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CITY OF CORINTH, MISSISSIPPI
AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020



Certified Public Accountants

CITY OF CORINTH, MISSISSIPPI
CORINTH, MISSISSIPPI

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
City of Corinth, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corinth, Mississippi as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Corinth, Mississippi's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

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

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

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

Corinth, Mississippi
Phone: (662) 286-7082

Booneville, Mississippi
Phone: (662) 728-6172

Iuka, Mississippi
Phone: (662) 423-5057

departure from accounting principles generally accepted in the United States of America, the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the aggregate discretely presented component units would have been presented as \$86,072,855, \$707,126, \$37,384,121, \$10,355, \$49,385,505, \$11,155,232, and \$11,334,410, respectively.

Adverse Opinion

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units” paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Corinth, Mississippi, as of September 30, 2020, or the changes in financial position or cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corinth, Mississippi, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Budgetary Comparison Information-General Fund, Budgetary Comparison Information-FEMA Fund, the Schedule of the City's Proportionate Share of the Net Pension Liability, and the Schedule of City Contributions on pages 5-12, 47, 48, 49 and 50, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Corinth, Mississippi's basic financial statements. The accompanying Combining Balance Sheet – Other Governmental Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Other Governmental Funds, Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other information section, which includes the Schedule of Surety Bonds for Municipal Officials are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Combining Balance Sheet – Other Governmental Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Other Governmental Funds, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are the responsibility of management and were derived from and relate directly to the underlying accounting and

other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying 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 Schedule of Surety Bonds for Municipal Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2021, on our consideration of the City of Corinth, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Corinth, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Corinth, Mississippi's internal control over financial reporting and compliance.

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
Corinth, Mississippi
September 17, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

The following discussion and analysis of the City of Corinth, Mississippi's financial performance provides an overview of the City's financial activities for the year ended September 30, 2020. The intent of this discussion and analysis is to look at the City's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2020 increased \$2,472,636, which represents a 8.57% increase from fiscal year 2019. Total net position for 2019 increased \$3,742,935 including a prior period adjustment of (\$2,589), which represents a 14.91% increase from fiscal year 2018.
- General revenues amounted to \$12,963,258 and \$12,852,280, or 54.10% and 56.86% of all revenues for fiscal years 2020 and 2019, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$10,992,534 or 45.90% of total revenues for 2020, and \$9,752,376, or 43.14% of total revenues for 2019.
- The City had \$21,483,156 and \$18,856,132 in expenses for fiscal years 2020 and 2019; only \$10,992,534 for 2020 and \$9,752,376 for 2019 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$12,963,258 for 2020 were adequate to provide for these programs and \$12,852,280 for 2019 were adequate to provide for these programs.
- Among major funds, the General Fund had \$12,008,871 in revenues and \$11,061,204 in expenditures for 2020, and \$11,198,236 in revenues and \$10,386,805 in expenditures in 2019. The General Fund's fund balance increased by \$542,518 from 2019 to 2020 and increased by \$848,551 from 2018 to 2019. The FEMA Fund had \$1,658,791 in revenues and \$2,231,836 in expenditures for 2020. The FEMA Fund's fund balance increased by \$481 for 2020. The Municipal Bond and Interest Fund had \$527,407 in revenues and \$2,535,177 in expenditures and \$2,054,000 in G.O. Refunding Bonds for 2020, and \$524,274 in revenues and \$528,740 in expenditures in 2019. The Municipal Bond and Interest Fund's fund balance increased by \$46,230 from 2019 to 2020 and decreased by \$4,466 from 2018 to 2019.
- Capital assets, net of accumulated depreciation, decreased by \$1,831,850 for 2020 and increased by \$432,029 for 2019. The decrease for 2020 was due to the increase in accumulated depreciation, coupled with the addition of construction in progress, mobile equipment and furniture and equipment, and the disposal of mobile equipment.
- Long-term debt decreased by \$2,508,890 for 2020 and decreased by \$1,362,722 for 2019. The decrease for 2020 was due primarily to the payments on outstanding long-term debt. The liability for compensated absences increased by \$9,457 for 2020 and increased by \$44,104 for 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Government-wide Financial Statements

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

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

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

The government-wide financial statements outline functions of the City that are principally supported by property taxes and sales taxes (governmental activities) and sewer and solid waste charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, interest on long-term debt, and pension expense.

Fund Financial Statements

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

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

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

Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for all major funds. All non-major funds are combined and presented in these reports as other governmental funds.

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Proprietary funds – Proprietary funds are used to account for the same functions reported as business-type activities in the government-wide financial statements, only in more detail. The City uses proprietary funds to account for the operations of the sewer system and solid waste system.

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

A net pension liability results in a liability on the government-wide financial statements but is 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 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-General Fund and FEMA Fund, Schedule of the City's Proportionate Share of the Net Pension Liability, and Schedule of City Contributions as required supplementary information. The City 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, a Combining Balance Sheet - Other Governmental Funds, and a Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Other Governmental Funds can be found in this report.

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$31,322,225, as of September 30, 2020.

The largest portion of the City's net position, 92.08% reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; however, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Table 1 presents a summary of the City's net position at September 30, 2020 and September 30, 2019.

Table 1						
City of Corinth's Statement of Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 16,460,265	\$ 14,593,179	\$ 5,860,566	\$ 5,374,540	\$ 22,320,831	\$ 19,967,719
Capital Assets, Net	19,235,166	19,307,585	39,175,310	40,934,741	58,410,476	60,242,326
Total Assets	35,695,431	33,900,764	45,035,876	46,309,281	80,731,307	80,210,045
Deferred Outflows of Resources	725,969	453,480	407,560	370,404	1,133,529	823,884
Current Liabilities	449,035	227,329	73,363	70,975	522,398	298,304
Long-Term Debt	7,090,349	7,797,130	22,918,117	24,720,227	30,008,466	32,517,357
Net Pension Liability	13,328,846	12,126,428	3,216,378	3,041,371	16,545,224	15,167,799
Total Liabilities	20,868,230	20,150,887	26,207,858	27,832,573	47,076,088	47,983,460
Deferred Inflows of Resources	3,273,553	3,928,230	192,970	272,650	3,466,523	4,200,880
Net Position						
Net Investment in Capital Assets	12,529,859	11,889,122	16,311,168	16,265,408	28,841,027	28,154,530
Restricted	2,731,317	2,206,966	-	-	2,731,317	2,206,966
Unrestricted	(2,981,559)	(3,820,961)	2,731,440	2,309,054	(250,119)	(1,511,907)
Total Net Position	\$ 12,279,617	\$ 10,275,127	\$ 19,042,608	\$ 18,574,462	\$ 31,322,225	\$ 28,849,589

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (250,119)
Less unrestricted deficit in net position resulting from recognition of the net pension liability, including the deferred outflows and deferred inflows related to pensions	<u>16,245,055</u>
Unrestricted net position, exclusive of the net pension liability effect	<u><u>\$ 15,994,936</u></u>

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

- The decrease in net capital assets in the amount of \$72,419 in the governmental activities.
- The decrease in net capital assets in the amount of \$1,759,431 in the business-type activities.
- The principal retirement and change in compensated absences of \$706,780 of long-term debt in the governmental activities and a principal retirement of \$1,802,110 in the business-type activities.

Changes in net position

The City's total revenues for the fiscal years ended September 30, 2020 and September 30, 2019 were \$23,955,792 and \$22,604,656, respectively. The total cost of all programs and services was \$21,483,156 for 2020 and \$18,856,132 for 2019.

Table 2 presents a summary of the changes in net position for the fiscal years ended September 30, 2020 and September 30, 2019.

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Table 2						
Changes in the City of Corinth's Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for Services	\$ 1,260,313	\$ 702,779	\$ 5,874,550	\$ 5,830,535	\$ 7,134,863	\$ 6,533,314
Operating Grants and Contributions	2,487,095	1,167,954	-	-	2,487,095	1,167,954
Capital Grants and Contributions	1,370,576	2,051,108	-	-	1,370,576	2,051,108
General Revenues:						
Sales Taxes	7,915,484	7,719,430	-	-	7,915,484	7,719,430
Property Taxes	3,365,948	3,944,014	-	-	3,365,948	3,944,014
Other	1,565,823	1,107,297	116,003	81,539	1,681,826	1,188,836
Total Revenues	17,965,239	16,692,582	5,990,553	5,912,074	23,955,792	22,604,656
Expenses						
General Government	2,194,506	2,013,699	-	-	2,194,506	2,013,699
Public Safety	5,990,904	5,997,448	-	-	5,990,904	5,997,448
Public Works	5,438,336	2,773,212	-	-	5,438,336	2,773,212
Culture and Recreation	1,398,056	1,927,566	-	-	1,398,056	1,927,566
Sewer	-	-	2,959,037	2,994,804	2,959,037	2,994,804
Solid Waste	-	-	1,604,440	1,557,063	1,604,440	1,557,063
Pension Expense	1,260,727	914,459	-	-	1,260,727	914,459
Interest on Long-Term Debt	207,174	214,409	429,976	463,472	637,150	677,881
Total Expenses	16,489,703	13,840,793	4,993,453	5,015,339	21,483,156	18,856,132
Excess (deficiency) before Transfers	1,475,536	2,851,789	997,100	896,735	2,472,636	3,748,524
Transfers	528,954	85,485	(528,954)	(85,485)	-	-
Increase (Decrease) in Net Position	2,004,490	2,937,274	468,146	811,250	2,472,636	3,748,524
Net Position-Beginning, as previously stated	10,275,127	7,337,853	18,574,462	17,765,801	28,849,589	25,103,654
Prior Period Adjustment	-	-	-	(2,589)	-	(2,589)
Net Position-Beginning, as restated	10,275,127	7,337,853	18,574,462	17,763,212	28,849,589	25,101,065
Net Position-Ending	\$ 12,279,617	\$ 10,275,127	\$ 19,042,608	\$ 18,574,462	\$ 31,322,225	\$ 28,849,589

Governmental activities

Governmental activities increased the City's net position by \$2,004,490. The largest funding sources for the City's governmental activities, as a percent of total revenues, are sales taxes of \$7,915,484, or 44.06%, property taxes of \$3,365,948, or 18.73%, and operating grants and contributions of \$2,487,095, or 13.84%. The largest expense categories for the City's governmental activities are public safety (36.33%), public works (32.98%), and culture and recreation (8.48%).

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Business-type activities

Business-type activities increased the City's net position by \$468,146. Charges for services are the major revenue categories for the proprietary funds. The business-type activities revenues are comprised of \$4,144,790 for the sewer system and \$1,729,760 for the sanitation fund.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$11,763,453, an increase of \$965,603 from the prior year. \$8,706,833 or 74.02% of the fund balance constitutes unassigned fund balance, which is available for spending at the City's discretion. The remaining fund balance of \$3,056,620, or 25.98% is either nonspendable, restricted, committed, or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed, or assigned.

The General Fund is the principal operating fund of the City. The increase in fund balance in the General Fund for the fiscal year was \$542,518, or 6.55%. The increase in fund balance in the FEMA Fund for the fiscal year was \$481, or 100.00%. The increase in the fund balance in the Municipal Bond and Interest Fund for the fiscal year was \$46,230, or 12.13%. The fund balance of Other Governmental Funds showed an increase in the amount of \$376,374, or 17.64%.

Proprietary Funds. The focus of the City's proprietary funds is the same as is provided in the government-wide financial statements, only in more detail. Unrestricted net position of the Sewer System Fund at year-end amounted to \$3,496,494. The increase in net position amounted to \$336,142. Unrestricted net position of the Sanitation Enterprise Fund at year-end amounted to (\$765,054). The increase in net position amounted to \$132,004.

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of September 30, 2020, the City's total capital assets were \$93,945,533, including land, buildings, construction in progress, infrastructure, and equipment. This amount represents an increase of \$601,144 from the previous year, due primarily to additions to construction in progress. Total accumulated depreciation as of September 30, 2020, was \$35,535,057, and total depreciation expense for the year was \$2,558,685, resulting in total net capital assets of \$58,410,476.

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Table 3

	City's Capital Assets, Net of Accumulated Depreciation					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 753,442	\$ 753,442	\$ 62,493	\$ 62,493	\$ 815,935	\$ 815,935
Construction in Progress	892,348	230,773	-	-	892,348	230,773
Buildings	6,761,524	6,761,524	-	-	6,761,524	6,761,524
Infrastructure - Streets	15,062,310	15,062,310	-	-	15,062,310	15,062,310
Mobile Equipment	4,319,517	4,429,948	2,761,522	2,729,522	7,081,039	7,159,470
Furniture and Equipment	639,390	621,390	534,940	534,940	1,174,330	1,156,330
Sewer plant and buildings	-	-	62,158,047	62,158,047	62,158,047	62,158,047
Less: Accumulated Depreciation	(9,193,365)	(8,551,802)	(26,341,692)	(24,550,261)	(35,535,057)	(33,102,063)
Total	\$ 19,235,166	\$ 19,307,585	\$ 39,175,310	\$ 40,934,741	\$ 58,410,476	\$ 60,242,326

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

Debt Administration. At September 30, 2020, the City had \$30,008,466 in outstanding long-term debt, of which \$2,548,531 is due within one year. The liability for compensated absences increased \$9,457 from the prior year.

Table 4

	City's Outstanding Long-Term Debt					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds payable	\$ 5,059,000	\$ 5,290,000	\$ -	\$ -	\$ 5,059,000	\$ 5,290,000
Other loans payable	1,399,851	1,711,760	22,795,567	24,541,438	24,195,418	26,253,198
Capital leases payable	246,456	416,703	68,575	127,895	315,031	544,598
Compensated absences payable	385,042	378,666	53,975	50,894	439,017	429,560
Total	\$ 7,090,349	\$ 7,797,129	\$ 22,918,117	\$ 24,720,227	\$ 30,008,466	\$ 32,517,356

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

CURRENT ISSUES

The City of Corinth, Mississippi is financially stable.

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

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF CORINTH, MISSISSIPPI
Statement of Net Position
September 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 10,879,154	\$ 5,359,149	\$ 16,238,303
Property taxes receivable	2,633,163	-	2,633,163
Accounts receivable	-	502,984	502,984
Intergovernmental receivables	1,211,379	-	1,211,379
Fines receivable (net of allowance for uncollectibles of \$1,082,639)	1,633,958	-	1,633,958
Other receivables	101,044	-	101,044
Internal Balances	1,567	(1,567)	-
Capital assets, non-depreciable:			
Land	753,442	62,493	815,935
Construction in progress	892,348	-	892,348
Capital assets, net of accumulated depreciation			
Sewer plant and buildings		38,576,577	38,576,577
Buildings	4,286,622	-	4,286,622
Infrastructure	12,075,163	-	12,075,163
Mobile equipment	1,088,373	498,962	1,587,335
Furniture and equipment	139,218	37,278	176,496
Total Assets	<u>35,695,431</u>	<u>45,035,876</u>	<u>80,731,307</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	725,969	407,560	1,133,529
Total Deferred Outflows of Resources	<u>725,969</u>	<u>407,560</u>	<u>1,133,529</u>
LIABILITIES			
Accounts payable	273,555	21,168	294,723
Accrued liabilities	141,394	17,861	159,255
Amounts held in custody for others	14,742	-	14,742
Accrued interest payable	19,344	34,334	53,678
Long-term liabilities			
Net pension liability	13,328,846	3,216,378	16,545,224
Due within one year:			
Capital debt	742,467	1,806,064	2,548,531
Due in more than one year:			
Capital debt	5,962,840	21,058,078	27,020,918
Non-capital debt	385,042	53,975	439,017
Total Liabilities	<u>20,868,230</u>	<u>26,207,858</u>	<u>47,076,088</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	640,390	192,970	833,360
Property taxes for future reporting period	2,633,163	-	2,633,163
Total Deferred Inflows of Resources	<u>3,273,553</u>	<u>192,970</u>	<u>3,466,523</u>
NET POSITION			
Net investment in capital assets	12,529,859	16,311,168	28,841,027
Restricted:			
Expendable:			
Debt service	408,040	-	408,040
Public safety	268,010	-	268,010
Public works	1,126,830	-	1,126,830
Culture and recreation	928,437	-	928,437
Unrestricted	(2,981,559)	2,731,440	(250,119)
Total Net Position	<u>\$ 12,279,617</u>	<u>\$ 19,042,608</u>	<u>\$ 31,322,225</u>

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

CITY OF CORINTH, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Operating	Capital	Primary Government		
Functions/Programs	Expenses	Charges for	Grants and	Grants and	Governmental	Business-type	Total
		Services	Contributions	Contributions	Activities	Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,194,506	174,000	631,032	-	(1,389,474)		(1,389,474)
Public safety	5,990,904	1,078,173	197,754	-	(4,714,977)		(4,714,977)
Public works	5,438,336	8,140	1,658,309	1,357,486	(2,414,401)		(2,414,401)
Culture and recreation	1,398,056	-	-	13,090	(1,384,966)		(1,384,966)
Interest on long-term debt	207,174	-	-	-	(207,174)		(207,174)
Pension expense	1,260,727	-	-	-	(1,260,727)		(1,260,727)
Total Governmental Activities	16,489,703	1,260,313	2,487,095	1,370,576	(11,371,719)		(11,371,719)
Business-type activities:							
Sewer	2,959,037	4,144,790	-	-	-	1,185,753	1,185,753
Solid waste	1,604,440	1,729,760	-	-	-	125,320	125,320
Interest on long-term debt	429,976	-	-	-	-	(429,976)	(429,976)
Total Business-Type Activities	4,993,453	5,874,550	-	-	-	881,097	881,097
Total Primary Government	\$ 21,483,156	7,134,863	2,487,095	1,370,576	(11,371,719)	881,097	(10,490,622)
General revenues and transfers							
Taxes:					\$		
Property					3,365,948	-	3,365,948
Sales					7,915,484	-	7,915,484
Franchise					434,349	-	434,349
Gasoline					13,564	-	13,564
Pro-rata road					208,861	-	208,861
In-lieu of taxes					181,381	-	181,381
Homestead reimbursement					286,932	-	286,932
Other permits and taxes					134,162	-	134,162
Grants and contributions not restricted to specific programs					7,267	-	7,267
Investment earnings					133,660	75,931	209,591
Gain (loss) on sale of capital assets					31,213	40	31,253
Other					134,434	40,032	174,466
Transfers					528,954	(528,954)	-
Total General revenues and transfers					13,376,209	(412,951)	12,963,258
Changes in Net Position					2,004,490	468,146	2,472,636
Net Position - Beginning					10,275,127	18,574,462	28,849,589
Net Position - Ending					\$ 12,279,617	19,042,608	31,322,225

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

CITY OF CORINTH, MISSISSIPPI
Balance Sheet - Governmental Funds
September 30, 2020

	Major Fund				
	General Fund	FEMA Fund	Municipal Bond and Interest Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 7,937,659	\$ 481	\$ 421,906	\$ 2,519,108	\$ 10,879,154
Property taxes receivable	2,126,786	-	389,521	116,856	2,633,163
Intergovernmental receivables	981,126	-	5,478	224,775	1,211,379
Fines receivable (net of allowance for uncollectible of \$1,082,639)	1,633,958	-	-	-	1,633,958
Other receivables	101,044	-	-	-	101,044
Due from other funds	4,000	-	-	-	4,000
Total Assets	<u>\$ 12,784,573</u>	<u>\$ 481</u>	<u>\$ 816,905</u>	<u>\$ 2,860,739</u>	<u>\$ 16,462,698</u>
Liabilities:					
Accounts payable	\$ 39,449	\$ -	\$ -	\$ 234,106	\$ 273,555
Accrued liabilities	141,394	-	-	-	141,394
Amounts held in custody for others	14,742	-	-	-	14,742
Due to other funds	2,433	-	-	-	2,433
Total Liabilities	<u>198,018</u>	<u>-</u>	<u>-</u>	<u>234,106</u>	<u>432,124</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	2,126,786	-	389,521	116,856	2,633,163
Unavailable revenue - fines	1,633,958	-	-	-	1,633,958
Total Deferred Inflows of Resources	<u>3,760,744</u>	<u>-</u>	<u>389,521</u>	<u>116,856</u>	<u>4,267,121</u>
Fund Balances:					
Restricted:					
Public safety	-	-	-	268,010	268,010
Public works	-	481	-	1,126,349	1,126,830
Culture and recreation	-	-	-	928,437	928,437
Debt service	-	-	427,384	-	427,384
Committed:					
Culture and recreation	-	-	-	305,959	305,959
Unassigned	8,825,811	-	-	(118,978)	8,706,833
Total Fund Balances	<u>8,825,811</u>	<u>481</u>	<u>427,384</u>	<u>2,509,777</u>	<u>11,763,453</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 12,784,573</u>	<u>\$ 481</u>	<u>\$ 816,905</u>	<u>\$ 2,860,739</u>	<u>\$ 16,462,698</u>

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

CITY OF CORINTH, MISSISSIPPI
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2020

	<u>Amount</u>
Total fund balances for governmental funds	\$ 11,763,453
Amounts reported for governmental activities in the statement of net position are different because:	
1. Certain assets are not available to pay current period expenditures and therefore are not reported in the funds but are reported in the Statement of Net Position.	1,633,958
2. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Land	753,442
Construction in progress	892,348
Buildings	6,761,524
Infrastructure - Streets	15,062,310
Mobile equipment	4,319,517
Furniture and equipment	639,390
Accumulated depreciation	<u>(9,193,365)</u>
	19,235,166
3. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(13,328,846)
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	725,969
Deferred inflows of resources related to pensions	<u>(640,390)</u>
	(13,243,267)
4. Long-term liabilities and related accrued interest are not due and payable in the current period and, therefore, are not reported in the funds:	
General obligation bonds payable	(5,059,000)
Other loans payable	(1,399,851)
Capital leases payable	(246,456)
Compensated absences payable	(385,042)
Accrued interest payable	<u>(19,344)</u>
	(7,109,693)
Net position of governmental activities	\$ <u><u>12,279,617</u></u>

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

CITY OF CORINTH, MISSISSIPPI
Statement of Revenues, Expenditures and Changes in Fund Balances-
Governmental Funds
For the Year Ended September 30, 2020

	Major Funds			Other	Total
	General	FEMA	Municipal	Governmental	Governmental
	Fund	Fund	Bond and	Funds	Funds
			Interest Fund		
Revenues:					
Property taxes	\$ 2,738,141	\$ -	\$ 482,985	\$ 144,822	\$ 3,365,948
Licenses and permits	568,511	-	-	-	568,511
Intergovernmental revenues	7,994,652	1,658,309	40,171	2,778,028	12,471,160
Charges for services	187,784	-	-	-	187,784
Fines and forfeitures	282,551	-	-	-	282,551
Miscellaneous revenues	237,232	482	4,251	26,129	268,094
Total Revenues	<u>12,008,871</u>	<u>1,658,791</u>	<u>527,407</u>	<u>2,948,979</u>	<u>17,144,048</u>
Expenditures:					
Current:					
General government	2,139,366	-	85,897	-	2,225,263
Public safety	6,564,153	-	-	24,017	6,588,170
Public works	1,936,639	2,231,836	-	1,568,525	5,737,000
Culture and recreation	-	-	-	1,398,056	1,398,056
Debt service:					
Principal	387,734	-	2,285,000	94,422	2,767,156
Interest	33,312	-	162,178	16,539	212,029
Other	-	-	2,102	-	2,102
Total Expenditures	<u>11,061,204</u>	<u>2,231,836</u>	<u>2,535,177</u>	<u>3,101,559</u>	<u>18,929,776</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>947,667</u>	<u>(573,045)</u>	<u>(2,007,770)</u>	<u>(152,580)</u>	<u>(1,785,728)</u>
Other Financing Sources (Uses):					
Proceeds from sale of capital assets	168,377	-	-	-	168,377
Proceeds from loan	-	-	2,054,000	-	2,054,000
Operating transfers in	-	573,526	-	528,954	1,102,480
Operating transfers out	(573,526)	-	-	-	(573,526)
Total Other Financing Sources (Uses)	<u>(405,149)</u>	<u>573,526</u>	<u>2,054,000</u>	<u>528,954</u>	<u>2,751,331</u>
Net Change in Fund Balances	<u>542,518</u>	<u>481</u>	<u>46,230</u>	<u>376,374</u>	<u>965,603</u>
Fund Balances:					
October 1, 2019	<u>8,283,293</u>	<u>-</u>	<u>381,154</u>	<u>2,133,403</u>	<u>10,797,850</u>
September 30, 2020	<u>\$ 8,825,811</u>	<u>\$ 481</u>	<u>\$ 427,384</u>	<u>\$ 2,509,777</u>	<u>\$ 11,763,453</u>

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

CITY OF CORINTH, MISSISSIPPI
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended September 30, 2020

	<u>Amount</u>
Net change in fund balances - total governmental funds	\$ 965,603
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	\$ 831,999
Depreciation expense	<u>(767,254)</u>
	64,745
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.	(137,164)
3. In the statement of activities, revenues related to court fines receivable are reported; however, these revenues do not provide current financial resources and are not reported as revenues in the funds.	789,978
4. This issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position:	
Proceeds from the issuance of long-term debt	(2,054,000)
Payments of debt principal	2,767,156
Accrued interest payable	<u>6,957</u>
	720,113
5. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as revenues/expenditures in the governmental funds. These activities include:	
Pension expense for the current year	(1,260,727)
Contributions made in the current year	<u>868,318</u>
	(392,409)
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	<u>(6,376)</u>
Change in net position of governmental activities	\$ <u><u>2,004,490</u></u>

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

CITY OF CORINTH, MISSISSIPPI
Statement of Net Position
Proprietary Funds
September 30, 2020

	Business-type Activities Proprietary Funds		
	Sewer System Fund	Sanitation Enterprise Fund	Totals
Assets:			
Current assets:			
Cash and cash equivalents	\$ 4,664,481	\$ 694,668	\$ 5,359,149
Accounts receivable	358,943	144,041	502,984
Due from other funds	-	2,433	2,433
Total current assets	<u>5,023,424</u>	<u>841,142</u>	<u>5,864,566</u>
Noncurrent assets:			
Capital assets:			
Land	17,500	44,993	62,493
Sewer plant and buildings	62,158,047	-	62,158,047
Mobile equipment	1,115,452	1,646,070	2,761,522
Furniture and equipment	531,212	3,728	534,940
Less accumulated depreciation	(25,051,438)	(1,290,254)	(26,341,692)
Total net capital assets	<u>38,770,773</u>	<u>404,537</u>	<u>39,175,310</u>
Total noncurrent assets	<u>38,770,773</u>	<u>404,537</u>	<u>39,175,310</u>
Total assets	<u>43,794,197</u>	<u>1,245,679</u>	<u>45,039,876</u>
Deferred outflows of resources:			
Deferred outflow - pension	217,102	190,458	407,560
Total deferred outflows of resources	<u>217,102</u>	<u>190,458</u>	<u>407,560</u>
Total assets and deferred outflows of resources	<u>\$ 44,011,299</u>	<u>\$ 1,436,137</u>	<u>\$ 45,447,436</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 21,168	\$ -	\$ 21,168
Accrued liabilities	8,491	9,370	17,861
Due to other funds	4,000	-	4,000
Accrued interest payable	34,334	-	34,334
Capital leases, due within one year	-	27,705	27,705
Notes payable, due within one year	1,778,359	-	1,778,359
Total current liabilities	<u>1,846,352</u>	<u>37,075</u>	<u>1,883,427</u>
Noncurrent liabilities:			
Compensated absences payable	32,595	21,380	53,975
Capital leases, due in more than one year	-	40,870	40,870
Notes payable, due in more than one year	21,017,208	-	21,017,208
Net pension liability	1,578,533	1,637,845	3,216,378
Total noncurrent liabilities	<u>22,628,336</u>	<u>1,700,095</u>	<u>24,328,431</u>
Total liabilities	<u>24,474,688</u>	<u>1,737,170</u>	<u>26,211,858</u>
Deferred inflows of resources:			
Deferred inflow - pension	64,911	128,059	192,970
Total deferred inflows of resources	<u>64,911</u>	<u>128,059</u>	<u>192,970</u>
Net position:			
Net investment in capital assets	15,975,206	335,962	16,311,168
Unrestricted	3,496,494	(765,054)	2,731,440
Total net position	<u>19,471,700</u>	<u>(429,092)</u>	<u>19,042,608</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 44,011,299</u>	<u>\$ 1,436,137</u>	<u>\$ 45,447,436</u>

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

CITY OF CORINTH, MISSISSIPPI
Statements of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2020

	Business-type Activities Proprietary Funds		
	Sewer System Fund	Sanitation Enterprise Fund	Totals
Operating revenues:			
Charges for services	\$ 4,144,790	\$ 1,729,760	\$ 5,874,550
Total operating revenues	<u>4,144,790</u>	<u>1,729,760</u>	<u>5,874,550</u>
Operating expenses:			
Salaries and benefits	480,551	710,408	1,190,959
Materials and supplies	236,753	155,221	391,974
Repairs and maintenance	58,443	9,844	68,287
Other operating expenses	481,487	639,339	1,120,826
Depreciation and amortization	1,701,803	89,628	1,791,431
Total operating expenses	<u>2,959,037</u>	<u>1,604,440</u>	<u>4,563,477</u>
Operating income	<u>1,185,753</u>	<u>125,320</u>	<u>1,311,073</u>
Nonoperating revenues (expenses):			
Gain (loss) on sale of capital assets	-	40	40
Miscellaneous revenues	1,632	-	1,632
Interest income	66,132	9,799	75,931
Insurance reimbursement	38,400	-	38,400
Interest expense	(426,821)	(3,155)	(429,976)
Operating transfer out	(528,954)	-	(528,954)
Total nonoperating revenues (expenses)	<u>(849,611)</u>	<u>6,684</u>	<u>(842,927)</u>
Change in net position	336,142	132,004	468,146
Net position - beginning	<u>19,135,558</u>	<u>(561,096)</u>	<u>18,574,462</u>
Net position - ending	<u>\$ 19,471,700</u>	<u>\$ (429,092)</u>	<u>\$ 19,042,608</u>

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

CITY OF CORINTH, MISSISSIPPI
Statement of Cash Flows-
Proprietary Funds
For the Year Ended September 30, 2020

	Business-type Activities Proprietary Funds		
	Sewer System Fund	Sanitation Enterprise Fund	Totals
Cash flows from operating activities:			
Cash receipts from customers	\$ 4,164,636	\$ 1,730,359	\$ 5,894,995
Cash payments to suppliers for goods and services	(238,554)	(155,221)	(393,775)
Cash payments to employees for services	(450,936)	(671,898)	(1,122,834)
Cash payments to vendors for other services and charges	(539,930)	(649,183)	(1,189,113)
Net cash provided (used) by operating activities	<u>2,935,216</u>	<u>254,057</u>	<u>3,189,273</u>
Cash flows from noncapital financing activities:			
Cash receipts from other revenue	1,632	-	1,632
Payment of transfers to other funds	(528,954)	-	(528,954)
Net cash provided (used) by noncapital financing activities	<u>(527,322)</u>	<u>-</u>	<u>(527,322)</u>
Cash flows from capital and related financing activities:			
Proceeds from sale of assets	-	40	40
Principal paid on long-term debt	(1,745,871)	(59,320)	(1,805,191)
Interest paid on debt	(429,505)	(3,155)	(432,660)
Acquisition of capital assets	(16,000)	(16,000)	(32,000)
Net cash provided (used) by capital and related financing activities	<u>(2,191,376)</u>	<u>(78,435)</u>	<u>(2,269,811)</u>
Cash flows from investing activities:			
Insurance proceeds	38,400	-	38,400
Interest received on investments	66,132	9,799	75,931
Net cash provided (used) by investing activities	<u>104,532</u>	<u>9,799</u>	<u>114,331</u>
Net increase (decrease) in cash and cash equivalents	321,050	185,421	506,471
Cash and cash equivalents at beginning of year	4,343,431	509,247	4,852,678
Cash and cash equivalents at end of year	<u>\$ 4,664,481</u>	<u>\$ 694,668</u>	<u>\$ 5,359,149</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 1,185,753	\$ 125,320	\$ 1,311,073
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	1,701,803	89,628	1,791,431
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	19,846	599	20,445
(Increase) decrease in deferred outflows - pensions	(14,828)	(22,328)	(37,156)
Increase (decrease) in accounts payable	(1,801)	-	(1,801)
Increase (decrease) in accrued liabilities	3,701	3,172	6,873
Increase (decrease) in compensated absences payable	1,852	1,229	3,081
Increase (decrease) in deferred inflows - pensions	(32,958)	(46,722)	(79,680)
Increase (decrease) in net pension liability	71,848	103,159	175,007
Total adjustments	<u>1,749,463</u>	<u>128,737</u>	<u>1,878,200</u>
Net cash provided (used) by operating activities	<u>\$ 2,935,216</u>	<u>\$ 254,057</u>	<u>\$ 3,189,273</u>

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

CITY OF CORINTH, MISSISSIPPI
Statement of Fiduciary Net Position
September 30, 2020

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 22,148	\$ 49,454
Total Assets	<u>22,148</u>	<u>\$ 49,454</u>
Liabilities		
Amounts held for others	-	\$ 49,454
Total Liabilities	-	<u>\$ 49,454</u>
Net Position		
Held in trust	<u>22,148</u>	
Total Net Position	<u>\$ 22,148</u>	

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

CITY OF CORINTH, MISSISSIPPI
Statement of Changes in Fiduciary Net Position
September 30, 2020

	<u>Private-Purpose Trust Funds</u>
Additions	
Interest income	\$ 282
Lot sales	<u>7,000</u>
Total Additions	<u>7,282</u>
Deductions	
Other	<u>4,131</u>
Total Deductions	<u>4,131</u>
Change in Net Position	<u>3,151</u>
Net Position	
October 1, 2019	<u>18,997</u>
September 30, 2020	\$ <u><u>22,148</u></u>

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

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

Note 1 - Summary of Significant Accounting Policies

Except as described below under “A. Financial Reporting Entity”, the accompanying financial statements of the City of Corinth, Mississippi, have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the City’s accounting policies are described below.

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

A. Financial Reporting Entity

These financial statements present the City’s primary government only. Management has chosen to omit from these financial statements the following component units, which have a significant operational or financial relationship with the City. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the City of Corinth, Mississippi, and the changes in its financial position and its cash flows, where applicable, as of and for the year ended September 30, 2020, in conformity with accounting principles generally accepted in the United States of America.

Corinth Utility Commission

Corinth Library Commission

B. Basis of Presentation

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

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

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

C. Measurement Focus and Basis of Accounting

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

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

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

The City reports the following major governmental funds:

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

FEMA Fund – This fund accounts for grant funds received for debris cleanup as a result of Tropical Storm Olga.

Municipal Bond and Interest Fund – This fund accounts for the accumulation of resources for and the payment of general long-term debt principal, interest, and related costs.

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

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

GOVERNMENTAL FUNDS

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

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

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

FIDUCIARY FUNDS

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

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

PROPRIETARY FUNDS

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

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

D. Capital Assets

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

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

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

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

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

E. Long-Term Liabilities and Bond Discounts/Premiums

In the government-wide financial statements and proprietary fund types in the fund financial statements, outstanding debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond discounts or premiums, and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. See Note 6 for details.

F. Encumbrances

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

G. Cash and Other Deposits

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

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

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

H. Allowance for Doubtful Accounts

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

I. Compensated Absences

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

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

J. Statement of Cash Flows

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

K. Equity Classifications

Government-Wide Financial Statements:

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

1. Net Investment in capital assets – Consists of capital assets including restricted assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, constructions or improvement of those assets.

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

2. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Governmental Financial Statements:

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

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

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

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

Assigned fund balance. This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes but are neither restricted nor committed. The City Board and City Clerk have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. No amounts have been assigned as of September 30, 2020.

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

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

L. Inter-fund Transactions and Balances

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

M. Property Tax Revenues

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

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

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

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

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

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

N. Intergovernmental Revenues in Governmental Funds

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

O. Estimates

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

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has five types of deferred outflows all related to the City's pension: (1) differences between expected and actual experience, (2) net difference between projected and actual earnings on pension plan investments, (3) changes of assumptions, (4) changes in the proportion and differences between the City's contributions and proportionate share of contributions, and (5) City contributions subsequent to the measurement date. See Note 10 for further details related to pensions.

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

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

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

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

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

Q. Pensions

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

R. Reporting Changes

Effective for fiscal year 2020 reporting, the City adopted the following new standard issued by the Governmental Accounting Standards Board (GASB):

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Note 2 - Cash and Other Deposits

Deposits:

The carrying amount of the City's total deposits with financial institutions at September 30, 2020, was \$16,309,905, and the bank balance was \$17,528,272. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City. As of September 30, 2020, none of the City's bank balance of \$17,528,272 was exposed to custodial credit risk.

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

Interest Rate Risk. The City 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.

Note 3 - Interfund Transactions and Balances

The following is a summary of inter-fund transactions and balances at September 30, 2020:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Sewer System Fund	4,000
Sanitation Enterprise Fund	General Fund	2,433
Total		<u>\$ 6,433</u>

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

B. Transfers In/Out:

Transfers In	Transfers Out	Amount
FEMA Fund	General Fund	\$ 573,526
Other Governmental Funds	Sewer System Fund	528,954
Total		<u>\$ 1,102,480</u>

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

Note 4 - Intergovernmental Receivables

Intergovernmental receivables at September 30, 2020 consisted of the following:

Governmental Activities:

Description	Amount
Due From State - Sales Tax	\$ 547,362
Due From State - Tourism Tax	107,882
Due From State - Grant Reimbursements	23,615
Due From State - Liquor Privilege Tax	1,575
Due From Alcorn County - Ad Valorem Taxes	40,953
Due From Corinth Housing Authority - In Lieu of Taxes	33,413
Due From Federal - FAA Grant	26,467
Due From Federal - CARES Act Grant	341,329
Due From Federal - CDBG Grant	85,720
Due From State - MDOT	3,063
Total Governmental Activities	<u>\$ 1,211,379</u>

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

Note 5 - Capital Assets

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

	Balance 10/1/2019	Additions	Retirements	Adjustments/ Completed Construction	Balance 9/30/2020
<u>Governmental Activities</u>					
<u>Non-depreciable capital assets</u>					
Land	\$ 753,442	\$ -	\$ -	\$ -	\$ 753,442
Construction in progress	230,773	661,575	-	-	892,348
Total non-depreciable capital assets	984,215	661,575	-	-	1,645,790
<u>Depreciable capital assets:</u>					
Buildings	6,761,524	-	-	-	6,761,524
Infrastructure - streets	15,062,310	-	-	-	15,062,310
Mobile equipment	4,429,948	152,424	262,855	-	4,319,517
Furniture and equipment	621,390	18,000	-	-	639,390
Total depreciable capital assets	26,875,172	170,424	262,855	-	26,782,741
<u>Less accumulated depreciation</u>					
Buildings	2,355,546	119,356	-	-	2,474,902
Infrastructure - streets	2,561,794	425,353	-	-	2,987,147
Mobile equipment	3,149,441	207,394	125,691	-	3,231,144
Furniture and equipment	485,021	15,151	-	-	500,172
Total accumulated depreciation	8,551,802	767,254	125,691	-	9,193,365
Total depreciable capital assets, net	18,323,370	(596,830)	137,164	-	17,589,376
Total Governmental activities capital assets, net	<u>\$ 19,307,585</u>	<u>\$ 64,745</u>	<u>\$ 137,164</u>	<u>\$ -</u>	<u>\$ 19,235,166</u>

Depreciation expense was charged to the following governmental functions:

General Government	\$ 79,603
Public Safety	233,756
Public Works	453,895
Total governmental activities depreciation expense	<u>\$ 767,254</u>

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

The following is a summary of changes in business-type activities capital assets during the fiscal year:

	Balance 10/1/2019	Additions	Retirements	Adjustments/ Completed Construction	Balance 9/30/2020
<u>Business-type Activities</u>					
<u>Non-depreciable capital assets</u>					
Land	\$ 62,493	\$ -	\$ -	\$ -	\$ 62,493
Total non-depreciable capital assets	62,493	-	-	-	62,493
<u>Depreciable capital assets:</u>					
Sewer plant and buildings	62,158,047	-	-	-	62,158,047
Mobile equipment	2,729,522	32,000	-	-	2,761,522
Furniture and equipment	534,940	-	-	-	534,940
Total depreciable capital assets	65,422,509	32,000	-	-	65,454,509
<u>Less accumulated depreciation</u>					
Sewer plant and buildings	21,927,628	1,653,842	-	-	23,581,470
Mobile equipment	2,133,256	129,304	-	-	2,262,560
Furniture and equipment	489,377	8,285	-	-	497,662
Total accumulated depreciation	24,550,261	1,791,431	-	-	26,341,692
Total depreciable capital assets, net	40,872,248	(1,759,431)	-	-	39,112,817
Total Business-type activities capital assets, net	\$ 40,934,741	\$ (1,759,431)	\$ -	\$ -	\$ 39,175,310

Adjustments were made to capital assets to remove old equipment scrapped in the prior year and a building that was below the threshold to capitalize.

Depreciation expense was charged to the following business-type functions:

Sewer	\$ 1,701,803
Solid Waste	89,628
Total business-type activities depreciation expense	\$ 1,791,431

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

Note 6 - Long-Term Debt

The following is a summary of changes in long-term debt of the City's governmental activities for the year ended September 30, 2020:

	10/1/2019	Additions	Reductions	9/30/2020	Amounts due within one year
A. General Obligation Bonds Payable	\$ 5,290,000	\$ 2,054,000	\$ 2,285,000	\$ 5,059,000	\$ 351,000
B. Other Loans Payable	1,711,760	-	311,909	1,399,851	313,362
C. Capital Leases	416,703	-	170,247	246,456	78,105
D. Compensated Absences Payable	378,666	6,376	-	385,042	-
Total	<u>\$ 7,797,129</u>	<u>\$ 2,060,376</u>	<u>\$ 2,767,156</u>	<u>\$ 7,090,349</u>	<u>\$ 742,467</u>

A. General Obligation Bonds

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Series 2020	2.00-2.20	1/8/2020	12/1/2029	\$ 2,054,000	\$ 2,054,000
Series 2013	3.30-3.50%	12/19/2013	12/1/2028	1,600,000	1,150,000
Series 2018	3.25-3.50%	2/1/2018	2/1/2038	2,000,000	1,855,000
				<u>\$ 5,654,000</u>	<u>\$ 5,059,000</u>

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

Years Ending September 30,	Principal	Interest	Total
2021	\$ 351,000	\$ 132,407	\$ 483,407
2022	370,000	123,147	493,147
2023	383,000	113,742	496,742
2024	395,000	104,012	499,012
2025	402,000	93,936	495,936
2026-2030	2,193,000	293,015	2,486,015
2031-2035	575,000	108,806	683,806
2036-2038	390,000	19,259	409,259
Total	<u>\$ 5,059,000</u>	<u>\$ 988,324</u>	<u>\$ 6,047,324</u>

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

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

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
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Current Refunding – On January 8, 2020, the City issued \$2,054,000 in general obligation refunding bonds with an average interest rate of 2.00-2.20% to refund \$1,960,000 of the following outstanding bond issue:

Issue	Average Interest Rate	Outstanding Amount Refunded
Series 2009 G.O. Bonds	3.30 - 4.70%	\$ 1,960,000

The City refunded the above bonds to reduce its total debt service payments over the next 10 years by almost \$111,591 and to obtain an economic gain of \$100,990.

B. Other Loans

Other loans payable consists of the following:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
CAP Loan	3.00%	11/1/2010	11/1/2030	\$ 411,265	\$ 235,948
CAP Loan	2.00%	8/1/2018	8/1/2038	1,000,000	913,903
Street Note	2.75%	7/1/2019	7/1/2021	500,000	250,000
				\$ 1,911,265	\$ 1,399,851

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

Years Ending September 30,	Principal	Interest	Total
2021	\$ 313,362	\$ 31,590	\$ 344,952
2022	64,850	23,226	88,076
2023	66,375	21,702	88,077
2024	67,937	20,140	88,077
2025	69,537	18,539	88,076
2026-2030	373,101	67,281	440,382
2031-2035	273,644	30,833	304,477
2036-2038	171,045	4,918	175,963
Total	\$ 1,399,851	\$ 218,229	\$ 1,618,080

The 2010 CAP Loan was issued to provide funds for the construction of a new fire station. The debt will be retired from the Municipal Fire Protection Fund. The 2019 CAP Loan was issued to provide matching funds for The EDA Drainage Project. The debt will be retired from the Municipal Reserve Fund. The Street Note was for street improvement. The debt will be retired from the General Fund.

C. Capital Leases

Capital lease payable consists of the following:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Excavator	2.09%	10/16/2015	10/15/2020	\$ 64,676	1,134
Fire Truck	3.15%	10/22/2018	10/22/2023	386,213	245,322
				\$ 450,889	\$ 246,456

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

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

Years Ending September 30,	Principal	Interest	Total
2021	\$ 78,105	\$ 6,622	\$ 84,727
2022	79,432	4,159	83,591
2023	81,970	1,621	83,591
2024	6,949	18	6,967
Total	<u>\$ 246,456</u>	<u>\$ 12,420</u>	<u>\$ 258,876</u>

The capital leases were issued to provide funds for the purchase of equipment. The debt will be retired from the General Fund.

The following is a summary of changes in long-term debt of the City's business-type activities for the year ended September 30, 2020:

	Balance 10/1/2019	Additions	Reductions	Balance 9/30/2020	Amounts due within one year
A. Other Loans Payable	\$ 24,541,438	\$ -	\$ 1,745,871	\$ 22,795,567	\$ 1,778,359
B. Capital Lease Payable	127,895	-	59,320	68,575	27,705
C. Compensated Absences Payable	50,894	3,081	-	53,975	-
Total	<u>\$ 24,720,227</u>	<u>\$ 3,081</u>	<u>\$ 1,805,191</u>	<u>\$ 22,918,117</u>	<u>\$ 1,806,064</u>

A. Other Loans Payable.

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

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State Revolving Loan Fund Loan Payable	1.75%	5/22/2012	3/14/2034	\$ 20,250,866	\$ 15,111,404
State Revolving Loan Fund Loan Payable	2.00%	10/6/2006	12/1/2027	12,655,057	5,234,092
State Revolving Loan Fund Loan Payable	1.75%	8/8/2014	12/8/2036	<u>3,430,760</u>	<u>2,450,071</u>
				<u>\$ 36,336,683</u>	<u>\$ 22,795,567</u>

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

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

Year Ending September 30,	Principal	Interest	Total
2021	\$ 1,778,359	\$ 397,018	\$ 2,175,377
2022	1,811,455	363,922	2,175,377
2023	1,845,169	330,208	2,175,377
2024	1,879,513	295,863	2,175,376
2025	1,914,500	260,877	2,175,377
2026-2030	7,928,306	814,166	8,742,472
2031-2035	5,562,994	215,353	5,778,347
2036	75,271	329	75,600
Total	<u>\$ 22,795,567</u>	<u>\$ 2,677,736</u>	<u>\$ 25,473,303</u>

This debt will be retired from the Sewer System Fund.

B. Capital Leases Payable

Capital leases payable consists of the following:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Knuckle Boom Truck	3.35%	2/21/2018	2/16/2023	\$ 136,000	\$ 68,575

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

Year Ending September 30,	Principal	Interest	Total
2021	\$ 27,705	\$ 1,874	\$ 29,579
2022	28,648	932	29,580
2023	12,222	102	12,324
Total	<u>\$ 68,575</u>	<u>\$ 2,908</u>	<u>\$ 71,483</u>

The debt will be retired from the Sanitation Fund.

C. Compensated Absences Payable.

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

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

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

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

	Balance at 9/30/2020	City Share
Hospital Revenue Bonds, Series 2011 A	\$ <u>69,215,000</u>	\$ <u>31,146,750</u>

Note 8 - Property Taxes

The millage rate for the City for October 1, 2019, through September 30, 2020, was 95.0 mills, broken down as follows:

School: Public School Purposes	46.20	Mills
School: School Three Mill Notes	3.00	Mills
School: General Obligation Bonds	10.00	Mills
General Revenue and General Improvement	27.30	Mills
Corinth Library	1.50	Mills
Parks and Playgrounds	2.00	Mills
Municipal bond and Interest	5.00	Mills
Total	<u>95.00</u>	<u>Mills</u>

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

Note 9 - Joint Ventures

The City of Corinth is a participant with Alcorn County in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Corinth-Alcorn County Airport. The joint venture was created to provide an airport for the area and is governed by a five-member board of commissioners appointed as follows: Alcorn County, two; City of Corinth, two; jointly, one. The City contributed \$725,586, including the local match, federal, and state expenditures from grants, to support the operation of this joint venture during the year ended September 30, 2020. Complete financial statements for the Corinth-Alcorn County Airport can be obtained from the Corinth-Alcorn County Airport, 56 County Road 613, Corinth, MS 38834.

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

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

The City of Corinth is a participant with Alcorn County in a joint venture, authorized by Section 55-9-1, Miss. Code Ann. (1972), to operate the Corinth-Alcorn County Recreation Commission. The joint venture was created to provide recreational opportunities for the area and is governed by a five-member board. Each entity appoints two of the five board members, and the fifth is jointly appointed. The City contributed \$210,443 to support the operation of this joint venture during the year ended September 30, 2020. Complete financial statements for the Corinth-Alcorn County Recreation Commission can be obtained from Corinth-Alcorn County Recreation Commission, P.O. Box 1372, Corinth, MS 38835.

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

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

members. The joint venture is funded with one-half of a 2 percent sales tax on motel and food and beverage sales within the City of Corinth. Complete financial statements for the Corinth Area Convention and Visitors Bureau can be obtained from Corinth Area Convention and Visitors Bureau, P.O. Box 2158, Corinth, MS 38835.

Note 10 - Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The City contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

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

Contributions. At September 30, 2020, PERS members are required to contribute 9.00% of the annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the fiscal years ending September 30, 2020, 2019, and 2018 were \$997,035, \$902,879, and \$937,072, respectively, which equaled the required contributions for each year.

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

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

At September 30, 2020, the City reported a liability of \$16,545,224 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The City's proportionate share used to calculate the September 30, 2020 net pension liability was 0.085466 percent, which was based on a measurement date of June 30, 2020. This was a decrease of 0.000754 percent from its proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the City recognized pension expense of \$1,447,614. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 124,350	\$ 22,810
Net difference between projected and actual earnings on pension plan investments	543,691	262,262
Changes of assumptions	138,997	1,987
Changes in the proportion and differences between the City's contributions and proportionate share of contributions	61,080	546,301
City contributions subsequent to the measurement date	265,411	-
	<u>\$ 1,133,529</u>	<u>\$ 833,360</u>

The \$265,411 of deferred outflows of resources resulting from City's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30,</u>	
2021	\$ (126,360)
2022	(95,959)
2023	121,161
2024	135,916
	<u>\$ 34,758</u>

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.00 - 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

female rates from 18 to 65 scaled up to 102% for ages 75 to 119. Morality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00 %	4.90 %
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	1.50
Real Estate	10.00	4.00
Private Equity	8.00	5.10
Cash	1.00	0.25
Total	<u>100.00 %</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability	\$ 21,415,760	\$ 16,545,224	\$ 12,525,076

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

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

Note 11 - Commitments and Contingencies

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

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

Note 12 - Risk Management

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

Participation in Public Entity Risk Pool

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

MMWCG covers risk of loss arising from injuries to the City's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of the MMWCG contributes quarterly to a fund held in trust. The funds in the trust account are used to pay any employee claim. If total claims during a year were to deplete the trust account, then the pool members would be required to pay for the deficiencies. The City has not had an additional assessment for excess losses incurred by the pool.

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

Note 13 - Operating Leases

As Lessor:

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

The City receives income from property it leases under non-cancellable operating leases. Total income from such leases was \$48,000 for the year ended September 30, 2020.

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

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

<u>Year Ending September 30</u>	<u>Amount</u>
2021	48,000
2022	48,000
2023	4,000
	<hr/>
Total Minimum Payments Required	\$ <u><u>100,000</u></u>

Note 14 - Tax Abatements

As of September 30, 2020, the City of Corinth had tax abatement agreements with nine entities. The Board of Aldermen negotiate property tax abatements on an individual basis. All abatements are either for seven or ten years and are for economic development purposes.

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

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

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

The total amount of taxes abated during the fiscal year under this statute was \$2,045.

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

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

The total amount of taxes abated during the fiscal year under this statute was \$7,697.

Note 15 - Effects of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of (\$2,981,559) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$231,146 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. The \$494,823 remaining balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years. The \$640,390 balance of the deferred inflow of resources related to pension at September 30, 2020, will be recognized in pension expense over the next four years.

The business-type activities' unrestricted net position amount of \$2,731,440 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$34,265 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. The remaining \$373,295 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years. The \$192,970 balance of the deferred inflow of resources related to pension at September 30, 2020, will be recognized in pension expense over the next four years.

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

**CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**

Note 16 - Deficit Fund Balances of Individual Funds

The following funds reported a deficit in fund balance at September 30, 2020.

<u>Fund</u>	<u>Deficit Amount</u>
Burnsville Water Project Fund	\$ 92,050
Wenasoga Sewer Project Fund	\$ 26,928

Note 17 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management has evaluated the activity of the City through September 17, 2021, (the date the financial statements were available to be issued) and determined that the following subsequent events have occurred that would require disclosure in the notes to the financial statements. No adjustments were considered necessary to the financial statements.

- On October 3, 2020, the Board approved the purchase of 3 Chevrolet Tahoes for \$34,430 each on state contract. Board also approved purchase of 2 4 wheel drive Chevrolet pickups for \$29,465 each on state contract and a 2 wheel drive Chevrolet pickup for \$27,694 on state contract.
- On January 19, 2021, the Board accepted the low bid of \$155,000 for replacement of the coliseum roof.
- On February 22, 2021, the Board approved the purchase of Ram 1500 truck for the Solid Waste Dept. for \$21,495 on state contract. Board approved the purchase of 299 Compact Loader for \$85,573 on state contract.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CORINTH, MISSISSIPPI
Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Property taxes	\$ 2,774,000	\$ 2,782,500	\$ 2,744,955	\$ 8,500	\$ (37,545)
Licenses and permits	603,000	578,000	568,511	(25,000)	(9,489)
Intergovernmental revenues	6,810,800	6,886,800	7,628,133	76,000	741,333
Charges for services	183,500	190,000	187,784	6,500	(2,216)
Fines and forfeitures	332,000	253,371	282,551	(78,629)	29,180
Miscellaneous revenues	168,000	188,937	237,232	20,937	48,295
Total Revenues	<u>10,871,300</u>	<u>10,879,608</u>	<u>11,649,166</u>	<u>8,308</u>	<u>769,558</u>
Expenditures:					
General government	2,450,477	2,363,406	2,139,366	87,071	224,040
Public safety	7,044,729	7,010,746	6,564,153	33,983	446,593
Public works	2,252,768	2,202,678	1,936,639	50,090	266,039
Capital outlay	179,000	160,000	-	19,000	160,000
Debt service:					
Principal	260,000	263,788	387,734	(3,788)	(123,946)
Interest	-	-	33,312	-	(33,312)
Total Expenditures	<u>12,186,974</u>	<u>12,000,618</u>	<u>11,061,204</u>	<u>186,356</u>	<u>939,414</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,315,674)</u>	<u>(1,121,010)</u>	<u>587,962</u>	<u>194,664</u>	<u>1,708,972</u>
Other Financing Sources (Uses):					
Proceeds from sale of capital assets	180,000	168,500	168,377	(11,500)	(123)
Proceeds of loans	122,000	-	-	(122,000)	-
Operating transfers in	300,000	1,600,000	-	1,300,000	(1,600,000)
Operating transfers out	(570,734)	(3,388,370)	(573,526)	(2,817,636)	2,814,844
Total Other Financing Sources (Uses)	<u>31,266</u>	<u>(1,619,870)</u>	<u>(405,149)</u>	<u>(1,651,136)</u>	<u>1,214,721</u>
Net Change in Fund Balances	<u>(1,284,408)</u>	<u>(2,740,880)</u>	<u>182,813</u>	<u>(1,456,472)</u>	<u>2,923,693</u>
Fund Balances:					
October 1, 2019	<u>5,386,196</u>	<u>5,641,572</u>	<u>8,283,293</u>	<u>255,376</u>	<u>2,641,721</u>
September 30, 2020	<u>\$ 4,101,788</u>	<u>\$ 2,900,692</u>	<u>\$ 8,466,106</u>	<u>\$ (1,201,096)</u>	<u>\$ 5,565,414</u>

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

CITY OF CORINTH, MISSISSIPPI
Budgetary Comparison Schedule - FEMA Fund
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Intergovernmental revenues	\$ -	\$ 1,700,000	\$ 1,658,309	\$ 1,700,000	\$ (41,691)
Miscellaneous revenues	-	-	482	-	482
Total Revenues	-	1,700,000	1,658,791	1,700,000	(41,209)
Expenditures:					
Public works	-	2,236,000	2,231,836	(2,236,000)	4,164
Total Expenditures	-	2,236,000	2,231,836	(2,236,000)	4,164
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(536,000)	(573,045)	(536,000)	(37,045)
Other Financing Sources (Uses):					
Operating transfers in	-	536,000	573,526	536,000	37,526
Total Other Financing Sources (Uses)	-	536,000	573,526	536,000	37,526
Net Change in Fund Balances	-	-	481	-	481
Fund Balances:					
October 1, 2019	-	-	-	-	-
September 30, 2020	\$ -	\$ -	\$ 481	\$ -	\$ 481

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

CITY OF CORINTH, MISSISSIPPI
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERS
Last 7 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.085466%	0.086220%	0.093742%	0.090697%	0.091820%	0.089430%	0.091881%
City's proportionate share of the net pension liability (asset)	\$ 16,545,224	\$ 15,167,799	\$ 15,592,079	\$ 15,076,920	\$ 16,402,059	\$ 13,824,114	\$ 10,924,352
City's covered payroll	\$ 5,690,977	\$ 5,615,295	\$ 5,949,776	\$ 5,824,959	\$ 6,099,105	\$ 5,647,613	\$ 5,629,460
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	290.73%	270.12%	262.06%	258.83%	268.93%	244.78%	194.06%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

CITY OF CORINTH, MISSISSIPPI
SCHEDULE OF CITY CONTRIBUTIONS
PERS
Last 7 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 997,035	\$ 902,879	\$ 937,072	\$ 917,431	\$ 960,609	\$ 889,499	\$ 886,640
Contributions in relation to the contractually required contribution	(997,035)	(902,879)	(937,072)	(917,431)	(960,609)	(889,499)	(886,640)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 5,730,087	\$ 5,576,862	\$ 5,949,776	\$ 5,824,959	\$ 6,099,105	\$ 5,647,613	\$ 5,629,460
Contributions as a percentage of covered payroll	17.40%	16.19%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

CITY OF CORINTH, MISSISSIPPI
Notes to the Required Supplementary Information
For the Year Ended September 30, 2020

Budgetary Comparison Schedule

(1) Basis of Presentation.

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, variances between the original budget and the final budget, and variances between the final budget and the actual data. This schedule is presented for the General Fund and each major special revenue fund.

Budget/GAAP Reconciliation

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

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

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

	<u>Net Change in Fund Balance</u>	
	<u>General Fund</u>	<u>FEMA Fund</u>
Budget (Cash Basis)	\$ 182,813	\$ 481
Net adjustments for Revenue Accruals	<u>359,705</u>	<u>-</u>
GAAP Basis	\$ <u>542,518</u>	\$ <u>481</u>

(2) Budget Amendments and Revisions.

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

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

CITY OF CORINTH, MISSISSIPPI
Notes to the Required Supplementary Information
For the Year Ended September 30, 2020

Pension Schedules

(1) Change of assumptions.

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

2019

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments.

For males, 137% of male rates at all ages. For females, 115% of female rates at all ages.

CITY OF CORINTH, MISSISSIPPI
Notes to the Required Supplementary Information
For the Year Ended September 30, 2020

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

(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) Methods and assumptions used in calculations of actuarially determined contributions

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

SUPPLEMENTARY INFORMATION

CITY OF CORINTH, MISSISSIPPI
Combining Balance Sheet - Other Governmental Funds
September 30, 2020

	Fire Protection Fund	Library Fund	Tourism Construction Fund	Tourism Budget Fund	CDBG Fund	Senate Bill 2002 Fund	Senate Bill 3049 Fund	2019 Infrastructure Note Fund	Burnsville Water Project Fund	Wenasoga Sewer Project Fund	Total Other Governmental
Assets											
Cash and cash equivalents	\$ 268,010	\$ 304,316	\$ 820,555	\$ -	\$ 6,268	\$ 486,464	\$ 503,320	\$ 130,175	\$ -	\$ -	\$ 2,519,108
Property taxes receivable	-	116,856	-	-	-	-	-	-	-	-	116,856
Intergovernmental receivables	-	1,643	53,941	53,941	29,530	-	-	-	-	85,720	224,775
Total Assets	<u>\$ 268,010</u>	<u>\$ 422,815</u>	<u>\$ 874,496</u>	<u>\$ 53,941</u>	<u>\$ 35,798</u>	<u>\$ 486,464</u>	<u>\$ 503,320</u>	<u>\$ 130,175</u>	<u>\$ -</u>	<u>\$ 85,720</u>	<u>\$ 2,860,739</u>
Liabilities and Fund Balances											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 29,408	\$ -	\$ -	\$ -	\$ 92,050	\$ 112,648	\$ 234,106
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,050</u>	<u>112,648</u>	<u>234,106</u>
Deferred Inflows of Resources											
Unavailable revenue - property taxes	-	116,856	-	-	-	-	-	-	-	-	116,856
Total Deferred Inflows of Resources	<u>-</u>	<u>116,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,856</u>
Fund Balances:											
Restricted:											
Public safety	268,010	-	-	-	-	-	-	-	-	-	268,010
Public works	-	-	-	-	6,390	486,464	503,320	130,175	-	-	1,126,349
Culture and recreation	-	-	874,496	53,941	-	-	-	-	-	-	928,437
Debt service	-	-	-	-	-	-	-	-	-	-	-
Committed:											
Culture and recreation	-	305,959	-	-	-	-	-	-	-	-	305,959
Unassigned	-	-	-	-	-	-	-	-	(92,050)	(26,928)	(118,978)
Total Fund Balance	<u>268,010</u>	<u>305,959</u>	<u>874,496</u>	<u>53,941</u>	<u>6,390</u>	<u>486,464</u>	<u>503,320</u>	<u>130,175</u>	<u>(92,050)</u>	<u>(26,928)</u>	<u>2,509,777</u>
Total Liabilities and Fund Balances	<u>\$ 268,010</u>	<u>\$ 422,815</u>	<u>\$ 874,496</u>	<u>\$ 53,941</u>	<u>\$ 35,798</u>	<u>\$ 486,464</u>	<u>\$ 503,320</u>	<u>\$ 130,175</u>	<u>\$ -</u>	<u>\$ 85,720</u>	<u>\$ 2,860,739</u>

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

CITY OF CORINTH, MISSISSIPPI
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Other Governmental Funds
For the Year Ended September 30, 2020

	Fire Protection Fund	Library Fund	Park and Playground Fund	Tourism Construction Fund	Tourism Budget Fund	CDBG Fund	EDA Drainage Fund	Senate Bill 2002 Fund	Senate Bill 3049 Fund	2019 Infrastructure Note Fund	Burnsville Water Project Fund	Wenasoga Sewer Proj Fund	Total Other Governmental
Revenues:													
Property taxes	\$ -	\$ 144,822	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,822
Intergovernmental revenues	87,915	11,477	14,954	653,098	653,098	673,656	-	-	500,000	-	78,137	105,693	2,778,028
Miscellaneous revenues	3,320	4,040	-	6,794	-	54	2	6,767	3,320	1,832	-	-	26,129
Total Revenues	<u>91,235</u>	<u>160,339</u>	<u>14,954</u>	<u>659,892</u>	<u>653,098</u>	<u>673,710</u>	<u>2</u>	<u>6,767</u>	<u>503,320</u>	<u>1,832</u>	<u>78,137</u>	<u>105,693</u>	<u>2,948,979</u>
Expenditures:													
Current:													
Public safety	24,017	-	-	-	-	-	-	-	-	-	-	-	24,017
Public works	-	-	-	-	-	674,258	-	12,165	-	50,340	170,187	661,575	1,568,525
Culture and recreation	-	133,400	17,226	588,939	658,491	-	-	-	-	-	-	-	1,398,056
Debt Service:													
Principal	94,422	-	-	-	-	-	-	-	-	-	-	-	94,422
Interest	16,539	-	-	-	-	-	-	-	-	-	-	-	16,539
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>134,978</u>	<u>133,400</u>	<u>17,226</u>	<u>588,939</u>	<u>658,491</u>	<u>674,258</u>	<u>-</u>	<u>12,165</u>	<u>-</u>	<u>50,340</u>	<u>170,187</u>	<u>661,575</u>	<u>3,101,559</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(43,743)</u>	<u>26,939</u>	<u>(2,272)</u>	<u>70,953</u>	<u>(5,393)</u>	<u>(548)</u>	<u>2</u>	<u>(5,398)</u>	<u>503,320</u>	<u>(48,508)</u>	<u>(92,050)</u>	<u>(555,882)</u>	<u>(152,580)</u>
Other Financing Sources (Uses):													
Proceeds from Loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-	-	-	-	-	-	528,954	528,954
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>528,954</u>	<u>528,954</u>
Net Change in Fund Balances	<u>(43,743)</u>	<u>26,939</u>	<u>(2,272)</u>	<u>70,953</u>	<u>(5,393)</u>	<u>(548)</u>	<u>2</u>	<u>(5,398)</u>	<u>503,320</u>	<u>(48,508)</u>	<u>(92,050)</u>	<u>(26,928)</u>	<u>376,374</u>
Fund Balances:													
October 1, 2019	<u>311,753</u>	<u>279,020</u>	<u>2,272</u>	<u>803,543</u>	<u>59,334</u>	<u>6,938</u>	<u>(2)</u>	<u>491,862</u>	<u>-</u>	<u>178,683</u>	<u>-</u>	<u>-</u>	<u>2,133,403</u>
September 30, 2020	<u>\$ 268,010</u>	<u>\$ 305,959</u>	<u>\$ -</u>	<u>\$ 874,496</u>	<u>\$ 53,941</u>	<u>\$ 6,390</u>	<u>\$ -</u>	<u>\$ 486,464</u>	<u>\$ 503,320</u>	<u>\$ 130,175</u>	<u>\$ (92,050)</u>	<u>\$ (26,928)</u>	<u>\$ 2,509,777</u>

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

CITY OF CORINTH, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

Federal Grantor/Pass-through Grantor/Program Title	Catalog of Federal Domestic Assistance No.	Pass-Through Entity Number	Federal Expenditures
<u>U.S. Department of Housing & Urban Development</u>			
Passed through Mississippi Development Authority			
Community Development Block Grant	14.228	1136-19-155-PF-01	\$ 105,693
Total U.S. Department of Housing & Urban Development			105,693
<u>U.S. Department of Interior</u>			
Passed through Department of Archives & History			
Historic Preservation Fund Grant-In-Aid	15.904	N/A	13,090
Total U.S. Department of Interior			13,090
<u>U.S. Department of Justice</u>			
Passed-through Mississippi Department of Public Safety:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18HS2071	33,358
Edward Byrne Memorial Justice Assistance Grant Program	16.738	19HS2071	84,865
Total U.S. Department of Justice			118,223
<u>U.S. Department of Transportation</u>			
Direct Grants			
Airport Improvement Program	20.106	3-28-0021-028-2019	609,848
Total Direct Grants			609,848
Total U.S. Department of Transportation			609,848
<u>U.S. Department of Treasury</u>			
Passed-through Mississippi Emergency Management Agency			
Coronavirus Relief Fund	21.019	N/A	341,329
Total U.S. Department of Treasury			341,329
<u>U.S. Department of Homeland Security</u>			
Passed-through Mississippi Emergency Management Agency			
Disaster Grants-Public Assistance Presidentially Declared Disasters*	97.036	FEMA 4470-DR-MS	1,736,850
Total U.S. Department of Homeland Security			1,736,850
Total for All Federal Awards			\$ 2,925,033

* - Denotes major program

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

CITY OF CORINTH, MISSISSIPPI
Notes to the Supplementary Information
For the Year Ended September 30, 2020

Schedule of Expenditures of Federal Awards:

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Corinth, Mississippi under programs of the federal government for the year ended September 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Corinth, Mississippi, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Corinth, Mississippi.

Note 2 – Summary of Significant Accounting Policies

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

Note 3 – Indirect Cost Rate

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

OTHER INFORMATION

CITY OF CORINTH, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2020

Name	Position	Company	Bond
Tommy Irwin	Mayor	Western Surety Company	\$ 100,000
Vickie Roach	City Clerk/Tax Collector	Western Surety Company	\$ 100,000
Benjamin Albarracin	Alderman	Travelers Casualty & Surety Co of America	\$ 100,000
Adrian L. Wood, III	Alderman	Travelers Casualty & Surety Co of America	\$ 100,000
Mike Hopkins	Alderman	Travelers Casualty & Surety Co of America	\$ 100,000
Michael McFall	Alderman	Travelers Casualty & Surety Co of America	\$ 100,000
Christopher Willson	Alderman	Travelers Casualty & Surety Co of America	\$ 100,000
J. C. Hill	Alderman	Travelers Casualty & Surety Co of America	\$ 100,000
Becky Phipps	City Judge	Western Surety Company	\$ 50,000
Brandy Smith	Deputy City Clerk	Western Surety Company	\$ 100,000
Christe Bennett	Deputy City Clerk	Western Surety Company	\$ 100,000
Alicia Walker	Deputy City Clerk	Western Surety Company	\$ 100,000
Kayla Lowery	Admin. Building Dept. Clerk	Western Surety Company	\$ 25,000
Greg Tyson	Building Official	Western Surety Company	\$ 50,000
Zane Elliott	Court Clerk	Western Surety Company	\$ 100,000
Ginger Seawright	Deputy Court Clerk	Western Surety Company	\$ 100,000
Missy Wilbanks	Deputy Court Clerk	Western Surety Company	\$ 100,000
Shea Willis	Deputy Court Clerk	Western Surety Company	\$ 100,000
Donna Null	Deputy Tax Collector	Western Surety Company	\$ 100,000
Ralph Dance	Chief of Police	Western Surety Company	\$ 50,000
Kim Ratliff	Project Coordinator	Western Surety Company	\$ 25,000

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 FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Board of Aldermen
City of Corinth, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corinth, Mississippi, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Corinth, Mississippi's basic financial statements, and have issued our report thereon dated September 17, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Corinth, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

Corinth, Mississippi
Phone: (662) 286-7082


Booneville, Mississippi
Phone: (662) 728-6172

Iuka, Mississippi
Phone: (662) 423-5057

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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
Corinth, Mississippi
September 17, 2021



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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**

Honorable Mayor and Board of Aldermen
City of Corinth, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the City of Corinth, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Corinth, Mississippi's major federal programs for the year ended September 30, 2020. City of Corinth, Mississippi's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Corinth, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Corinth, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Corinth, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

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Report on Internal Control Over Compliance

Management of the City of Corinth, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Corinth, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Corinth, Mississippi's internal control over compliance.

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

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

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



The Sparks CPA Firm, P.C.
Certified Public Accountants
Corinth, Mississippi
September 17, 2021

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



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

Honorable Mayor and Board of Aldermen
City of Corinth, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corinth, Mississippi as of and for the year ended September 30, 2020, which collectively comprise the City of Corinth, Mississippi's basic financial statements and have issued our report thereon dated September 17, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of those procedures and our audit of the financial statements disclosed no material instances of noncompliance with state laws and regulations.

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

The Sparks CPA Firm, P.C.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Corinth, Mississippi
September 17, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CITY OF CORINTH, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

Section 1: Summary of Auditors' Results

Financial Statements:

- | | | |
|----|---|---------------|
| 1. | Type of auditors' report issued: | |
| | Governmental Activities | Unmodified |
| | Business-Type Activities | Unmodified |
| | General Fund | Unmodified |
| | FEMA Fund | Unmodified |
| | Municipal Bond Fund | Unmodified |
| | Sewer System Fund | Unmodified |
| | Sanitation Enterprise Fund | Unmodified |
| | Aggregate Remaining Fund Information | Unmodified |
| | Aggregate Discretely Presented Component Units | Adverse |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiency identified? | 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: | | | | | |
| | <table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"><u>CFDA Numbers</u></td> <td style="text-align: center;"><u>Name of Federal Program or Cluster</u></td> </tr> <tr> <td style="text-align: center;">97.036</td> <td style="text-align: center;">Disaster Grants – Public Assistance Presidentially Declared Disasters</td> </tr> </table> | <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> | 97.036 | Disaster Grants – Public Assistance Presidentially Declared Disasters | |
| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> | | | | | |
| 97.036 | Disaster Grants – Public Assistance Presidentially Declared Disasters | | | | | |
| 8. | Dollar threshold used to distinguish between type A and type B: | \$750,000 | | | | |
| 9. | Auditee qualified as low-risk auditee? | No | | | | |

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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