Activities**

	Total Expenses		Percentage Change
	2019	2018	
Instruction	\$ 14,950,810	\$ 12,467,840	19.91 %
Support services	6,386,873	5,998,173	6.48 %
Non-instructional	1,744,450	1,550,820	12.49 %
Pension expense	3,488,509	4,058,063	(14.04) %
OPEB expense	97,492	108,810	(10.40) %
Interest on long-term liabilities	429,937	701,788	(38.74) %
Total expenses	\$ 27,098,071	\$ 24,885,494	8.89 %

	Net (Expense) Revenue		Percentage Change
	2019	2018	
Instruction	\$ (12,114,268)	\$ (9,481,389)	27.77 %
Support services	(5,339,075)	(4,940,507)	8.07 %
Non-instructional	(435,445)	14,403	(3,123.29) %
Pension expense	(3,488,509)	(4,058,063)	(14.04) %
OPEB expense	(97,492)	(108,810)	(10.40) %
Interest on long-term liabilities	(429,937)	(701,788)	(38.74) %
Total net (expense) revenue	\$ (21,904,726)	\$ (19,276,154)	13.64 %

- Net cost of governmental activities ((\$21,904,726) for 2019 and (\$19,276,154) for 2018) was financed by general revenue, which is primarily made up of property taxes (\$5,382,558 for 2019 and \$5,254,081 for 2018) and state and federal revenues (\$12,659,042 for 2019 and \$12,771,384 for 2018).
- Investment earnings amounted to \$107,033 for 2019 and \$94,166 for 2018.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$17,643,358, a decrease of \$570,998, which includes a prior period adjustment of (\$75,442) and a decrease in inventory of \$5,169. \$9,076,879 or 51.45% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$8,566,479 or 48.55% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$715,867. The fund balance of Other Governmental Funds showed a decrease in the amount of \$189,668, which includes a prior period adjustment of (\$75,442) and a

**CORINTH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

decrease in reserve for inventory of \$5,169, due primarily to normal operations. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
#2 Title IV B 21st Century Learning Fund	no increase or decrease
#3 Title IV B 21st Century Learning Fund	no increase or decrease
Early Learning Collaborative Fund	no increase or decrease
Bond Retirement Fund	\$ 334,537

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2019, the District's total capital assets were \$44,977,487, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents a decrease of \$154,204 from 2018. Total accumulated depreciation as of June 30, 2019, was \$15,159,447, and total depreciation expense for the year was \$1,217,977, resulting in total net capital assets of \$29,818,040.

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

	June 30, 2019	June 30, 2018	Percentage Change
Land	\$ 2,146,535	\$ 2,146,535	0.00 %
Construction in progress	-	91,723	(100.00) %
Buildings	16,285,472	16,737,909	(2.70) %
Building improvements	8,774,635	9,002,956	(2.54) %
Improvements other than buildings	1,186,225	1,230,072	(3.56) %
Mobile equipment	1,232,243	1,407,245	(12.44) %
Furniture and equipment	192,930	255,812	(24.58) %
Total	\$ 29,818,040	\$ 30,872,252	(3.41) %

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

**CORINTH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

Debt Administration. At June 30, 2019, the District had \$20,446,648 in outstanding long-term debt, of which \$1,574,524 is due within one year. The liability for compensated absences increased \$16 from the prior year.

**Table 5
Outstanding Long-Term Debt**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ -	\$ 610,000	(100.00) %
General obligation refunding bonds payable	8,465,000	8,585,000	(1.40) %
Premiums	31,300	34,430	(9.09) %
Three mill notes payable	\$ 2,057,305	\$ 2,281,924	(9.84) %
Obligations under capital leases	1,736,876	1,135,843	52.92 %
Qualified school construction bonds payable	8,000,000	8,000,000	0.00 %
Compensated absences payable	156,167	156,151	0.01 %
Total	\$ <u>20,446,648</u>	\$ <u>20,803,348</u>	(1.71) %

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

CURRENT ISSUES

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

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

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

Enrollment for the 2018-2019 year increased by 15.30% to 2,592 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

Corinth School District
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 12,624,535
Due from other governments	1,405,906
Inventories	16,592
Restricted assets	4,161,108
Capital assets, non-depreciable:	
Land	2,146,535
Capital assets, net of accumulated depreciation:	
Buildings	16,285,472
Building improvements	8,774,635
Improvements other than buildings	1,186,225
Mobile equipment	1,232,243
Furniture and equipment	192,930
Total Assets	<u>48,026,181</u>
Deferred Outflows of Resources	
Deferred debt refunding - loss	933,424
Deferred outflows - pension	2,887,581
Deferred outflows - OPEB	151,003
Total Deferred Outflows of Resources	<u>3,972,008</u>
Liabilities	
Accounts payable and accrued liabilities	491,179
Unearned revenue	73,604
Interest payable on long-term liabilities	112,237
Long-term liabilities, due within one year:	
Capital related liabilities	974,487
Non-capital related liabilities	600,037
Net OPEB liability	83,068
Long-term liabilities, due beyond one year:	
Capital related liabilities	17,579,118
Non-capital related liabilities	1,293,006
Net pension liability	30,369,143
Net OPEB liability	1,783,188
Total Liabilities	<u>53,359,067</u>
Deferred Inflows of Resources	
Deferred inflows - pension	1,075,200
Deferred inflows - OPEB	154,534
Deferred debt refunding - gain	260,371
Total Deferred Inflows of Resources	<u>1,490,105</u>
Net Position	
Net investment in capital assets	11,937,488
Restricted for:	
Expendable:	
School-based activities	1,040,443
Debt service	4,588,519
Capital improvements	2,542,445
Ad Valorem	60,606
Permanent fund	74,651
Unemployment benefits	147,578
Unrestricted	(23,242,713)
Total Net Position	<u>\$ (2,850,983)</u>

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

Corinth School District
Statement of Activities
For the Year Ended June 30, 2019

					Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 14,950,810	\$ 249,380	\$ 2,587,162	\$ -	\$ (12,114,268)
Support services	6,386,873	-	973,192	74,606	(5,339,075)
Non-instructional	1,744,450	132,256	1,176,749	-	(435,445)
Pension expense	3,488,509	-	-	-	(3,488,509)
OPEB expense	97,492	-	-	-	(97,492)
Interest on long-term liabilities	429,937	-	-	-	(429,937)
Total Governmental Activities	<u>\$ 27,098,071</u>	<u>\$ 381,636</u>	<u>\$ 4,737,103</u>	<u>\$ 74,606</u>	<u>\$ (21,904,726)</u>
General Revenues:					
Taxes:					
General purpose levies					4,162,231
Debt purpose levies					1,220,327
Unrestricted grants and contributions:					
State					12,316,612
Federal					342,430
Unrestricted investment earnings					107,033
Other					862,527
Total General Revenues					<u>19,011,160</u>
Change in Net Position					<u>(2,893,566)</u>
Net Position - Beginning, as previously reported					118,025
Prior Period Adjustment					<u>(75,442)</u>
Net Position - Beginning, as restated					<u>42,583</u>
Net Position - Ending					\$ (2,850,983)

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

Corinth School District
Balance Sheet - Governmental Funds
June 30, 2019

	Major Funds						
	General Fund	#2 Title IV B 21st Century Learning Fund	#3 Title IV B 21st Century Learning Fund	Early Learning Collaborative Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 10,533,142	\$ -	\$ -	\$ -	\$ -	\$ 2,091,393	\$ 12,624,535
Investments	-	-	-	-	2,341,378	1,819,730	4,161,108
Due from other governments	214,439	267,651	170,237	228,421	-	525,158	1,405,906
Due from other funds	1,047,286	-	-	-	-	177	1,047,463
Inventories	-	-	-	-	-	16,592	16,592
Total Assets	<u>\$ 11,794,867</u>	<u>\$ 267,651</u>	<u>\$ 170,237</u>	<u>\$ 228,421</u>	<u>\$ 2,341,378</u>	<u>\$ 4,453,050</u>	<u>\$ 19,255,604</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 111,592	\$ 17,387	\$ 20,951	\$ 58,054	\$ -	\$ 283,195	\$ 491,179
Due to other funds	-	250,264	149,286	170,367	-	477,546	1,047,463
Unearned revenue	-	-	-	-	-	73,604	73,604
Total Liabilities	<u>111,592</u>	<u>267,651</u>	<u>170,237</u>	<u>228,421</u>	<u>-</u>	<u>834,345</u>	<u>1,612,246</u>
Fund Balances:							
Nonspendable:							
Permanent fund principal	-	-	-	-	-	74,651	74,651
Inventory	-	-	-	-	-	16,592	16,592
Restricted:							
Debt service	-	-	-	-	2,341,378	2,359,378	4,700,756
Capital improvements	-	-	-	-	-	50,785	50,785
Unemployment benefits	-	-	-	-	-	147,578	147,578
Ad Valorem	60,606	-	-	-	-	-	60,606
Food Service	-	-	-	-	-	606,661	606,661
Grant activities	-	-	-	-	-	363,060	363,060
Assigned:							
Capital improvements	2,491,660	-	-	-	-	-	2,491,660
Student activities	54,130	-	-	-	-	-	54,130
Unassigned	9,076,879	-	-	-	-	-	9,076,879
Total Fund Balances	<u>11,683,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,341,378</u>	<u>3,618,705</u>	<u>17,643,358</u>
Total Liabilities and Fund Balances	<u>\$ 11,794,867</u>	<u>\$ 267,651</u>	<u>\$ 170,237</u>	<u>\$ 228,421</u>	<u>\$ 2,341,378</u>	<u>\$ 4,453,050</u>	<u>\$ 19,255,604</u>

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

Corinth School District
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2019

		<u>Amount</u>
Total fund balances for governmental funds	\$	17,643,358
Amounts reported for governmental activities in the statement of net position are different because:		
1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	\$ 2,146,535	
Buildings	23,554,436	
Building improvements	12,086,598	
Improvements other than buildings	2,609,903	
Mobile equipment	3,370,379	
Furniture and equipment	1,209,636	
Accumulated depreciation	<u>(15,159,447)</u>	29,818,040
2. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability	(30,369,143)	
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	2,887,581	
Deferred inflows of resources related to pensions	<u>(1,075,200)</u>	(28,556,762)
3. Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net OPEB liability	(1,866,256)	
Deferred outflows and deferred inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to OPEB	151,003	
Deferred inflows of resources related to OPEB	<u>(154,534)</u>	(1,869,787)
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 refunding bonds	(8,465,000)	
Three mill notes payable	(2,057,305)	
Obligation under capital leases	(1,736,876)	
Qualified school construction bonds	(8,000,000)	
Deferred debt refunding - loss	933,424	
Deferred debt refunding - gain	(260,371)	
Unmortized premiums	(31,300)	
Compensated absences	(156,167)	
Accrued interest payable	<u>(112,237)</u>	(19,885,832)
Net position of governmental activities	\$	<u><u>(2,850,983)</u></u>

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

Corinth School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds						
	General Fund	#2 Title IV B 21st Century Learning Fund	#3 Title IV B 21st Century Learning Fund	Early Learning Collaborative Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Local sources	\$ 4,405,618	\$ -	\$ -	\$ -	\$ 41,845	\$ 1,580,071	\$ 6,027,534
State sources	12,059,310	-	-	564,188	-	775,724	13,399,222
Federal sources	211,256	267,651	170,237	-	-	3,307,093	3,956,237
Total Revenues	<u>16,676,184</u>	<u>267,651</u>	<u>170,237</u>	<u>564,188</u>	<u>41,845</u>	<u>5,662,888</u>	<u>23,382,993</u>
Expenditures:							
Instruction	12,514,038	216,982	125,547	244,112	-	2,403,800	15,504,479
Support services	5,724,188	5,203	-	-	-	960,519	6,689,910
Noninstructional services	1,122	45,466	41,812	320,076	-	1,256,193	1,664,669
Facilities acquisition and construction	-	-	-	-	-	137,959	137,959
Debt service:							
Principal	1,135,843	-	-	-	-	2,414,870	3,550,713
Interest	-	-	-	-	14,942	324,897	339,839
Other	-	-	-	-	2,500	1,950	4,450
Total Expenditures	<u>19,375,191</u>	<u>267,651</u>	<u>167,359</u>	<u>564,188</u>	<u>17,442</u>	<u>7,500,188</u>	<u>27,892,019</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,699,007)</u>	<u>-</u>	<u>2,878</u>	<u>-</u>	<u>24,403</u>	<u>(1,837,300)</u>	<u>(4,509,026)</u>
Other Financing Sources (Uses):							
Capital leases issued	3,197,127	-	-	-	-	-	3,197,127
Insurance recovery	2,878	-	-	-	-	-	2,878
Payment from escrow agent	-	-	-	-	292,693	176,025	468,718
Payments to escrow agent	-	-	-	-	(292,693)	(176,025)	(468,718)
Sale of other property	818,634	-	-	-	-	-	818,634
Operating transfers in	82,569	-	-	-	310,134	2,491,783	2,884,486
Operating transfers out	(2,118,068)	-	(2,878)	-	-	(763,540)	(2,884,486)
Total Other Financing Sources (Uses)	<u>1,983,140</u>	<u>-</u>	<u>(2,878)</u>	<u>-</u>	<u>310,134</u>	<u>1,728,243</u>	<u>4,018,639</u>
Net Change in Fund Balances	<u>(715,867)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>334,537</u>	<u>(109,057)</u>	<u>(490,387)</u>
Fund Balances:							
July 1, 2018, as previously reported	12,399,142	-	-	-	2,006,841	3,808,373	18,214,356
Prior period adjustments	-	-	-	-	-	(75,442)	(75,442)
July 1, 2018, as restated	<u>12,399,142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,006,841</u>	<u>3,732,931</u>	<u>18,138,914</u>
Increase (Decrease) in reserve for inventory June 30, 2019	<u>\$ 11,683,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,341,378</u>	<u>\$ (5,169)</u>	<u>\$ (5,169)</u>
	<u>\$ 11,683,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,341,378</u>	<u>\$ 3,618,705</u>	<u>\$ 17,643,358</u>

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

CORINTH SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2019

		<u>Amount</u>
Net change in fund balances - total governmental funds		\$ (490,387)
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	\$ 164,827
	Depreciation expense	<u>(1,217,977)</u>
		(1,053,150)
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.	(1,062)
3.	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. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:	
	Capital leases issued	(3,197,127)
	Payments of debt principal	3,550,713
	Premium on bonds	3,130
	Amortization of refunding of debt	(93,342)
	Amortization of refunding of debt	26,037
	Accrued interest payable	<u>(21,473)</u>
		267,938
4.	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	(3,488,509)
	Contributions made subsequent to the measurement date	<u>1,891,213</u>
		(1,597,296)
5.	Some items relating to OPEB 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:	
	OPEB expense	(97,492)
	Contributions subsequent to the measurement date	<u>83,068</u>
		(14,424)
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	(16)
	Change in inventory reserve	<u>(5,169)</u>
		(5,185)
Change in net position of governmental activities		\$ <u><u>(2,893,566)</u></u>

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

CORINTH SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2019

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 2,076	\$ 1,106,496
Due from local sources	2,500	-
Total Assets	<u>4,576</u>	<u>\$ 1,106,496</u>
Liabilities		
Accounts payable and accrued liabilities	-	\$ 944,197
Due to student clubs	-	162,299
Total Liabilities	<u>-</u>	<u>\$ 1,106,496</u>
Net Position		
Held in trust	<u>4,576</u>	
Total Net Position	<u>\$ 4,576</u>	

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

CORINTH SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2019

	Private-Purpose Trust Funds
Additions	
Interest on investments	\$ 8
Contributions and donations from private sources	<u>6,817</u>
Total Additions	<u>6,825</u>
Deductions	
Scholarships awarded	<u>9,000</u>
Total Deductions	<u>9,000</u>
Change in Net Position	<u>(2,175)</u>
Net Position	
July 1, 2018	<u>6,751</u>
June 30, 2019	\$ <u><u>4,576</u></u>

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

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

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

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

The school district reports the following major governmental funds:

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

#2 Title IV B 21st Century Learning Grant Fund – This fund is used to account for federal revenues and expenditures of the 21st Century Program.

#3 Title IV B 21st Century Learning Grant Fund – This fund is used to account for federal revenues and expenditures of the 21st Century Program.

Early Learning Collaborative Fund – This fund is used to account for the federal revenues and expenditures of the Early Learning Collaborative between Corinth School District, Alcorn County School District, and Prentiss County School District. Corinth School District serves as the fiscal agent and lead in the collaborative.

Bond Retirement Fund – This is a debt retirement fund that accounts for the payments of the Qualified School Construction Bonds when the bonds and the interest becomes due.

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

The District's fiduciary funds include the following:

Payroll Clearing Fund – This fund is used as a clearing account for salaries and related salary expenditures payable and the payment of those payables.

Accounts Payable Clearing Fund – This fund is used to account for the District's claims payable and the payment of those claims

Student Club Funds – These funds are used to account for activity of various student clubs in the District.

Scholarship Funds – These funds are used to account for funds received for scholarships at the district.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

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

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

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

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

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

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

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

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

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

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

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

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

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2012 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems, 2014*, issued by the U.S. Department of Education.

D. Encumbrances

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

E. Assets, liabilities, deferred outflows/inflows, and net position/fund balances

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

Investments

The school district can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

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

Investments for the district are reported at fair market value.

2. Receivables and Payables

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

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

3. Due from Other Governments

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

4. Inventories

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

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

5. Restricted Assets

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

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

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

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

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources are related to the district's long-term pension, OPEB, and deferred amount on refunding debt.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
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In addition to liabilities, the statement of financial 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 deferred inflows of resources are related to the district's long-term pension, OPEB, and deferred amount on refunding of debt.

See Notes 8, 9, and 14 for further details.

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

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

11. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees'

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
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Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recorded when the OPEB benefits come due. Investments are reported at fair value as determined by the state.

12. Fund Balances

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

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

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

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

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

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

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

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

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 7% of district maintenance revenues. If the unassigned fund balance at fiscal year end falls below the goal, the District shall develop a restoration plan to achieve and main the minimum fund balance.

Note 2 – Cash and Cash Equivalents and Investments

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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with the financial institutions reported in the governmental funds and fiduciary funds was \$12,624,535 and \$1,108,572, respectively.

Custodial Credit Risk – Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. 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

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

the Mississippi State Treasurer on behalf of the district. As of June 30, 2019, none of the district's bank balance of \$14,462,455 was exposed to custodial credit risk.

Investments

As of June 30, 2019, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
Federated US Treasury Cash Reserve	AAAm	Various	\$ 4,161,108
Total			\$ 4,161,108

The district categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The district has the following recurring fair value measurement as of June 30, 2019:

- Federated US Treasury Cash Reserve type of investments of \$4,161,108 are valued using quoted market prices (Level 1 inputs)

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

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

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

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2019, the district had the following investments:

Issuer	Fair Value	% of Total Investments
Federated US Treasury Cash Reserve	\$ 4,161,108	100%

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	#2 Title IV, 21 st Century Learning	\$ 250,264
General Fund	#3 Title IV, 21 st Century Learning	149,286
General Fund	Early Learning Collaborative Fund	170,367
General Fund	Other governmental funds	477,369
Other governmental funds	Other governmental funds	177
Total		\$ <u>1,047,463</u>

The purpose of the inter-fund loans was to cover federal funds not received prior to year-end.

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Bond Retirement Fund	310,134
General Fund	Other governmental funds	1,807,934
#3 Title IV, 21 st Century Learning	General Fund	\$ 2,878
Other governmental funds	General Fund	79,691
Other governmental funds	Other governmental funds	683,849
Total		\$ <u>2,884,486</u>

The primary purpose of inter-fund transfers was to transfer General Fund monies to various other governmental funds for operating purposes. All transfers were routine and consistent with the activities of the fund making the transfer.

Note 4 – Restricted Assets

The restricted assets represent the investment balance of \$4,161,108 of the QSCB Bond Retirement Funds.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

Note 5 – Capital Assets

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

	Balance 7/1/2018	Increases	Decreases	Completed Construction	Balance 6/30/2019
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 2,146,535	\$ -	-	-	2,146,535
Construction-in-progress	91,723	-	-	(91,723)	-
Total non-depreciable capital assets	<u>2,238,258</u>			<u>(91,723)</u>	<u>2,146,535</u>
<u>Depreciable capital assets:</u>					
Buildings	23,554,436	-	-	-	23,554,436
Building improvements	11,856,916	137,959	-	91,723	12,086,598
Improvements other than buildings	2,609,903	-	-	-	2,609,903
Mobile equipment	3,371,104	9,898	10,623	-	3,370,379
Furniture and equipment	1,192,666	16,970	-	-	1,209,636
Total depreciable capital assets	<u>42,585,025</u>	<u>164,827</u>	<u>10,623</u>	<u>91,723</u>	<u>42,830,952</u>
<u>Less accumulated depreciation for:</u>					
Buildings	6,816,527	452,437	-	-	7,268,964
Building improvements	2,853,960	458,003	-	-	3,311,963
Improvements other than buildings	1,379,831	43,847	-	-	1,423,678
Mobile equipment	1,963,859	183,838	9,561	-	2,138,136
Furniture and equipment	936,854	79,852	-	-	1,016,706
Total accumulated depreciation	<u>13,951,031</u>	<u>1,217,977</u>	<u>9,561</u>	<u>-</u>	<u>15,159,447</u>
Total depreciable capital assets, net	<u>28,633,994</u>	<u>(1,053,150)</u>	<u>1,062</u>	<u>91,723</u>	<u>27,671,505</u>
Governmental activities capital assets, net	\$ <u>30,872,252</u>	\$ <u>(1,053,150)</u>	<u>1,062</u>	<u>-</u>	<u>29,818,040</u>

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental Activities:	
Instruction	\$ 845,332
Support services	255,225
Non-instructional	117,420
Total Depreciation Expense	<u>\$ 1,217,977</u>

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

Note 6 – Long-term Liabilities

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

	Balance 7/1/2018	Additions	Reductions	Balance 6/30/2019	Amounts due within one year
A. General obligation bonds payable \$	610,000	\$ -	\$ 610,000	\$ -	\$ -
General obligation refunding bonds payable	8,585,000	-	120,000	8,465,000	740,000
Premiums	34,430	-	3,130	31,300	3,130
B. Three mill notes payable	2,281,924	-	224,619	2,057,305	231,357
C. Obligations under capital leases	1,135,843	3,197,127	2,596,094	1,736,876	600,037
D. Qualified school construction bonds payable	8,000,000	-	-	8,000,000	-
E. Compensated absences payable	156,151	16	-	156,167	-
Total	\$ 20,803,348	\$ 3,197,143	\$ 3,553,843	\$ 20,446,648	\$ 1,574,524

A. General obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. General obligation refunding bonds Series 2015	2.0-2.75%	08/05/15	11/01/28	\$ 8,935,000	\$ 8,465,000
Total				\$ 8,935,000	\$ 8,465,000

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

1. General Obligation refunding bond issue of 2015:

Year Ending June 30	Principal	Interest	Total
2020	\$ 740,000	\$ 198,544	\$ 938,544
2021	765,000	183,494	948,494
2022	790,000	167,944	957,944
2023	820,000	149,794	969,794
2024	845,000	128,981	973,981
2025-2029	4,505,000	308,348	4,813,348
Total	\$ 8,465,000	\$ 1,137,105	\$ 9,602,105

This debt will be retired from the Bond Retirement GO Fund (4036).

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

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
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30, 2019, the amount of outstanding bonded indebtedness was equal to 9.01% of property assessments as of October 1, 2018.

B. Three mill notes payable

Debt currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Limited tax school note, Series 2016	3.00%	2/01/17	2/01/27	\$ 2,500,000	\$ 2,057,305
Total				<u>\$ 2,500,000</u>	<u>\$ 2,057,305</u>

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

1. Limited tax school note, Series 2016

Year Ending June 30	Principal	Interest	Total
2020	\$ 231,357	\$ 61,719	\$ 293,076
2021	238,298	54,778	293,076
2022	245,447	47,630	293,077
2023	252,810	40,266	293,076
2024	260,394	32,682	293,076
2025-2027	828,999	50,230	879,229
Total	<u>\$ 2,057,305</u>	<u>\$ 287,305</u>	<u>\$ 2,344,610</u>

This debt will be retired from the Three Mill Note Retirement 2017-2027 Fund (4022).

C. Obligations under capital lease

The school district has entered into a lease agreement (Apple Lease 18052) as lessee for financing the acquisition of Apple products at a cost of \$264,600 with a down payment of \$0. This lease qualifies as a capital lease for accounting purposes.

The school district has entered into a lease agreement (Apple Lease 18034) as lessee for financing the acquisition of Apple products at a cost of \$2,932,527 with a down payment of \$0. This lease qualifies as a capital lease for accounting purposes.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Apple lease, PUB 18052	0.67%	9/17/18	9/17/20	\$ 264,600	\$ 175,810
2. Apple lease, PUB 18034	1.54%	10/15/18	10/15/21	2,932,527	1,561,066
Total				<u>\$ 3,197,127</u>	<u>\$ 1,736,876</u>

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

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

1. Apple lease PUB 18052

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2020	\$ 87,612	\$ 1,178	\$ 88,790
2021	88,198	591	88,789
Total	<u>\$ 175,810</u>	<u>\$ 1,769</u>	<u>\$ 177,579</u>

This debt will be retired from the 2016 Apple Lease Fund (4044).

2. Apple lease PUB 18034

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2020	\$ 512,425	\$ 24,036	\$ 536,461
2021	520,315	16,146	536,461
2022	528,326	8,135	536,461
Total	<u>\$ 1,561,066</u>	<u>\$ 48,317</u>	<u>\$ 1,609,383</u>

This debt will be retired from the 2019 Apple Lease Fund (4043).

Total leases for all issues:

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2020	\$ 600,037	\$ 25,214	\$ 625,251
2021	608,513	16,737	625,250
2022	528,326	8,135	536,461
Total	<u>\$ 1,736,876</u>	<u>\$ 50,086</u>	<u>\$ 1,786,962</u>

The school district uses the straight-line method of amortization for the lease payments which is not in accordance with accounting principles generally accepted in the United States of America. However, the difference between the effective interest method and the straight-line method is not considered material.

D. Qualified school construction bonds payable

As more fully explained in Note 13, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. QSCB, Series 2010	1.01%	01/15/10	01/15/25	\$ 3,000,000	\$ 3,000,000
2. QSCB, Series 2012	4.82%	05/15/12	05/15/27	5,000,000	5,000,000
Total				<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

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

1. QSCB, Series 2010

Year Ending June 30	Principal	Interest	Total
2020	\$ -	\$ 30,300	\$ 30,300
2021	-	30,300	30,300
2022	-	30,300	30,300
2023	-	30,300	30,300
2024	-	30,300	30,300
2025	3,000,000	30,300	3,030,300
Total	\$ 3,000,000	\$ 181,800	\$ 3,181,800

This debt will be retired from the Bond Retirement Fund \$3M QSCB Fund.

2. QSCB, Series 2012

Year Ending June 30	Principal	Interest	Total
2020	\$ -	\$ 241,000	\$ 241,000
2021	-	241,000	241,000
2022	-	241,000	241,000
2023	-	241,000	241,000
2024	-	241,000	241,000
2025-2027	5,000,000	723,000	5,723,000
Total	\$ 5,000,000	\$ 1,928,000	\$ 6,928,000

This debt will be retired from the Bond Retirement Fund \$5M QSCB Fund.

Total installment purchases loans payments for all issues:

Year Ending June 30	Principal	Interest	Total
2020	\$ -	\$ 271,300	\$ 271,300
2021	-	271,300	271,300
2022	-	271,300	271,300
2023	-	271,300	271,300
2024	-	271,300	271,300
2025-2027	8,000,000	753,300	8,753,300
Total	\$ 8,000,000	\$ 2,109,800	\$ 10,109,800

D. Compensated absences payable

As more fully explained in Note 1(E)(8), 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.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

Note 7 – Prior Year Defeasance of Debt

In prior years, the Corinth School District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the district's financial statements. On June 30, 2019, \$3,090,000 of bonds outstanding are defeased.

Note 8 – Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. 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. This report is available at www.pers.ms.gov.

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 employee's 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.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2019 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 school district's contributions to PERS for the fiscal years ending June 30, 2019, 2018 and 2017 were \$1,891,213, \$1,836,404 and \$1,784,264, respectively, which equaled the required contributions for each year.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

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

At June 30, 2019, the school district reported a liability of \$30,369,143 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 District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2019 net pension liability was 0.182584 percent, which was based on a measurement date of June 30, 2018. This was an increase of 0.005989 percent from its proportionate share used to calculate the June 30, 2018 net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$3,488,509. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 133,136	\$ 128,021
Net difference between projected and actual earnings on pension plan investments	-	603,694
Changes of assumptions	17,919	16,774
Changes in proportion and differences between District contributions and proportionate share of contributions	845,313	326,711
District contributions subsequent to the measurement date	1,891,213	-
Total	\$ <u>2,887,581</u>	\$ <u>1,075,200</u>

\$1,891,213 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	491,264
2021	59,187
2022	(492,711)
2023	(136,572)

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	3.0 percent
Salary increases	3.25 – 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

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 for males with adjustments.

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, 2017.

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 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 Estate	10.00		3.50	
Private Equity	8.00		5.10	
Emerging Debt	2.00		2.25	
Cash	1.00		0.00	
Total	<u>100</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 former employer contribution rate (15.75%) through June 30, 2019 and at the current contribution rate (17.40%) thereafter. 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 District's proportionate share of the net pension liability to changes in the discount rate. The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the District'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%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 39,987,448	\$ 30,369,143	\$ 22,375,063

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

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

Note 9 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

Plan description. State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. The plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov/>.

Benefits provided.

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$83,068 for the year ended June 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

At June 30, 2019, the District reported a liability of \$1,866,256 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2018, the District's proportion was 0.24125922 percent. This was a decrease of 0.00309843 percent from the proportionate share as of the measurement date of June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$97,492. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,801	\$ -
Changes of assumptions	-	132,974
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	64,134	21,560
District contributions subsequent to the measurement date	83,068	-
Total	\$ <u>151,003</u>	\$ <u>154,534</u>

\$83,068 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:

2020	\$ (16,460)
2021	(16,460)
2022	(16,460)
2023	(16,460)
2024	(15,483)
Thereafter	(5,276)

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

Inflation	3.00 percent
Salary increases	3.25-18.50 percent, including wage inflation
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	4.50%

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

Municipal Bond Index Rate

Measurement Date	3.89%
Prior Measurement Date	3.56%

Year FNP is projected to be depleted

Measurement Date	2018
Prior Measurement Date	2017

Single Equivalent Interest Rate, net
of OPEB plan investment expense,
including inflation

Measurement Date	3.89%
Prior Measurement Date	3.56%

Health Care Cost Trends

Medicare Supplement Claims	7.25 percent for 2018 decreasing to an
Pre-Medicare	ultimate rate of 4.75% by 2028

Both pre-retirement and post-retirement mortality rates were based on the RP 2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022, male rates set forward 1 year and adjusted by 106% for males at all ages, and females adjusted to 90% for ages less than 76, 95% for age 76, 105% for age 78 and 110% for ages 79 and greater. Post-disability mortality rates were based on the RP 2014 Disabled Retiree Mortality Table set forward 4 years for males and 3 years for females.

The demographic actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study dated April 18, 2017.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

The long-term investment rate of return, net of OPEB plan investment expense, including inflation was 4.50%.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.89 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.56% to 3.89%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both June 30, 2017 and the June 30, 2018. The discount rate used to measure the total OPEB liability at June 30, 2018 was based on an average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by Bond Buyer.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

	1% Decrease (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
Net OPEB liability	\$ 2,608,702	\$ 1,866,256	\$ 1,692,152

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB Liability	\$ 1,728,773	\$ 1,866,256	\$ 2,022,404

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in a separately issued report that can be found at <http://knowyourbenefits.dfa.ms.gov/>.

Note 10 - Prior Period Adjustments

A summary of significant Net Position/Fund Balance adjustments is as follows:

Exhibit B – Statement of Activities

Explanation	Amount
1. To correct accounts payable for prior year construction in progress.	\$ (75,442)
Total	\$ (75,442)

Exhibit D – Statement of Revenues, Expenditures and Changes in Fund Balances

Fund	Explanation	Amount
Other Governmental Fund	To correct accounts payable for prior year construction in progress	\$ (75,442)
Total		\$ (75,442)

Note 11 - Contingencies

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

Litigation – The school district 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 the outcome or liability, if any, of the school district with respect to the various proceedings. However, the school district's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the school district.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

Note 12 - Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 58 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

Note 13 - Qualified School Construction Bonds

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

When that stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2019, the subsidy payments amounted to \$226,058.

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U.S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount of deposit at June 30, 2019 was \$4,161,108. The amount accumulated in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

Year Ending June 30	Series 2010	Series 2012	Amount
2020	\$ 200,000	\$ 333,333	\$ 533,333
2021	200,000	333,333	533,333
2022	200,000	333,333	533,333
2023	200,000	333,333	533,333
2024	200,000	333,333	533,333
2025-2027	200,000	999,999	1,199,999
Total	\$ <u>1,200,000</u>	\$ <u>2,666,664</u>	\$ <u>3,866,664</u>

Note 14 – Effects of Deferred Amounts on Net Position

The unrestricted net position amount of (\$23,242,713) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$1,891,213 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The \$996,368 balance of deferred outflow of resources related to pensions, at June 30, 2019 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$23,242,713) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$1,075,200 balance of deferred inflow of resources related to pensions, at June 30, 2019 will be recognized as a revenue and will increase the unrestricted net position over the next 4 years.

The net investment in capital assets net position amount of 11,937,488 include the effect of deferring the recognition of expenses resulting from a deferred outflow from advance refunding of school district debt. The \$933,424 balance of deferred outflow of resources related to pensions at June 30, 2019 will be recognized as an expense and decrease the net investment in capital assets net position over the next 10 years.

The net investment in capital assets net position amount of \$11,937,488 includes the effect of deferring the recognition of revenues resulting from a deferred inflow from advance refunding of school district debt. The \$260,371 balance of the deferred inflow of resources related to pensions at June 30, 2019 will be recognized as a revenue and increase the net investment in capital assets net position over the next 10 years.

The unrestricted net position amount of (\$23,242,713) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$83,068 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. The \$67,935 balance of deferred outflow of resources related to OPEB, at June 30, 2019 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of (\$23,242,713) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$154,534 balance of deferred inflow of resources related to OPEB, at June 30, 2019 will be recognized as a revenue and will increase the unrestricted net position over the next 6 years.

CORINTH SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2019

Note 15 – Alcorn Juvenile Detention Center

The Mississippi Code of 1972 Annotated Section 43-21-321 requires that educational services be provided to students detained in a juvenile detention facility. In an effort to ensure that academic and behavioral concerns are addressed, the Mississippi Department of Education has set standards for the provision of educational services in accordance with all applicable federal and state laws.

The District participates in the Alcorn County Juvenile Detention Center as the sponsoring District. The District's portion of the cost was \$4,414.

Note 16 – Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Corinth School District evaluated the activity of the district for potential recognition and disclosure through May 21, 2020 (the date the financial statements were available to be issued), and determined that no subsequent events have occurred that require disclosure in the notes to the financial statements. No adjustments were considered necessary to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CORINTH SCHOOL DISTRICT
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 5,425,700	\$ 4,397,194	\$ 4,405,618	\$ (1,028,506)	\$ 8,424
State sources	12,310,136	12,059,310	12,059,310	(250,826)	-
Federal sources	229,500	211,256	211,256	(18,244)	-
Total Revenues	<u>17,965,336</u>	<u>16,667,760</u>	<u>16,676,184</u>	<u>(1,297,576)</u>	<u>8,424</u>
Expenditures:					
Instruction	11,140,486	10,452,752	12,514,038	687,734	(2,061,286)
Support services	5,132,732	5,724,188	5,724,188	(591,456)	-
Noninstructional services	10,735	1,122	1,122	9,613	-
Debt Service:					
Principal	-	-	1,135,843	-	(1,135,843)
Interest	-	-	-	-	-
Total Expenditures	<u>16,283,953</u>	<u>16,178,062</u>	<u>19,375,191</u>	<u>105,891</u>	<u>(3,197,129)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,681,383</u>	<u>489,698</u>	<u>(2,699,007)</u>	<u>(1,191,685)</u>	<u>(3,188,705)</u>
Other Financing Sources (Uses):					
Capital leases issued	-	-	3,197,127	-	3,197,127
Insurance recovery	5,000	2,878	2,878	(2,122)	-
Sale of transportation equipment	100	-	-	(100)	-
Sale of other property	101	818,634	818,634	818,533	-
Indirect Costs	75,066	82,569	-	7,503	(82,569)
Operating transfers in	365,254	435,899	82,569	70,645	(353,330)
Operating transfers out	(1,412,128)	(2,553,967)	(2,118,068)	(1,141,839)	435,899
Total Other Financing Sources (Uses)	<u>(966,607)</u>	<u>(1,213,987)</u>	<u>1,983,140</u>	<u>(247,380)</u>	<u>3,197,127</u>
Net Change in Fund Balances	<u>714,776</u>	<u>(724,289)</u>	<u>(715,867)</u>	<u>(1,439,065)</u>	<u>8,422</u>
Fund Balances:					
July 1, 2018, as previously reported	12,408,401	12,408,401	12,399,142	-	(9,259)
Prior period adjustments	(100)	-	-	100	-
July 1, 2018, as restated	<u>12,408,301</u>	<u>12,408,401</u>	<u>12,399,142</u>	<u>100</u>	<u>(9,259)</u>
June 30, 2019	<u>\$ 13,123,077</u>	<u>\$ 11,684,112</u>	<u>\$ 11,683,275</u>	<u>\$ (1,438,965)</u>	<u>\$ (837)</u>

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

CORINTH SCHOOL DISTRICT
Budgetary Comparison Schedule - #2 Title IV B 21st Century Learning Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ -	\$ 299,985	\$ 267,651	\$ 299,985	\$ (32,334)
Total Revenues	-	299,985	267,651	299,985	(32,334)
Expenditures:					
Instruction	-	238,935	216,982	(238,935)	21,953
Support services	-	5,203	5,203	(5,203)	-
Noninstructional services	-	55,847	45,466	(55,847)	10,381
Total Expenditures	-	299,985	267,651	(299,985)	32,334
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances: July 1, 2018	-	-	-	-	-
June 30, 2019	\$ -	\$ -	\$ -	\$ -	\$ -

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

CORINTH SCHOOL DISTRICT
Budgetary Comparison Schedule - #3 Title IV B 21st Century Learning Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ -	\$ -	\$ 170,237	\$ -	\$ 170,237
Total Revenues	-	-	170,237	-	170,237
Expenditures:					
Instruction	-	152,660	125,547	(152,660)	27,113
Noninstructional services	-	90,602	41,812	(90,602)	48,790
Total Expenditures	-	243,262	167,359	(243,262)	75,903
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(243,262)	2,878	(243,262)	246,140
Other Financing Sources (Uses):					
Operating transfers out	-	(6,738)	(2,878)	(6,738)	3,860
Total Other Financing Sources (Uses)	-	(6,738)	(2,878)	(6,738)	3,860
Net Change in Fund Balances	-	(250,000)	-	(250,000)	250,000
Fund Balances: July 1, 2018	-	-	-	-	-
June 30, 2019	\$ -	\$ (250,000)	\$ -	\$ (250,000)	\$ 250,000

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

CORINTH SCHOOL DISTRICT
Budgetary Comparison Schedule - Early Learning Collaborative Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State sources	\$ 519,225	\$ 564,188	\$ 564,188	\$ 44,963	\$ -
Total Revenues	<u>519,225</u>	<u>564,188</u>	<u>564,188</u>	<u>44,963</u>	<u>-</u>
Expenditures:					
Instruction	515,811	244,112	244,112	271,699	-
Noninstructional services	-	320,076	320,076	(320,076)	-
Total Expenditures	<u>515,811</u>	<u>564,188</u>	<u>564,188</u>	<u>(48,377)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,414</u>	<u>-</u>	<u>-</u>	<u>(3,414)</u>	<u>-</u>
Net Change in Fund Balances	<u>3,414</u>	<u>-</u>	<u>-</u>	<u>(3,414)</u>	<u>-</u>
Fund Balances: July 1, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2019	<u>\$ 3,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,414)</u>	<u>\$ -</u>

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.182584%	0.176595%	0.181008%	0.174622%	0.165929%
District's proportionate share of the net pension liability	\$ 30,369,143	\$ 29,356,082	\$ 32,332,548	\$ 26,993,118	\$ 20,140,742
District's covered payroll	\$ 11,659,708	\$ 11,328,660	\$ 11,579,517	\$ 10,909,397	\$ 10,139,098
District's proportionate share of the net pension liability as a percentage of its covered payroll	260.46%	259.13%	279.22%	247.43%	198.63%
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 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

CORINTH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERS
Last 10 Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,891,213	\$ 1,836,404	\$ 1,784,264	\$ 1,823,774	\$ 1,718,230
Contributions in relation to the contractually required contribution	<u>1,891,213</u>	<u>1,836,404</u>	<u>1,784,264</u>	<u>1,823,774</u>	<u>1,718,230</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's covered payroll	 12,007,691	 11,659,708	 11,328,660	 11,579,517	 10,909,397
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 Statement No. 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

CORINTH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OPEB
Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.241259%	0.244358%
District's proportionate share of the net OPEB liability	\$ 1,866,256	1,917,252
District's covered-employee payroll	\$ 10,139,143	10,978,317
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	18.41%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.13%	0.00%

* 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, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

CORINTH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
OPEB
Last 10 Fiscal Years

	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 83,068	81,735
Contributions in relation to the actuarially determined contribution	<u>83,068</u>	<u>81,735</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
 District's covered-employee payroll	 10,164,466	 4,535,457
Contributions as a percentage of covered- employee payroll	0.82%	1.80%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in the prior year audit report(s).

CORINTH SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2019

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.

(2) Budget Amendments and Revisions.

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

Pension Schedules

(1) *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.

CORINTH SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2019

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.

(3) *Method and assumptions used in calculations of actuarially determined contributions.*

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2016 valuation for the June 30, 2018 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	36.6 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OPEB Schedules

(1) *Changes of assumptions*

2017: The discount rate was changed from 3.01% for the prior Measurement Date to 3.56% for the current Measurement Date.

2018: The discount rate was changed from 3.56% for the prior Measurement Date to 3.89% for the current Measurement Date.

(2) *Changes in benefit provisions*

2017: None

2018: None

CORINTH SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2019

- (3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2017 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2018:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	3%
Salary increases, including wage inflation	3.25% to 18.50%
Initial health care cost trend rates	
Medicare Supplement Claims	7.75%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	5.00%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2023
Pre-Medicare	
Long-term investment rate of return, net of pension plan investment expense, including price inflation	3.56%

SUPPLEMENTARY INFORMATION

CORINTH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	195MS326N1099	\$ 273,983
National school lunch program	10.555	195MS326N1099	869,994
Summer food service program for children	10.559	195MS326N1099	21,871
Total child nutrition cluster			1,165,848
Total passed through Mississippi Department of Education			1,165,848
Total U.S. Department of Agriculture			1,165,848
U.S. Department of Interior			
Direct Program:			
National park service conservation, protection, outreach, and education	15.954	N/A	623
Total U.S. Department of Interior			623
Federal Communications Commission			
Administered through the Universal Service Administrative Company:			
The schools and libraries program of the universal service fund	32.XXX	N/A	90,317
Total Federal Communications Commission			90,317
U.S. Department of Education			
Direct Program:			
Impact Aid	84.041	N/A	9,120
Elementary and secondary school counseling programs	84.215E	N/A	20,151
Innovative approaches to literacy	84.215G	N/A	111,023
Total Direct Program			140,294
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	ES010A180024	895,442
Title I state agency program for neglected and delinquent children and youth	84.013	ES010A180024	48,631
Career and technical education-basic grants to states	84.048	V048A180024	24,025
Rehabilitation services vocation rehabilitation grants to states	84.126	N/A	504
Education for homeless children and youth	84.196	ES196A180025	14,001
Twenty-first century community learning centers	84.287	ES287C180024	568,799
Rural education	84.358	ES358B180024	48,952
English language acquisition state grants	84.365	ES365A180024	29,499
Supporting Effective Instruction State Grants	84.367	ES367A180023	140,055
Student support and academic enrichment program	84.424	ES424A180025	65,811
Subtotal			1,835,719
Special education cluster:			
Special education-grants to states	84.027	H027A180108	601,238
Special education-preschool grants	84.173	H173A180113	11,507
Total special education cluster			612,745
Total passed through Mississippi Department of Education			2,448,464
Total U.S. Department of Education			2,588,758
U.S. Department of Health and Human Services			
Pass-Through Mississippi Department of Education			
Medicaid cluster:			
Medical assistance program	93.778	1905MS5ADM	16,489
Total Medicaid cluster			16,489
Total passed through Mississippi Department of Education			16,489
Total U.S. Department of Health and Human Services			16,489
Total for All Federal Awards			\$ 3,862,035

The accompanying notes to the supplementary information is an integral part of this schedule.

CORINTH SCHOOL DISTRICT
Notes to the Supplementary Information
For the Year Ended June 30, 2019

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Corinth School District under programs of the federal government for the year ended June 30, 2019. 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 Corinth School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Corinth School District.

(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.

(3) Non-Cash Awards

The Corinth School District is the recipient of certain non-cash assistance in the form of donated commodities received from the U.S. Department of Agriculture. Revenues and expenditures are recorded for the value of commodities received. In addition, the Corinth School District may receive certain other non-cash assistance from federal and state awarding agencies. The amount of non-cash assistance received at June 30, 2019 was \$85,602.

(4) Indirect Cost Rate

The Corinth School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CORINTH SCHOOL DISTRICT
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2019

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 16,363,476	12,804,543	1,002,123	938,626	1,618,184
Other	<u>11,528,543</u>	<u>4,218,207</u>	<u>197,415</u>	<u>21,152</u>	<u>7,091,769</u>
Total	\$ <u>27,892,019</u>	<u>17,022,750</u>	<u>1,199,538</u>	<u>959,778</u>	<u>8,709,953</u>
Total number of students *	<u>2,592</u>				
Cost per student \$	<u>10,760</u>	<u>6,567</u>	<u>463</u>	<u>370</u>	<u>3,360</u>

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

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

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

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

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

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

OTHER INFORMATION

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

UNAUDITED

	2019	2018*	2017*	2016*
Revenues:				
Local sources	\$ 4,405,618	\$ 4,507,860	\$ 4,058,926	\$ 4,024,039
State sources	12,059,310	11,991,404	12,941,611	12,890,431
Federal sources	211,256	249,133	221,759	189,548
Total Revenues	<u>16,676,184</u>	<u>16,748,397</u>	<u>17,222,296</u>	<u>17,104,018</u>
Expenditures:				
Instruction	12,514,038	10,008,065	12,397,286	10,167,830
Support services	5,724,188	4,824,446	5,095,840	5,453,357
Noninstructional services	1,122	8,222	8,185	4,298
Facilities acquisition and construction	-	-	16,074	2,195,260
Debt service:				
Principal	1,135,843	-	698,995	-
Total Expenditures	<u>19,375,191</u>	<u>14,840,733</u>	<u>18,216,380</u>	<u>17,820,745</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(2,699,007)</u>	<u>1,907,664</u>	<u>(994,084)</u>	<u>(716,727)</u>
Other Financing Sources (Uses):				
Capital leases issued	3,197,127	-	2,373,683	244,575
Insurance recovery	2,878	7,644	35,081	-
Sale of other property	818,634	-	1,096,538	-
Operating transfers in	82,569	105,678	79,793	120,021
Operating transfers out	<u>(2,118,068)</u>	<u>(1,324,756)</u>	<u>(1,918,821)</u>	<u>(1,380,808)</u>
Total Other Financing Sources (Uses)	<u>1,983,140</u>	<u>(1,211,434)</u>	<u>1,666,274</u>	<u>(1,016,212)</u>
Net Change in Fund Balances	<u>(715,867)</u>	<u>696,230</u>	<u>672,190</u>	<u>(1,732,939)</u>
Fund Balances:				
Beginning of period, as previously reported	12,399,142	11,702,912	11,045,722	12,793,661
Prior period adjustments	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>(15,000)</u>
Beginning of period, as restated	<u>12,399,142</u>	<u>11,702,912</u>	<u>11,030,722</u>	<u>12,778,661</u>
End of period	<u>\$ 11,683,275</u>	<u>\$ 12,399,142</u>	<u>\$ 11,702,912</u>	<u>\$ 11,045,722</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

CORINTH SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances -
All Governmental Funds, Last Four Years

UNAUDITED

	2019	2018*	2017*	2016*
Revenues:				
Local sources	\$ 6,027,534	\$ 6,087,142	\$ 5,649,504	\$ 5,509,801
State sources	13,399,222	13,346,234	14,231,453	14,543,031
Federal sources	3,956,237	4,453,536	4,559,921	3,961,432
Total Revenues	<u>23,382,993</u>	<u>23,886,912</u>	<u>24,440,878</u>	<u>24,014,264</u>
Expenditures:				
Instruction	15,504,479	13,004,807	15,921,348	13,327,498
Support services	6,689,910	7,115,435	6,241,847	6,512,779
Noninstructional services	1,664,669	1,498,698	1,124,857	1,095,153
Facilities acquisition and construction	137,959	1,015,593	16,074	2,195,260
Debt service:				
Principal	3,550,713	1,729,138	2,739,635	1,526,988
Interest	339,839	626,267	589,627	612,278
Other	4,450	4,450	4,450	240,172
Total Expenditures	<u>27,892,019</u>	<u>24,994,388</u>	<u>26,637,838</u>	<u>25,510,128</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(4,509,026)</u>	<u>(1,107,476)</u>	<u>(2,196,960)</u>	<u>(1,495,864)</u>
Other Financing Sources (Uses):				
Bonds and notes issued	-	-	2,500,000	-
Capital leases issued	3,197,127	-	2,373,683	244,575
Insurance recovery	2,878	7,644	35,081	-
Refunding bonds issued	-	-	-	8,935,000
Premium on bonds and refunding debt issued	-	-	-	40,690
Payment to refunded bond escrow agent	-	-	-	(8,739,968)
Payment from escrow agent	468,718	510,580	532,812	533,298
Payment to debt escrow agent	(468,718)	(510,580)	(532,812)	(533,298)
Sale of other property	818,634	-	1,096,538	-
Operating transfers in	2,884,486	1,435,982	2,011,181	1,516,117
Operating transfers out	(2,884,486)	(1,435,982)	(2,011,181)	(1,516,117)
Total Other Financing Sources (Uses)	<u>4,018,639</u>	<u>7,644</u>	<u>6,005,302</u>	<u>480,297</u>
Net Change in Fund Balances	<u>(490,387)</u>	<u>(1,099,832)</u>	<u>3,808,342</u>	<u>(1,015,567)</u>
Fund Balances:				
Beginning of period, as previously reported	18,214,356	19,313,599	15,515,036	16,569,414
Prior Period Adjustment	(75,442)	-	(15,000)	(30,645)
Beginning of period, as restated	<u>18,138,914</u>	<u>19,313,599</u>	<u>15,500,036</u>	<u>16,538,769</u>
Increase (Decrease) in reserve for inventory	<u>(5,169)</u>	<u>589</u>	<u>5,221</u>	<u>(8,166)</u>
End of period	<u>\$ 17,643,358</u>	<u>\$ 18,214,356</u>	<u>\$ 19,313,599</u>	<u>\$ 15,515,036</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



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

Superintendent and School Board
Corinth School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Corinth School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Corinth School District's basic financial statements, and have issued our report thereon dated May 21, 2020.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 Corinth School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Corinth, Mississippi
Phone: (662)286-7082

Iuka, Mississippi
Phone: (662)423-5057

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.

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Booneville, Mississippi
May 21, 2020



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

Superintendent and School Board
Corinth School District

Report on Compliance for Each Major Federal Program

We have audited Corinth School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Corinth School District's major federal programs for the year ended June 30, 2019. Corinth School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the 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 Corinth School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Corinth School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Corinth School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Corinth School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

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Muscle Shoals, Alabama
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Booneville, Mississippi
Phone: (662)728-6172

Corinth, Mississippi
Phone: (662)286-7082

Iuka, Mississippi
Phone: (662)423-5057

Report on Internal Control Over Compliance

Management of Corinth School District 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 Corinth School District'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 Corinth School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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 purposes.

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Booneville, Mississippi
May 21, 2020

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



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

Superintendent and School Board
Corinth School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Corinth School District as of and for the year ended June 30, 2019, which collectively comprise Corinth School District's basic financial statements and have issued our report thereon dated May 21, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance.

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instance of noncompliance with other state laws and regulations. Our finding and recommendation and your response are as follows:

Finding: Corinth School District's ad valorem tax levy request exceeded the aggregate receipts from those sources during any one of the immediately preceding three fiscal years.

Recommendation: Per Section 37-57-107, the District's general ad valorem request should not exceed the aggregate receipts from those sources during any one of the immediately preceding three fiscal years, and therefore, should not include receipts from separate debt tax levies.

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Response: The school district accepted the recommendation to calculate future ad valorem requests without considering debt levy receipts in the request calculation.

The Office of the State Auditor or a public accounting firm will review, on the subsequent year's audit engagement, the finding in this report to insure that corrective action has been taken.

The Corinth School District's response to the finding included in this report was not audited and, accordingly, we express no opinion on it.

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

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Booneville, Mississippi
May 21, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CORINTH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|---------------|
| 1. | Type of auditors' report issued: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified? | None reported |
| 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? | None reported |
| 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: | |
| | 84.010 Title I grants to local educational agencies | |
| 8. | Dollar threshold used to distinguish between type A and type B: | \$750,000 |
| 9. | Auditee qualified as low-risk auditee? | Yes |
| 10. | Prior fiscal year audit findings(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). | 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 the federal awards.