

OFFICE OF THE STATE AUDITOR REPORT NOTE:

Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

City of Corinth, Mississippi

Financial Statements For the year ended September 30, 2021

CITY OF CORINTH, MISSISSIPPI
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INDEPENDENT AUDITORS' REPORT

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, 2021, 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 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 \$84,031,055, \$698,596, \$33,666,216, \$1,527,531, \$49,535,904, \$12,033,025, and \$11,495,203, 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, 2021, 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, 2021, 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, General Fund Statement of Revenues, Expenditures and Changes In Fund Balances - Budget and Actual Budgetary Basis, the Schedule of the City's Proportionate Share of the Net Pension Liability, and the Schedule of City Contributions on pages 9-16, 56, 57, 58 and 59, 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 – Non-Major Governmental Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds, 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 – Non-Major Governmental Funds and the Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 May 25, 2023, 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.

Jarrell Group, PLLC

Jarrell Group, PLLC
Tupelo, Mississippi
May 25, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

Required Supplemental Information for the year ended September 30, 2021

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, 2021. 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

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the 2021 by \$32,336,694 (\$12,268,802 in governmental activity net position and \$20,067,892 in business-type activity net position).
- The City's total net position increased by \$1,014,469, or 3.2% compared to 2020. Net position of the City's governmental activities decreased \$10,815, or -0.1%. Net position of the business-type activities increased \$1,025,284, or 5.4% from 2020.
- The City's governmental funds reported combined ending fund balances of \$11,904,708, an increase of \$141,255 when compared to 2020. Of the combined ending governmental fund balances, approximately 82.4% or \$9,806,701 is available for spending at the City's discretion subject to the Board's approved policies (*committed, assigned and unassigned fund balances*).
- Capital assets, net of accumulated depreciation, decreased by \$1,196,465 for 2021 and decreased by \$1,831,850 for 2020. The decrease for 2021 was due to the increase in accumulated depreciation, coupled with the addition of construction in progress, mobile equipment, furniture and equipment, and the disposal of mobile equipment.
- The City's total debt is \$27,021,768. Debt in the amount of \$2,547,681 was repaid during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information, supplementary information, and other information.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, liabilities and deferred inflows and outflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City 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.

CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS – continued

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.

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.

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.

CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS – continued

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents General Fund Statement of Revenues, Expenditures and Changes In Fund Balances - Budget and Actual Budgetary Basis, 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 Combining Balance Sheet - Non-Major Other Governmental Funds and a Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds, can be found in this report.

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

Analysis of 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 \$32,336,694, as of September 30, 2021.

The largest portion of the City's net position, 93.4% 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.

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS – continued

Table 1 presents a summary of the City's net position at September 30, 2021 and September 30, 2020.

Table A-1

City of Corinth's Summary of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current & Other Assets	\$ 18,624,067	\$ 16,460,265	\$ 6,907,280	\$ 5,860,566	\$ 25,531,347	\$ 22,320,831
Capital Assets	19,718,347	19,235,166	37,495,664	39,175,310	57,214,011	58,410,476
Total Assets	38,342,414	35,695,431	44,402,944	45,035,876	82,745,358	80,731,307
Total Deferred Outflows	1,278,579	725,969	180,320	407,560	1,458,899	1,133,529
Current Liabilities	2,819,312	449,035	76,213	73,363	2,895,525	522,398
Noncurrent Liabilities	17,619,320	20,419,195	22,699,714	26,134,495	40,319,034	46,553,690
Total Liabilities	20,438,632	20,868,230	22,775,927	26,207,858	43,214,559	47,076,088
Total Deferred Inflows	6,913,559	3,273,553	1,739,445	192,970	8,653,004	3,466,523
Net Position:						
Net Investment in						
Capital Assets	13,754,656	12,529,859	16,437,587	16,311,168	30,192,243	28,841,027
Restricted	1,762,038	2,731,317	-	-	1,762,038	2,731,317
Unrestricted (Deficit)	(3,247,892)	(2,981,559)	3,630,305	2,731,440	382,413	(250,119)
Total Net Position	\$ 12,268,802	\$ 12,279,617	\$ 20,067,892	\$ 19,042,608	\$ 32,336,694	\$ 31,322,225

There is a deficit of \$3,247,892 in governmental activities unrestricted net position in 2021 due to recording of unfunded pension liabilities under GASB 68. Please refer to Note 10.

CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS – continued

Analysis of Changes in Net position

Approximately 16.1% of the City's total revenues come from property taxes, with 64.8% of all revenue coming from some type of tax. (See Table A-2.) This compares to 18.7% and 69.8% for the fiscal year ended September 30, 2020. Another 29.4% comes from fees charged for services, and the balance is from operating and capital grants and contributions and investment earnings.

Table A-2 and the narrative that follows consider the operations of governmental and business-type activities separately.

Table A-2

Changes in the City of Corinth's Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 227,359	\$ 1,260,313	\$ 6,024,297	\$ 5,874,550	\$ 6,251,656	\$ 7,134,863
Operating Grants and Contributions	51,693	2,487,095	-	-	51,693	2,487,095
Capital Grants and Contributions	795,858	1,370,576	-	-	795,858	1,370,576
General Revenues:						
Sales Taxes	8,621,637	7,915,484	-	-	8,621,637	7,915,484
Property Taxes	3,429,124	3,365,948	-	-	3,429,124	3,365,948
Gain on (Loss) Disposal of Assets	(76,646)	-	-	-	(76,646)	-
Other	2,071,115	1,565,823	89,675	116,003	2,160,790	1,681,826
Total Revenues	15,120,140	17,965,239	6,113,972	5,990,553	21,234,112	23,955,792
Expenses						
General Government	2,664,950	2,194,506	-	-	2,664,950	2,194,506
Public Safety	6,729,192	5,990,904	-	-	6,729,192	5,990,904
Public Works	3,391,676	5,438,336	-	-	3,391,676	5,438,336
Culture & Recreation	1,384,462	1,398,056	-	-	1,384,462	1,398,056
Sewer	-	-	2,799,077	2,959,037	2,799,077	2,959,037
Solid Waste	-	-	1,445,199	1,604,440	1,445,199	1,604,440
Pension Expense	1,074,608	1,260,727	145,884	-	1,220,492	1,260,727
Interest on Long-Term Debt	188,438	207,174	396,157	429,976	584,595	637,150
Total Expenses	15,433,326	16,489,703	4,786,317	4,993,453	20,219,643	21,483,156
Excess of Revenue Over Exp.	(313,186)	1,475,536	1,327,655	997,100	1,014,469	2,472,636
Transfers	302,371	528,954	(302,371)	(528,954)	-	-
Change in Net Position	(10,815)	2,004,490	1,025,284	468,146	1,014,469	2,472,636
Net Position—Beginning	12,279,617	10,275,127	19,042,608	18,574,462	31,322,225	28,849,589
Net Position—Ending	\$12,268,802	\$12,279,617	\$ 20,067,892	\$19,042,608	\$32,336,694	\$31,322,225

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS – continued

Governmental Activities

Governmental activities decreased the City's net position by \$10,815. Key elements of this decrease are as follows:

The largest funding sources for the City's governmental activities, as a percent of total revenues, are sales tax 57.0% and property taxes 22.7%.

The largest expense categories for the City's governmental activities are public safety 43.6% and public works 22.0%.

Business-Type Activities

Business-type activities increased the City's net position by \$1,025,284.

Charges for services are the major revenue categories for the enterprise funds. Total business-type revenues are comprised of \$4,295,161 for sewer and \$1,729,136 for solid waste.

Financial Analysis of the Government'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 near-term 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.

General Fund—The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$9,806,701, which comprised 100.0% of total general fund balance. As a measure of the general fund's liquidity, it may be useful to compare both the fund balance, assigned and unassigned, to total fund expenditures. Total fund balance represents 83.0% of total fund expenditures. The fund balance of the City's general fund increased by \$980,890 during the current fiscal year.

Nonmajor Governmental Funds—The nonmajor governmental funds have a total fund balance of \$2,098,007, all of which is restricted or committed for the payment of various governmental services. The net decrease in fund balance during the current year was \$839,635.

Proprietary Funds—The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Sewer System Fund at year end amounted to \$4,242,609. The increase in net position amounted to \$905,954. Unrestricted net position of the Sanitation Fund at year-end amounted to (\$612,304). The increase in net position amounted to \$119,330.

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS – continued

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 is provided in this report as required supplementary information.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City anticipates spending approximately \$16,500,000 on capital projects from fiscal years 2022-2025. The sources of revenues include federal grants, G.O. bonds, and general fund revenues. The City of Corinth also anticipates spending an additional \$1.8 million of ARPA funds from fiscal year 2022-2024.

Capital Assets— In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounted to \$57,214,011, net of accumulated depreciation of \$37,910,760. This investment in capital assets includes land, buildings, sewer plant and buildings, mobile equipment, furniture and equipment, infrastructure-streets, and construction in progress.

Table A-3

City of Corinth's Capital Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 705,126	\$ 753,442	\$ 62,493	\$ 62,493	\$ 767,619	\$ 815,935
Construction in Progress	-	892,348	-	-	-	892,348
Buildings	6,916,524	6,761,524	-	-	6,916,524	6,761,524
Infrastructure - Streets	16,943,488	15,062,310	-	-	16,943,488	15,062,310
Mobile Equipment	4,304,943	4,319,517	2,849,420	2,761,522	7,154,363	7,081,039
Furniture & Equipment	644,590	639,390	540,140	534,940	1,184,730	1,174,330
Sewer Plant & Buildings	-	-	62,158,047	62,158,047	62,158,047	62,158,047
Accumulated Depreciation	(9,796,324)	(9,193,365)	(28,114,436)	(26,341,692)	(37,910,760)	(35,535,057)
Total	\$ 19,718,347	\$ 19,235,166	\$ 37,495,664	\$ 39,175,310	\$ 57,214,011	\$ 58,410,476

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

**CITY OF CORINTH, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021**

CAPITAL ASSET AND DEBT ADMINISTRATION – continued

Long-term Debt—At year-end, the City had \$27,021,768 in bonds, notes, and capital lease obligations outstanding. More detailed information about the City's long-term liabilities is presented in the notes to the financial statements.

Table A-4

City of Corinth's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General Obligation Bonds	\$ 4,708,000	\$ 5,059,000	\$ -	\$ -	\$ 4,708,000	\$ 5,059,000
Notes Payable	1,087,341	1,399,851	21,017,207	22,795,567	22,104,548	24,195,418
Capital Lease Obligations	168,350	246,456	40,870	68,575	209,220	315,031
Total	\$ 5,963,691	\$ 6,705,307	\$ 21,058,077	\$ 22,864,142	\$ 27,021,768	\$ 29,569,449

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Key assumptions for revenue forecasts for fiscal year 2022 are summarized as follows:

1. Sales tax revenues will remain flat
2. Property tax revenue will remain flat
3. Interest rates will remain flat

This contributed to the following projections:

1. Millage rates remained the same at 35.80 for the City's 2022 fiscal year budget. This includes 27.3 mills for the General Revenue and General Improvement, 5 mills for the Municipal Bond and Interest fund, 2 mills for the Parks and Playground, and 1.5 mills for the Corinth Library.
2. Personnel cost will increase due to an increase in health insurance. Due to the expected increase, a cost-of-living increase will be reviewed in December for a possible effective date of January 1, 2022.

**CONTACTING THE CITY OF CORINTH
FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Corinth, P.O. Box 669 Corinth, MS 38835.

BASIC FINANCIAL STATEMENTS

CITY OF CORINTH, MISSISSIPPI
STATEMENT OF NET POSITION
September 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 13,739,034	\$ 6,358,570	\$ 20,097,604
Property Taxes Receivable	2,580,886	-	2,580,886
Accounts Receivable	-	546,277	546,277
Intergovernmental Receivables	844,777	-	844,777
Fines Receivable (net of allowance for uncollectibles of \$902,575)	1,353,863	-	1,353,863
Other Receivables	101,507	-	101,507
Due from Other Funds	4,000	2,433	6,433
Capital Assets Not Being Depreciated	705,126	62,493	767,619
Capital Assets, Net of Accumulated Depreciation	19,013,221	37,433,171	56,446,392
TOTAL ASSETS	38,342,414	44,402,944	82,745,358
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	1,278,579	180,320	1,458,899
<u>LIABILITIES:</u>			
Accounts Payable	43,930	19,509	63,439
Accrued Liabilities	169,401	21,105	190,506
Amounts Held in Custody for Others	23,503	-	23,503
Accrued Interest Payable	34,702	31,599	66,301
Due to Other Funds	2,433	4,000	6,433
Unearned Revenues	2,545,343	-	2,545,343
Noncurrent Liabilities:			
Accrued Compensated Absences	391,848	53,090	444,938
Pension Liability	11,263,781	1,588,547	12,852,328
Long-Term Debt: Due Within One Year	514,282	1,840,102	2,354,384
Long-Term Debt: Due in More Than One Year	5,449,409	19,217,975	24,667,384
TOTAL LIABILITIES	20,438,632	22,775,927	43,214,559
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	4,332,673	1,739,445	6,072,118
Property Taxes for Future Reporting Period	2,580,886	-	2,580,886
TOTAL DEFERRED INFLOWS OF RESOURCES	6,913,559	1,739,445	8,653,004
<u>NET POSITION</u>			
Net Investment in Capital Assets	13,754,656	16,437,587	30,192,243
Restricted for (Expendable):			
Debt Service	478,447	-	478,447
Public Safety	147,328	-	147,328
Public Works	2,715	-	2,715
Culture and Recreation	1,133,548	-	1,133,548
Unrestricted (Deficit)	(3,247,892)	3,630,305	382,413
TOTAL NET POSITION	\$ 12,268,802	\$ 20,067,892	\$ 32,336,694

See accompanying notes to financial statements.

CITY OF CORINTH, MISSISSIPPI
STATEMENT OF ACTIVITIES
For the year ended September 30, 2021

						Net (Expense) Revenue and Changes in Net Position		
FUNCTIONS/ PROGRAMS	Expenses	PROGRAM REVENUES				PRIMARY GOVERNMENT		
		Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT								
Government Activities:								
General Government	\$ 2,664,950	\$ 139,198	\$ 17,613	\$ -	\$ 156,811	\$ (2,508,139)	\$ -	\$ (2,508,139)
Public Safety	6,729,192	87,641	-	-	87,641	(6,641,551)	-	(6,641,551)
Public Works	3,391,676	520	34,080	662,858	697,458	(2,694,218)	-	(2,694,218)
Culture and Recreation	1,384,462	-	-	133,000	133,000	(1,251,462)	-	(1,251,462)
Interest on Long-Term Debt	188,438	-	-	-	-	(188,438)	-	(188,438)
Pension Expense	1,074,608	-	-	-	-	(1,074,608)	-	(1,074,608)
TOTAL GOVERNMENTAL ACTIVITIES	15,433,326	227,359	51,693	795,858	1,074,910	(14,358,416)	-	(14,358,416)
Business-Type Activities:								
Sewer System	2,799,077	4,295,161	-	-	4,295,161	-	1,496,084	1,496,084
Sanitation	1,445,199	1,729,136	-	-	1,729,136	-	283,937	283,937
Interest on Long-Term Debt	396,157	-	-	-	-	-	(396,157)	(396,157)
Pension Expense	145,884	-	-	-	-	-	(145,884)	(145,884)
TOTAL BUSINESS-TYPE ACTIVITIES	4,786,317	6,024,297	-	-	6,024,297	-	1,237,980	1,237,980
TOTAL PRIMARY GOVERNMENT	\$ 20,219,643	\$ 6,251,656	\$ 51,693	\$ 795,858	\$ 7,099,207	\$ (14,358,416)	\$ 1,237,980	\$ (13,120,436)
GENERAL REVENUES:								
Taxes:								
Property Taxes						\$ 3,429,124	\$ -	\$ 3,429,124
Sales Taxes						8,621,637	-	8,621,637
Franchise Taxes						436,321	-	436,321
Gasoline Taxes						13,564	-	13,564
Pro-Rata Road Taxes						218,623	-	218,623
In Lieu of Taxes						186,841	-	186,841
Homestead Reimbursement						257,177	-	257,177
Modernization Use Tax						599,620	-	599,620
Interest Income						185,598	88,433	274,031
Gain (Loss) on Disposal of Capital Assets						(76,646)	-	(76,646)
Other						173,371	1,242	174,613
Transfers						302,371	(302,371)	-
TOTAL GENERAL REVENUES AND TRANSFERS						14,347,601	(212,696)	14,134,905
CHANGE IN NET POSITION						(10,815)	1,025,284	1,014,469
NET POSITION--BEGINNING						12,279,617	19,042,608	31,322,225
NET POSITION--ENDING						\$ 12,268,802	\$ 20,067,892	\$ 32,336,694

See accompanying notes to financial statements.

CITY OF CORINTH, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2021

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 11,753,616	\$ 1,985,418	\$ 13,739,034
Property Taxes Receivable	2,181,368	399,518	2,580,886
Intergovernmental Receivables	719,688	125,089	844,777
Fines Receivable (Net of Allowance for Uncollectibles of \$902,575)	1,353,863	-	1,353,863
Other Receivables	101,507	-	101,507
Due from Other Funds	4,000	-	4,000
TOTAL ASSETS	\$ 16,114,042	\$ 2,510,025	\$ 18,624,067
<u>LIABILITIES:</u>			
Accounts Payable	\$ 31,430	\$ 12,500	\$ 43,930
Accrued Liabilities	169,401	-	169,401
Amounts Held in Custody for Others	23,503	-	23,503
Unearned Revenues	2,545,343	-	2,545,343
Due to Other Funds	2,433	-	2,433
TOTAL LIABILITIES	2,772,110	12,500	2,784,610
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Revenue - Property Taxes	2,181,368	399,518	2,580,886
Unavailable Revenue - Fines	1,353,863	-	1,353,863
TOTAL DEFERRED INFLOWS OF RESOURCES	3,535,231	399,518	3,934,749
<u>FUND BALANCES:</u>			
Restricted for			
Public Safety	-	147,328	147,328
Public Works	-	2,715	2,715
Culture and Recreation	-	1,133,548	1,133,548
Debt Service	-	478,447	478,447
Committed to			
Culture and Recreation	-	335,969	335,969
Unassigned	9,806,701	-	9,806,701
TOTAL FUND BALANCES	9,806,701	2,098,007	11,904,708
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 16,114,042	\$ 2,510,025	\$ 18,624,067

See accompanying notes to financial statements.

CITY OF CORINTH, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
For the year ended September 30, 2021

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 11,904,708
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	19,718,347
Long-term liabilities, including bonds and accrued interest, are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet.	(5,998,393)
Accrued compensated absences are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet.	(391,848)
Net pension liability are not due and payable in the current period and therefore they are not reported in the governmental funds balance sheet.	(11,263,781)
Deferred outflows and inflows related to pensions are applicable to future periods and, therefore are not reported in the Governmental Funds Balance Sheet:	
Deferred outflows of resources related to defined benefit pension plan	1,278,579
Deferred inflows of resources related to defined benefit pension plan	(4,332,673)
Accrual of court fine revenues to qualify as financial resources.	<u>1,353,863</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>12,268,802</u></u>

See accompanying notes to financial statements.

CITY OF CORINTH, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the year ended September 30, 2021

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:			
Property Taxes	\$ 2,788,815	\$ 640,309	\$ 3,429,124
Licenses and Permits	575,519	-	575,519
Intergovernmental Revenues	8,552,112	2,192,901	10,745,013
Charges for Services	53,626	-	53,626
Fines and Forfeitures	314,630	-	314,630
Miscellaneous Revenues	325,676	33,293	358,969
TOTAL REVENUES	12,610,378	2,866,503	15,476,881
EXPENDITURES:			
Current:			
General Government	2,747,518	-	2,747,518
Public Safety	6,553,272	12,615	6,565,887
Public Works	2,190,523	1,835,411	4,025,934
Culture and Recreation	-	1,384,462	1,384,462
Debt Service:			
Principal	293,211	448,405	741,616
Interest	25,464	145,964	171,428
Other	-	1,652	1,652
TOTAL EXPENDITURES	11,809,988	3,828,509	15,638,497
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	800,390	(962,006)	(161,616)
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	500	-	500
Operating Transfers In	184,167	122,371	306,538
Operating Transfers Out	(4,167)	-	(4,167)
TOTAL OTHER FINANCING SOURCES (USES)	180,500	122,371	302,871
NET CHANGE IN FUND BALANCES	980,890	(839,635)	141,255
FUND BALANCES - Beginning,	8,825,811	2,937,642	11,763,453
FUND BALANCES - Ending	\$ 9,806,701	\$ 2,098,007	\$ 11,904,708

See accompanying notes to financial statements.

CITY OF CORINTH, MISSISSIPPI
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the year ended September 30, 2021

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 141,255
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	1,285,854
Depreciation expense on capital assets is reported in the statement of activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(725,527)
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.	(280,095)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the remaining basis of the capital assets sold.	(77,146)
Changes to net pension liability, deferred inflows and deferred outflows are reported in pension expense in the statement of activities but do not provide or require the use of current financial resources; therefore, pension expense related to these changes are not reported as expenditures in the governmental funds.	(1,074,608)
The change in accrued interest payable is reported as an expense on the statement of activities.	(15,358)
Repayment and refunding of the principal of long-term debt is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	741,616
Decrease in accrual of compensated absences.	<u>(6,806)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (10,815)</u>

See accompanying notes to financial statements.

CITY OF CORINTH, MISSISSIPPI
STATEMENT OF NET POSITION -
PROPRIETARY FUND TYPES
September 30, 2021

	Business-Type Activities--Enterprise Funds		
	Sewer System	Sanitation	
	Fund	Fund	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 5,414,920	\$ 943,650	\$ 6,358,570
Accounts Receivable	403,447	142,830	546,277
Due from Other Funds	-	2,433	2,433
Total Current Assets	5,818,367	1,088,913	6,907,280
Noncurrent Assets			
Capital Assets:			
Land	17,500	44,993	62,493
Sewer Plant and Buildings	62,158,047	-	62,158,047
Mobile Equipment	1,173,248	1,676,172	2,849,420
Furniture and Equipment	536,412	3,728	540,140
Less: Accumulated Depreciation	(26,732,955)	(1,381,481)	(28,114,436)
Total Noncurrent Assets	37,152,252	343,412	37,495,664
Total Assets	42,970,619	1,432,325	44,402,944
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	74,842	105,478	180,320

CITY OF CORINTH, MISSISSIPPI
STATEMENT OF NET POSITION -
PROPRIETARY FUND TYPES
September 30, 2021

-Continued-

	Business-Type Activities--Enterprise Funds		
	Sewer System	Sanitation	Total
	Fund	Fund	
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 19,509	\$ -	\$ 19,509
Accrued Liabilities	9,814	11,291	21,105
Due to Other Funds	4,000	-	4,000
Accrued Interest Payable	31,599	-	31,599
Capital Leases, Due Within One Year	-	28,648	28,648
Notes Payable, Due Within One Year	1,811,454	-	1,811,454
Total Current Liabilities	1,876,376	39,939	1,916,315
Noncurrent Liabilities			
Compensated Absences Payable	24,262	28,828	53,090
Capital Leases, Due in More Than One Year	-	12,222	12,222
Notes Payable, Due in More Than One Year	19,205,753	-	19,205,753
Net Pension Liability	659,324	929,223	1,588,547
Total Noncurrent Liabilities	19,889,339	970,273	20,859,612
Total Liabilities	21,765,715	1,010,212	22,775,927
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	902,092	837,353	1,739,445
NET POSITION			
Net Investment in Capital Assets	16,135,045	302,542	16,437,587
Unrestricted (Deficit)	4,242,609	(612,304)	3,630,305
Total Net Position	\$ 20,377,654	\$ (309,762)	\$ 20,067,892

See accompanying notes to financial statements.

CITY OF CORINTH, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
For the year ended September 30, 2021

	Business-Type Activities--Enterprise Funds		
	Sewer System	Sanitation	
	Fund	Fund	Total
OPERATING REVENUES			
Charges for Services	\$ 4,295,161	\$ 1,729,136	\$ 6,024,297
Total Operating Revenues	4,295,161	1,729,136	6,024,297
OPERATING EXPENSES			
Salaries and Benefits	419,644	660,458	1,080,102
Materials and Supplies	215,335	122,276	337,611
Repairs and Maintenance	5,758	12,106	17,864
Other Operating Expenses	476,823	559,132	1,035,955
Pension Expense	60,232	85,652	145,884
Depreciation and Amortization	1,681,517	91,227	1,772,744
Total Operating Expenses	2,859,309	1,530,851	4,390,160
Net Operating Income	1,435,852	198,285	1,634,137
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	75,513	12,920	88,433
Interest Expense	(394,282)	(1,875)	(396,157)
Miscellaneous Revenues	1,242	-	1,242
Operating Transfer Out	(212,371)	(90,000)	(302,371)
Total Non-operating Revenues (Expenses)	(529,898)	(78,955)	(608,853)
Change in Net Position	905,954	119,330	1,025,284
TOTAL NET POSITION - Beginning of Year	19,471,700	(429,092)	19,042,608
TOTAL NET POSITION - End of Year	\$ 20,377,654	\$ (309,762)	\$ 20,067,892

See accompanying notes to financial statements.

CITY OF CORINTH, MISSISSIPPI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the year ended September 30, 2021

	Business-Type Activities--Enterprise Funds		
	Sewer System Fund	Sanitation Fund	Total
Cash Flows From Operating Activities:			
Cash Receipts from Customers	\$ 4,250,657	\$ 1,730,347	\$ 5,981,004
Cash Payments to Suppliers for Goods and Services	(222,752)	(134,382)	(357,134)
Cash Payments for Employees for Services	(426,654)	(651,089)	(1,077,743)
Cash Payments to Vendors for Other Services and Charges	(476,823)	(559,132)	(1,035,955)
Net Cash Provided by (Used in) Operating Activities	3,124,428	385,744	3,510,172
Cash Flows from Noncapital Financing Activities:			
Cash Receipts From Other Revenues	1,242	-	1,242
Payment of Transfers to Other Funds	(212,371)	(90,000)	(302,371)
Net Cash Provided by (Used In) Noncapital Financing Activities	(211,129)	(90,000)	(301,129)
Cash Flows from Capital and Related Financing Activities:			
Principal Paid on Long-Term Debt	(1,778,360)	(27,705)	(1,806,065)
Interest Paid on Debt	(397,017)	(1,875)	(398,892)
Acquisition of Capital Assets	(62,996)	(30,102)	(93,098)
Net Cash Provided by (Used In) Capital and Related Financing Activities	(2,238,373)	(59,682)	(2,298,055)
Cash Flows from Investing Activities:			
Interest Received on Cash and Cash Equivalents	75,513	12,920	88,433
Net Cash Provided by (Used In) Investing Activities	75,513	12,920	88,433
Net Increase (Decrease) In Cash and Cash Equivalents	750,439	248,982	999,421
Cash and Cash Equivalents--Beginning	4,664,481	694,668	5,359,149
Cash and Cash Equivalents--Ending	\$ 5,414,920	\$ 943,650	\$ 6,358,570

CITY OF CORINTH, MISSISSIPPI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the year ended September 30, 2021

	Business-Type Activities--Enterprise Funds		
	Sewer System Fund	Sanitation Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 1,435,852	\$ 198,285	\$ 1,634,137
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation Expense	1,681,517	91,227	1,772,744
Net Pension Expense	60,232	85,652	145,884
Changes in Assets and Liabilities:			
Accounts Receivable	(44,504)	1,211	(43,293)
Accounts Payable	(1,659)	-	(1,659)
Accrued Liabilities	1,323	1,921	3,244
Due to Other Funds	-	-	-
Compensated Absences Payable	(8,333)	7,448	(885)
Total Adjustments	1,688,576	187,459	1,876,035
Net Cash Provided by (Used in) Operating Activities	\$ 3,124,428	\$ 385,744	\$ 3,510,172

See accompanying notes to financial statements.

CITY OF CORINTH, MISSISSIPPI
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2021

	Private-Purpose Trust Funds	Agency Funds
ASSETS		
Cash	\$ 18,676	\$ 44,406
TOTAL ASSETS	\$ 18,676	\$ 44,406
LIABILITIES		
Amounts Held for Others	-	\$ 44,406
TOTAL LIABILITIES	-	\$ 44,406
NET ASSETS		
Held in Trust	18,676	
TOTAL NET POSITION	\$ 18,676	

See accompanying notes to financial statements.

CITY OF CORINTH, MISSISSIPPI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
September 30, 2021

	Private-Purpose Trust Funds
ADDITIONS	
Interest Income	\$ 303
Lot Sales	<u>2,450</u>
Total Additions	<u>2,753</u>
DEDUCTIONS	
Other	<u>6,225</u>
Total Deductions	<u>6,225</u>
Change in Net Position	<u>(3,472)</u>
NET POSITION	
October 1, 2020	<u>22,148</u>
September 30, 2021	<u>\$ 18,676</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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.

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, 2021, in conformity with accounting principles generally accepted in the United States of America.

Corinth Utility Commission

Corinth Library Commission

BASIS OF PRESENTATION

Government-Wide and Fund Financial Statements

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.

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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.

Fund Types

Governmental Funds

General Fund - The General Fund 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. This is a major fund.

Debt Service Funds - Debt Service Funds were established to account for the accumulation of resources for and the payment of general long-term debt principal, interest, and related costs. These are non-major governmental funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific federal and state grants that are legally restricted to expenditures for specified purposes. These are non-major governmental funds.

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. These are non-major governmental funds.

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Proprietary Funds

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the proprietary funds are as follows: sale of water for the Water Fund, refuse collection charges for the Solid Waste Fund, and sale of electricity for the Electric Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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.

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.

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

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

Deferred Outflows Related to Pension - This amount represents the City's proportionate share of the deferred outflows of resources reported by the pension plan in which the City participates. See Note 10 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Property Tax for Future Reporting Period / Unavailable Revenue – Property Taxes - Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Fines Receivable / Unavailable Revenue - 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.

Deferred Inflows Related to Pension - This amount represents the City's proportionate share of the deferred inflows of resources reported by the pension plan in which the City participates. See Note 10 for additional details.

LONG-TERM DEBT AND BOND DISCOUNTS / PREMIUMS

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

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

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.

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, the Proprietary Funds consider all highly liquid investments (including restricted assets) with an original maturity of three months or less when acquired to be cash equivalents.

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.

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.

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.

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.

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

FUND BALANCES / NET POSITION

On the government-wide and proprietary fund statement of net position, the City reports net position in the following three categories:

Net Investment in Capital Assets – consists of capital assets net of accumulated depreciation reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition or construction of those assets.

Restricted Net Position – consists of assets, less any related liabilities, restricted externally by creditors, grantors, contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – consists of net position that is not classified as net investment in capital assets or restricted net position.

Net Position Flow Assumption:

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

On the fund financial statements, the governmental funds balance sheet reports assets in excess of liabilities as fund balances. The fund balances are segregated into the following classifications indicating the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent:

Nonspendable – the fund balance is reported as nonspendable when the resources are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted – the fund balance is reported as restricted when constraints placed on the resources are (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – the fund balance is reported as committed for amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the council. Committed amounts cannot be uncommitted except by removing the constraints through the same formal action.

Assigned – the fund balance is reported as assigned for resources that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent can be expressed by the board of aldermen or an official to which the board has delegated the authority to assign amounts to be used for specific purposes.

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

FUND BALANCES / NET POSITION – continued

Unassigned – the unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that is not otherwise reported as restricted or assigned to specific purposes. This classification is also used to report any negative fund balance in other governmental funds.

Fund Balance Flow Assumption:

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

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 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.

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.

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 City of Corinth's participation in the Public Employees' Retirement System of Mississippi (PERS), and additions to/deductions from the City of Corinth's fiduciary net position have been determined on the same basis as they are reported by the Public Employees' Retirement System of Mississippi (PERS). For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employees' Retirement System of Mississippi (PERS). Investments are reported at fair value.

NOTE 2 - CASH AND OTHER DEPOSITS

DEPOSITS

The carrying amount of the City's total deposits with financial institutions at September 30, 2021, was \$20,160,686, and the bank balance was \$20,656,251. 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, 2021, none of the City's bank balance of \$17,528,272 was exposed to custodial credit risk.

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.

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 3 - INTERFUND TRANSFERS AND BALANCES

The following is a summary of interfund balances at September 30, 2021:

Due From / To Other Funds

Funds:	Due From	Due To
General Fund	\$ 4,000	\$ 2,433
Sanitation Fund	2,433	-
Sewer System Fund	-	4,000
Total funds	\$ 6,433	\$ 6,433

Interfund balances consist of payments for monthly claims and are expected to be paid back within the year. These Due From/Due to items are routine and consistent with the activities of the fund making the transfer.

Transfers In / Out

Funds:	Transfers Out	Transfers In
General Fund	\$ 4,167	\$ 184,167
Wenasoga Sewer Project Fund	-	122,371
Sanitation Fund	90,000	-
Sewer System Fund	212,371	-
Total funds	\$ 306,538	\$ 306,538

The principal purpose of the interfund transfers was to provide funds for operating expenses or to provide funds for capital projects. 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, 2021 consisted of the following for governmental activities:

Description	Amount
Due From State - Sales Tax	\$ 570,275
Due From State - Tourism Tax	119,332
Due From State - Community Heritage Program Grant	116,000
Due From State - FAA Grant	4,608
Due From State - MDOT Matching Grant	1,149
Due From Corinth Housing Authority - In Lieu of Taxes	33,413
Total Governmental Activities	\$ 844,777

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 5 - CAPITAL ASSETS

The following is a summary of capital asset activity as of September 30, 2021:

	<u>Balance Oct. 1, 2020</u>	<u>Acquisitions</u>	<u>Capitalized Construction, Sales, or Retirements</u>	<u>Balance Sept. 30, 2021</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 753,442	\$ 8,684	\$ (57,000)	\$ 705,126
Construction in Progress	<u>892,348</u>	<u>988,830</u>	<u>(1,881,178)</u>	<u>-</u>
Total Capital Assets, not being Depreciated:	<u>1,645,790</u>	<u>997,514</u>	<u>(1,938,178)</u>	<u>705,126</u>
Capital Assets being Depreciated:				
Buildings	6,761,524	155,000	-	6,916,524
Infrastructure - Streets	15,062,310	-	1,881,178	16,943,488
Mobile Equipment	4,319,517	128,140	(142,714)	4,304,943
Furniture and Equipment	<u>639,390</u>	<u>5,200</u>	<u>-</u>	<u>644,590</u>
Total Capital Assets, being Depreciated	<u>26,782,741</u>	<u>288,340</u>	<u>1,738,464</u>	<u>28,809,545</u>
Less Accumulated Depreciation for:				
Buildings	(2,474,902)	(116,424)	-	(2,591,326)
Infrastructure - Streets	(2,987,147)	(425,352)	-	(3,412,499)
Mobile Equipment	(3,231,144)	(172,259)	122,568	(3,280,835)
Furniture and Equipment	<u>(500,172)</u>	<u>(11,492)</u>	<u>-</u>	<u>(511,664)</u>
Total Accumulated Depreciation	<u>(9,193,365)</u>	<u>(725,527)</u>	<u>122,568</u>	<u>(9,796,324)</u>
Total Capital Assets being Depreciated, net:	<u>17,589,376</u>	<u>(437,187)</u>	<u>1,861,032</u>	<u>19,013,221</u>
Total Governmental Activities				
Capital Assets, net	\$ <u>19,235,166</u>	\$ <u>560,327</u>	\$ <u>(77,146)</u>	\$ <u>19,718,347</u>

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 5 - CAPITAL ASSETS – continued

	Balance Oct. 1, 2020	Acquisitions	Capitalized Construction, Sales, or Retirements	Balance Sept. 30, 2021
Business-Type Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 62,493	\$ -	\$ -	\$ 62,493
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Assets, not being Depreciated:	<u>62,493</u>	<u>-</u>	<u>-</u>	<u>62,493</u>
Capital Assets being Depreciated:				
Sewer Plant and Buildings	62,158,047	-	-	62,158,047
Mobile Equipment	2,761,522	87,898	-	2,849,420
Furniture and Equipment	<u>534,940</u>	<u>5,200</u>	<u>-</u>	<u>540,140</u>
Total Capital Assets, being Depreciated	<u>65,454,509</u>	<u>93,098</u>	<u>-</u>	<u>65,547,607</u>
Less Accumulated Depreciation for:				
Sewer Plant and Buildings	(23,581,470)	(1,653,846)	-	(25,235,316)
Mobile Equipment	(2,262,560)	(110,611)	-	(2,373,171)
Furniture and Equipment	<u>(497,662)</u>	<u>(8,287)</u>	<u>-</u>	<u>(505,949)</u>
Total Accumulated Depreciation	<u>(26,341,692)</u>	<u>(1,772,744)</u>	<u>-</u>	<u>(28,114,436)</u>
Total Capital Assets being Depreciated, net:	<u>39,112,817</u>	<u>(1,679,646)</u>	<u>-</u>	<u>37,433,171</u>
Total Business-Type Activities				
Capital Assets, net	\$ <u>39,175,310</u>	\$ <u>(1,679,646)</u>	\$ <u>-</u>	\$ <u>37,495,664</u>
Total Capital Assets	\$ <u>58,410,476</u>	\$ <u>(1,119,319)</u>	\$ <u>(77,146)</u>	\$ <u>57,214,011</u>

Depreciation expense was charged to functions / programs of the primary government as follows:

Governmental Activities:

General Government	\$ 76,170
Public Safety	202,839
Public Works	<u>446,518</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 725,527</u>

Business-Type Activities:

Electric Department	\$ 1,681,517
Solid Waste	<u>91,227</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,772,744</u>

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 6 - LONG-TERM DEBT

GOVERNMENTAL ACTIVITIES

The following is a summary of changes in long-term debt of the City's governmental activities for the year ended September 30, 2021:

	Fund Debt Retired By	Balances Oct. 1,	Additions	Reductions	Balances Sept. 30	Current Portion
Governmental Activities:						
General Obligation Bonds	Bond & Int.	\$ 5,059,000	\$ -	\$ 351,000	\$ 4,708,000	\$ 370,000
Notes Payable	General & Fire	1,399,851	-	312,510	1,087,341	64,850
Capital Lease Obligations	General & Fire	<u>246,456</u>	<u>-</u>	<u>78,106</u>	<u>168,350</u>	<u>79,432</u>
Total Governmental Activities		<u>\$ 6,705,307</u>	<u>\$ -</u>	<u>\$ 741,616</u>	<u>\$ 5,963,691</u>	<u>\$ 514,282</u>

General Obligation Bonds

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.

General Obligation Bonds as of September 30, 2021, consisted of the following:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Series 2013	3.30-3.50%	12/19/13	12/01/28	\$ 1,600,000	\$ 1,050,000
Series 2018	3.25-3.50%	02/01/18	02/01/38	2,000,000	1,780,000
Series 2020	2.00-2.20%	01/08/20	12/01/29	2,054,000	1,878,000
Total				<u>\$ 5,654,000</u>	<u>\$ 4,708,000</u>

Annual debt service requirements to maturity are as follows:

Years Ending September 30,	Principal	Interest	Total
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	419,000	83,248	502,248
2027-2031	1,879,000	238,411	2,117,411
2032-2036	595,000	90,728	685,728
2037-2038	<u>265,000</u>	<u>8,694</u>	<u>273,694</u>
Total	<u>\$ 4,708,000</u>	<u>\$ 855,918</u>	<u>\$ 5,563,918</u>

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 6 - LONG-TERM DEBT – continued

GOVERNMENTAL ACTIVITIES – continued

Notes Payable

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.

Notes Payable as of September 30, 2021, consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
CAP Loan	3.00%	11/01/10	11/01/30	\$ 411,265	\$ 215,515
CAP Loan	2.00%	08/01/18	08/01/38	1,000,000	871,826
Total				<u>\$ 1,411,265</u>	<u>\$ 1,087,341</u>

Annual debt service requirements to maturity are as follows:

<u>Years Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	71,180	16,900	88,080
2027-2031	355,256	58,733	413,989
2032-2036	278,236	25,294	303,530
2037-2038	113,970	2,104	116,074
Total	<u>\$ 1,087,341</u>	<u>\$ 186,638</u>	<u>\$ 1,273,979</u>

Capital Leases

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

Capital Leases as of September 30, 2021, consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Fire Truck	3.15%	10/22/18	10/22/23	\$ 386,213	\$ 168,350
Total				<u>\$ 386,213</u>	<u>\$ 168,350</u>

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 6 - LONG-TERM DEBT – continued

GOVERNMENTAL ACTIVITIES – continued

Capital Leases - continued

Annual debt service requirements to maturity are as follows:

Years Ending September 30,	Principal	Interest	Total
2022	\$ 79,432	\$ 4,159	\$ 83,591
2023	81,970	1,621	83,591
2024	6,948	18	6,966
Total	\$ <u>168,350</u>	\$ <u>5,798</u>	\$ <u>174,148</u>

BUSINESS-TYPE ACTIVITIES

The following is a summary of changes in long-term debt of the City's business-type activities for the year ended September 30, 2021:

	Fund Debt Retired By	Balances Oct. 1,	Additions	Reductions	Balances Sept. 30	Current Portion
Business-Type Activities:						
Notes Payable	Sewer	\$ 22,795,567	\$ -	\$ 1,778,360	\$ 21,017,207	\$ 1,811,454
Capital Lease Obligations	Sanitation	<u>68,575</u>	<u>-</u>	<u>27,705</u>	<u>40,870</u>	<u>28,648</u>
Total Business-Type Activities		\$ <u>22,864,142</u>	\$ <u>-</u>	\$ <u>1,806,065</u>	\$ <u>21,058,077</u>	\$ <u>1,840,102</u>

Notes Payable

Notes payable consist 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.

Notes Payable as of September 30, 2021, consisted of the following:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State Revolving Loan	2.00%	02/08/08	12/01/27	\$ 12,655,057	\$ 4,556,435
State Revolving Loan	1.75%	11/14/14	03/14/34	20,250,866	14,150,382
State Revolving Loan	1.75%	03/24/16	02/14/36	3,027,904	2,310,390
Total				\$ <u>35,933,827</u>	\$ <u>21,017,207</u>

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 6 - LONG-TERM DEBT – continued

BUSINESS-TYPE ACTIVITIES – continued

Notes Payable - continued

Annual debt service requirements to maturity are as follows:

Years Ending September 30,	Principal	Interest	Total
2022	\$ 1,811,454	\$ 363,921	\$ 2,175,375
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	1,950,141	225,236	2,175,377
2027-2031	7,289,205	677,117	7,966,322
2032-2036	4,327,225	127,495	4,454,720
Total	\$ 21,017,207	\$ 2,280,717	\$ 23,297,924

Capital Leases

Capital Leases as of September 30, 2021, consisted of the following:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Knuckle Boom Truck	3.35%	02/21/18	02/16/23	\$ 136,000	\$ 40,870
Total				\$ 136,000	\$ 40,870

Annual debt service requirements to maturity are as follows:

Years Ending September 30,	Principal	Interest	Total
2022	\$ 28,648	\$ 932	\$ 29,580
2023	12,222	103	12,325
Total	\$ 40,870	\$ 1,035	\$ 41,905

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 as of September 30, 2021:

	Total	City Share
Hospital Revenue Bonds, Series 2011 A	\$ 66,800,000	\$ 30,050,000

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 8 - PROPERTY TAXES

The millage rate for the City for October 1, 2020, through September 30, 2021, 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>	

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 \$38,059, including the local match, federal, and state expenditures from grants, to support the operation of this joint venture during the year ended September 30, 2021. 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 \$215,573 to support the operation of this joint venture during the year ended September 30, 2021. 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

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 9 - JOINT VENTURES – continued

directors. Each entity appoints one board member, the Corinth Area Restaurant Association appoints three board members and the Corinth Area Hotel-Motel-Inn-Bed and Breakfast Association appoints three board members. The joint venture is funded with one-half of a 2 percent sales tax on motel and food and beverage 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

Plan Description - Employees of the City of Corinth are provided a defined benefit pension plan through the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing agent multiple-employer pension plan. The Public Employees' Retirement System of Mississippi (PERS) was created with the purpose to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate in the System, and elected members of the State Legislature and the President of the Senate. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits Provided - For the cost-sharing plan 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% 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% 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 (the actuarial reduction for less than 30 years or below age 65 apply only to those who became members on or after July 1, 2011). Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service.

A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. 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. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. 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.

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 10 - DEFINED BENEFIT PENSION PLAN – continued

Employee membership data related to the Plan, as of June 30, 2020 was as follows:

Inactive Members or Beneficiaries Currently Receiving Benefits	109,881
Inactive Members Assumed Eligible for a Benefit at Retirement Date	16,436
Inactive Members Assumed Not to Receive Service Retirement Benefits	62,211
Active Members	<u>149,855</u>
Total	<u>338,383</u>

Contributions - The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. PERS members are required to contribute 9.00% of their annual covered salary and the City of Corinth is required to contribute at an actuarially determined rate. The current rate is 17.40% of annual covered payroll. The contributions are deducted from the employees' wages or salary and remitted by the City to PERS on a monthly basis. By law, employer contributions are required to be paid. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

For the year ended September 30, 2021, the City of Corinth's total payroll for all employees was \$5,793,058. Total covered payroll was also \$5,775,891. Covered payroll refers to all compensation paid by the City to active employees covered by the Plan.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At September 30, 2021, the City of Corinth reported a liability of \$12,852,328 for its proportionate share of the net pension liability.

The net pension liability was measured as of June 30, 2021, and the total pension liability percentage used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Corinth's proportion of the net pension was based on a projection of the City of Corinth's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021, the City of Corinth's proportion was 0.086955 percent.

For the year ended September 30, 2021, the City of Corinth recognized pension expense of \$1,220,492. At September 30, 2021, the City of Corinth 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
Difference Between Expected and Actual Experience	\$ 205,509	\$ -
Net Difference Between Projected and Actual Investment Earnings	-	3,870,574
City Pension Contributions Subsequent to the Measurement Date	264,410	-
Changes of Assumptions	988,980	-
Changes in Proportion and Differences in Actual Earnings on Pension Plan Assets	<u>-</u>	<u>2,201,544</u>
Total	<u>\$ 1,458,899</u>	<u>\$ 6,072,118</u>

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 10 - DEFINED BENEFIT PENSION PLAN – continued

The \$264,410 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2022	\$ (1,116,638)
2023	(1,110,388)
2024	(1,215,092)
2025	(1,435,511)
Total	\$ <u>(4,877,629)</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	2.40%
Salary increases	2.65 - 17.90%, average, including inflation
Investment rate of return	7.55%, 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, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the TPL were based on the results of an actuarial experience study for the period July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

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.

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 10 - DEFINED BENEFIT PENSION PLAN – continued

The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
Domestic Equity	27.00	%	4.60	%
International Equity	22.00		4.50	
Global Equity	12.00		4.80	
Fixed Income	20.00		(0.25)	
Real Estate	10.00		3.75	
Private Equity	8.00		6.00	
Cash	1.00		(1.00)	
Total	100.00			

Discount Rate - The discount rate used to measure the total pension liability was 7.55 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 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 of Corinth's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City of Corinth's and the additional September 30, 2021 funds proportionate share of the net pension liability using the discount rate of 7.55 percent, as well as what the City of Corinth's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	Discount Rate	City of Corinth's Proportionate Share of Net Pension Liability
1% Decrease	6.55%	\$ 18,201,911
Current Discount Rate	7.55%	12,852,328
1% Increase	8.55%	8,443,848

Plan Fiduciary Net Position - Detailed information about the Plan's fiduciary net position is available in the separately issued Public Employees' Retirement System of Mississippi (PERS) financial report.

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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.

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

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, 2021.

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	\$ 48,000
2023	<u>4,000</u>
Total Minimum Payments Required	\$ <u>52,000</u>

NOTE 14 - TAX ABATEMENTS

As of September 30, 2021, 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.

CITY OF CORINTH, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
September 30, 2021

NOTE 15 - SUBSEQUENT EVENTS

Date of Management Evaluation

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 May 25, 2023, (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.

- Loan with MDEQ for Elam Creek Outfall Line in the amount of \$2,188,230.00 (Loan #SRF-C280855-06-0) – authorized by the Board of Aldermen on October 19, 2021.
- General Obligation Bond, Series 2022, in an amount not to exceed \$5,000,000.00 at an interest rate of 2.2% over 20 years – authorized by the Board of Aldermen on March 15, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CORINTH, MISSISSIPPI
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL -
BUDGETARY BASIS
For the year ended September 30, 2021

	Budget			Variance with
	Original	Final	Actual	Final Budget (Unfavorable)
REVENUES:				
Property Taxes	\$ 2,874,500	\$ 2,886,000	\$ 2,734,233	\$ (151,767)
Licenses and Permits	584,000	579,000	575,519	(3,481)
Intergovernmental Revenues	6,830,500	8,183,828	8,471,759	287,931
Charges for Services	6,500	6,500	53,626	47,126
Fines and Forfeitures	275,000	275,000	314,630	39,630
Miscellaneous Revenues	175,000	228,800	325,676	96,876
TOTAL REVENUES	10,745,500	12,159,128	12,475,443	316,315
EXPENDITURES:				
General Government	2,600,300	2,764,000	2,747,518	16,482
Public Safety	6,772,300	6,842,800	6,553,272	289,528
Public Works	2,631,500	2,756,500	2,190,523	565,977
Debt Service:				
Principal	322,839	310,706	293,211	17,495
Interest	30,000	30,000	25,464	4,536
TOTAL EXPENDITURES	12,356,939	12,704,006	11,809,988	894,018
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,611,439)	(544,878)	665,455	1,210,333
OTHER FINANCING SOURCES (USES):				
Proceeds from Debt Issued	135,000	-	-	-
Proceeds from Sale of Capital Assets	10,000	500	500	-
Operating Transfers In	180,000	457,000	184,167	(272,833)
Operating Transfers Out	-	(391,130)	(4,167)	386,963
TOTAL OTHER FINANCING SOURCES (USES)	325,000	66,370	180,500	114,130
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER FINANCING AND OTHER USES	\$ (1,286,439)	\$ (478,508)	\$ 845,955	\$ 1,324,463

The accompanying 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
For the Eight Years Ended September 30, 2021*

	<u>2021</u>	<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 net pension liability (%)	0.086955 %	0.085466 %	0.086220 %	0.093742 %	0.090697 %	0.091820 %	0.089430 %	0.091881 %
City's proportionate share of net pension liability	\$ 12,852,328	\$ 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	\$ 5,775,891	\$ 5,730,087	\$ 5,576,862	\$ 5,949,776	\$ 5,824,959	\$ 6,099,105	\$ 5,647,613	\$ 5,629,460
City's proportionate share of net pension liability as a percentage of its covered payroll	222.52 %	288.74 %	271.98 %	262.06 %	258.83 %	268.93 %	244.78 %	194.06 %
Plan fiduciary net position as a percentage of total pension liability	59.93 %	58.97 %	61.59 %	62.54 %	61.49 %	57.47 %	61.70 %	67.21 %

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Schedule is intended to show information for 10 years. Additional years will be available as they become available.

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

* The amounts presented have a measurement date of June 30.

CITY OF CORINTH, MISSISSIPPI
Schedule of the City's Contributions
For the Eight Years Ended September 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contributions	\$ 1,005,005	\$ 997,035	\$ 902,879	\$ 937,072	\$ 917,431	\$ 960,609	\$ 889,499	\$ 886,640
Contributions in relation to statutorily required contributions	\$ 1,005,005	\$ 997,035	\$ 902,879	\$ 937,072	\$ 917,431	\$ 960,609	\$ 889,499	\$ 886,640
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 5,775,891	\$ 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 %	17.40 %	16.12 %	15.75 %	15.75 %	15.75 %	15.75 %	15.75 %

Contribution percentage rate went from 15.75% to 17.40% as of July 1, 2019.
The accompanying notes to the Required Supplementary Information are an integral part of this schedule.
Schedule is intended to show information for 10 years. Additional years will be available as they become available.

CITY OF CORINTH, MISSISSIPPI
Notes to the Required Supplementary Information
For the Year Ended September 30, 2021

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:

- a) Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- b) 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:

		Governmental Fund Types
		General Fund
Budget (Cash Basis)	\$	1,612,362
Increase (Decrease)		
Net adjustments for revenue accruals		134,935
GAAP Basis	\$	<u>1,747,297</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, 2021

Pension Schedules - Changes of Assumptions

2021:

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 134% of male rates at all ages.
 - For females, 121% of female rates at all ages.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:
 - For males, 134% of male rates at all ages.
 - For females, 121% of female rates at all ages.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:
 - For males, 97% of male rates at all ages.
 - For females, 110% of female rates at all ages.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%.
- The wage inflation assumption was reduced from 3.00% to 2.65%.
- The investment rate of return assumption was changed from 7.75% to 7.55%.
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- The percentage of active member deaths assumed to be in the line of duty was decrease from 6% to 4%.

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

CITY OF CORINTH, MISSISSIPPI
Notes to the Required Supplementary Information
For the Year Ended September 30, 2021

Pension Schedules - Changes of Assumptions 2019 (continued)

- 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%.

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%.

2016:

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

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.

Pension Schedules - Changes of Benefit Provisions

2016:

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

SUPPLEMENTARY INFORMATION

CITY OF CORINTH, MISSISSIPPI
NON-MAJOR OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2021

	Fire Protection Fund	Library Fund	Tourism Construction Fund	Tourism Budget Fund	FAA Grant Fund	EFLAP Project Fund	Senate Bill 2002 Fund	Senate Bill 3049 Fund	Burnsville Water Project Fund	Wenasoga Sewer Project Fund	FEMA Fund	Municipal Bond and Interest Fund	2019 Infrastructure Note Fund	Totals
ASSETS														
Cash and Cash Equivalents	\$ 147,328	\$ 335,969	\$ 1,014,216	\$ -	\$ 9,315	\$ -	\$ -	\$ -	\$ 54	\$ 89	\$ -	\$ 478,447	\$ -	\$ 1,985,418
Property Taxes Receivable												399,518		399,518
Intergovernmental Receivables	-	-	59,666	59,666	5,757	-	-	-	-	-	-	-	-	125,089
TOTAL ASSETS	\$ 147,328	\$ 335,969	\$ 1,073,882	\$ 59,666	\$ 15,072	\$ -	\$ -	\$ -	\$ 54	\$ 89	\$ -	\$ 877,965	\$ -	\$ 2,510,025
LIABILITIES														
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 12,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,500
TOTAL LIABILITIES	-	-	-	-	12,500	-	-	-	-	-	-	-	-	12,500
DEFERRED INFLOWS OF RESOURCES														
Deferred Revenue - Property Taxes												399,518		399,518
FUND BALANCES														
Restricted:														
Public Safty	147,328	-	-	-	-	-	-	-	-	-	-	-	-	147,328
Public Works	-	-	-	-	2,572	-	-	-	54	89	-	-	-	2,715
Culture and Recreation	-	-	1,073,882	59,666	-	-	-	-	-	-	-	-	-	1,133,548
Debt Service	-	-	-	-	-	-	-	-	-	-	-	478,447	-	478,447
Committed to:														
Culture and Recreation	-	335,969	-	-	-	-	-	-	-	-	-	-	-	335,969
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	147,328	335,969	1,073,882	59,666	2,572	-	-	-	54	89	-	478,447	-	2,098,007
TOTAL LIABILITIES, DEFERRED INFLOWS, AND AND, FUND BALANCES	\$ 147,328	\$ 335,969	\$ 1,073,882	\$ 59,666	\$ 15,072	\$ -	\$ -	\$ -	\$ 54	\$ 89	\$ -	\$ 877,965	\$ -	\$ 2,510,025

CITY OF CORINTH, MISSISSIPPI
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended September 30, 2021

	Fire Protection Fund	Library Fund	Tourism Construction Fund	Tourism Budget Fund	FAA Grant Fund	EFLAP Project Fund	Senate Bill 2002 Fund	Senate Bill 3049 Fund	Burnsville Water Project Fund	Wenasoga Sewer Project Fund	FEMA Fund	Municipal Bond and Interest Fund	2019 Infrastructure Note Fund	Totals
REVENUES:														
Property Taxes	\$ -	\$ 147,711	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 492,598	\$ -	\$ 640,309
Intergovernmental Revenues	-	10,944	723,358	723,358	34,080	76,500	-	-	92,050	494,308	-	38,303	-	2,192,901
Miscellaneous Revenues:	2,894	4,755	9,457	-	161	-	5,938	3,587	54	-	-	5,222	1,225	33,293
TOTAL REVENUES	<u>2,894</u>	<u>163,410</u>	<u>732,815</u>	<u>723,358</u>	<u>34,241</u>	<u>76,500</u>	<u>5,938</u>	<u>3,587</u>	<u>92,104</u>	<u>494,308</u>	<u>-</u>	<u>536,123</u>	<u>1,225</u>	<u>2,866,503</u>
EXPENDITURES:														
Current:														
Public Safety	12,615	-	-	-	-	-	-	-	-	-	-	-	-	12,615
Public Works	-	-	-	-	38,059	76,500	492,402	506,907	-	589,662	481	-	131,400	1,835,411
Culture and Recreation	-	133,400	533,429	717,633	-	-	-	-	-	-	-	-	-	1,384,462
Debt Service:														
Principal	97,405	-	-	-	-	-	-	-	-	-	-	351,000	-	448,405
Interest	13,556	-	-	-	-	-	-	-	-	-	-	132,408	-	145,964
Other	-	-	-	-	-	-	-	-	-	-	-	1,652	-	1,652
TOTAL EXPENDITURES	<u>123,576</u>	<u>133,400</u>	<u>533,429</u>	<u>717,633</u>	<u>38,059</u>	<u>76,500</u>	<u>492,402</u>	<u>506,907</u>	<u>-</u>	<u>589,662</u>	<u>481</u>	<u>485,060</u>	<u>131,400</u>	<u>3,828,509</u>
EXCESS OF REVENUES REVENUES OVER (UNDER) EXPENDITURES	<u>(120,682)</u>	<u>30,010</u>	<u>199,386</u>	<u>5,725</u>	<u>(3,818)</u>	<u>-</u>	<u>(486,464)</u>	<u>(503,320)</u>	<u>92,104</u>	<u>(95,354)</u>	<u>(481)</u>	<u>51,063</u>	<u>(130,175)</u>	<u>(962,006)</u>
OTHER FINANCING SOURCES (USES)														
Transfers from Other Funds	-	-	-	-	-	-	-	-	-	122,371	-	-	-	122,371
Transfers to Other Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,371</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	<u>(120,682)</u>	<u>30,010</u>	<u>199,386</u>	<u>5,725</u>	<u>(3,818)</u>	<u>-</u>	<u>(486,464)</u>	<u>(503,320)</u>	<u>92,104</u>	<u>27,017</u>	<u>(481)</u>	<u>51,063</u>	<u>(130,175)</u>	<u>(839,635)</u>
FUND BALANCES - Beginning of Year	<u>268,010</u>	<u>305,959</u>	<u>874,496</u>	<u>53,941</u>	<u>6,390</u>	<u>-</u>	<u>486,464</u>	<u>503,320</u>	<u>(92,050)</u>	<u>(26,928)</u>	<u>481</u>	<u>427,384</u>	<u>130,175</u>	<u>2,937,642</u>
FUND BALANCES - End of Year	<u>\$ 147,328</u>	<u>\$ 335,969</u>	<u>\$ 1,073,882</u>	<u>\$ 59,666</u>	<u>\$ 2,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54</u>	<u>\$ 89</u>	<u>\$ -</u>	<u>\$ 478,447</u>	<u>\$ -</u>	<u>\$ 2,098,007</u>

OTHER INFORMATION

CITY OF CORINTH
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2021

NAME	POSITION	BOND	INSURANCE COMPANY
Tommy Irwin	Mayor	\$ 100,000.00	Western Surety Company
Vickie Roach	City Clerk/Tax Collector	100,000.00	Western Surety Company
Benjamin Albarracin	Alderman	100,000.00	Travelers Casualty & Surety Co of America
Adrian L. Wood, III	Alderman	100,000.00	Travelers Casualty & Surety Co of America
Mike Hopkins	Alderman	100,000.00	Travelers Casualty & Surety Co of America
Michael McFall	Alderman	100,000.00	Travelers Casualty & Surety Co of America
Christopher Wilson	Alderman	100,000.00	Travelers Casualty & Surety Co of America
J.C. Hill	Alderman	100,000.00	Travelers Casualty & Surety Co of America
Becky Phipps	City Judge	50,000.00	Western Surety Company
Ralph Dance	Chief of Police	50,000.00	Western Surety Company
Zane Elliott	Court Clerk	100,000.00	Western Surety Company
Shea Willis	Deputy Court Clerk	100,000.00	Western Surety Company
Ginger Seawright	Deputy Court Clerk	100,000.00	Western Surety Company
Missy Wilbnaks	Deputy Court Clerk	100,000.00	Western Surety Company
Greg Tyson	Building Official	50,000.00	Western Surety Company
Melissa Powers	Admin. Clerk, Bldg. Dept	25,000.00	Western Surety Company
Misty McGee	Admin. Clerk	25,000.00	Western Surety Company
Brandy Smith	Deputy City Clerk	100,000.00	Western Surety Company
Christe Bennett	Deputy City Clerk	100,000.00	Western Surety Company
Alicia Walker	Deputy Tax Collector	100,000.00	Western Surety Company
Donna Null	Deputy Tax Collector	100,000.00	Western Surety Company
Kim Ratliff	Project Coordinator	25,000.00	Western Surety Company

REPORTS ON COMPLIANCE AND INTERNAL CONTROL



**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, 2021, 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 May 25, 2023.

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 of 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Jarrell Group, PLLC

Jarrell Group, PLLC
Tupelo, Mississippi
May 25, 2023

**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 City of Corinth, Mississippi, as of and for the year ended September 30, 2021, and have issued our report thereon dated May 25, 2023. 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 the *Government Auditing Standards*.

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 state laws and regulations. However, providing an opinion on compliance with 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 general purpose financial statements disclosed no material instances of noncompliance with state laws and regulations.

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

Jarrell Group, PLLC

Jarrell Group, PLLC
Tupelo, Mississippi
May 25, 2023