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**CORINTH SCHOOL DISTRICT**  
**AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2007**



**CORINTH SCHOOL DISTRICT**  
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**June 30, 2007**

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**INDEPENDENT AUDITORS' REPORT  
ON THE BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

Superintendent and School Board  
Corinth School District

We have audited the accompanying financial statements of the governmental activities, each major fund and aggregate remaining fund information of the Corinth School District as of and for the year ended June 30, 2007, which collectively comprise the Corinth School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Corinth School District's management. Our responsibility is to express an opinion 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Corinth School District at June 30, 2007, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 5, 2008, on our consideration of the Corinth School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 and the Budgetary Comparison Schedules and corresponding notes on pages 30 through 32 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain

limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corinth School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Brauner, Vansteyn + Co. P.A.*

January 21, 2009  
Booneville, Mississippi

**CORINTH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007**

The discussion and analysis of Corinth School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this district's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the district's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

**FINANCIAL HIGHLIGHTS**

Net Assets increased \$1,354,658 which is an increase of 8% from fiscal year 2006. This increase was due mainly to the decrease in long-term debt.

<u>Revenue</u>	<u>Revenues</u>	<u>%</u>
General	\$ 13,974,795	83%
Program	2,804,775	17%
Total	<u>\$ 16,779,570</u>	<u>100%</u>

Program revenues are those, which are received in the form of charges for services, grants and contributions and are applied to specific programs. The District had \$15,424,912 in expenses with \$2,804,775 being offset by program revenues. General revenues of \$13,974,795 were sufficient to provide for expenses not covered by program revenue.

<u>General Funds</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Fund Balance</u>
2006	12,330,684	11,107,087	6,407,478
2007	13,293,201	12,034,171	7,434,098
Net Change	<u>\$ 962,517</u>	<u>927,084</u>	<u>1,026,620</u>

The fund increase from the prior year was a result of increases in local and state revenues.

	<u>2007</u>	<u>2006</u>	<u>Net Change</u>
Capital Assets, net of accumulated depreciation	<u>\$ 9,319,902</u>	<u>9,412,524</u>	<u>(92,622)</u>

The decrease in net value of capital assets resulted from depreciation.

	<u>2007</u>	<u>2006</u>	<u>Net Change</u>
Long-term Debt	<u>\$ 1,613,052</u>	<u>2,227,816</u>	<u>(614,764)</u>

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District'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 other supplementary information in addition to the basic financial statements themselves.

**CORINTH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

The statement of net assets presents information on all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets 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 years.

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

The government-wide financial statements can be found on pages 9 and 10 of this report.

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

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's current financing requirements. Governmental Funds are reported using modified accrual accounting. This method of accounting measures cash and other assets that can be easily converted to cash. The Governmental Funds Statements provide a detailed short-term view of the school district's operations.

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, readers may better understand the long-term impact of the District's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 12 and 14, respectively.

The District maintains individual governmental funds in accordance with the Financial Accounting Manual for Mississippi Public School Districts. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental fund financial statements can be found on pages 11 and 13 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because resources of those

**CORINTH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007**

funds are not available to support the District's own programs. The accrual basis of accounting is used for fiduciary funds. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The school district's fiduciary activities are presented in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Assets, pages 15 and 16.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 17 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process.

The District adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each additional major fund. This required supplementary information can be found on pages 30-32 of this report.

Additionally, a schedule of expenditures of federal awards is required by OMB Circular A-133 and can be found on page 33 in this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net assets.** Net assets may serve over time as a useful indicator of government's financial position. In the case of the District, assets exceeded liabilities by \$17,856,769 as of June 30, 2007.

By far, the largest portion of the District's net assets reflects its investment in capital assets (e.g. land, buildings, building improvements, improvements other than buildings, mobile equipment, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that is still outstanding.

The District uses these capital assets to provide services to its students; consequently these assets are not available for future spending. Capital assets percentage of net assets is 46%.

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

The following table presents a summary of the District's net assets for the fiscal year ended June 30, 2007 compared to 2006.

	2007	2006	% Change
Current Assets	\$ 11,125,537	\$ 10,141,564	9.70%
Capital Assets, net	9,319,902	9,412,524	-0.98%
Total Assets	<u>20,445,439</u>	<u>19,554,088</u>	<u>4.56%</u>
Current Liabilities	975,618	796,162	22.54%
Long-term debt	1,613,052	2,227,816	-27.59%
Total Liabilities	<u>2,588,670</u>	<u>3,023,978</u>	<u>-14.40%</u>
Net Assets:			
Capital Assets, net	7,866,841	7,339,672	7.18%
Restricted	4,970,573	4,225,245	17.64%
Unrestricted	5,019,355	4,965,193	1.09%
Total Net Assets	<u>\$ 17,856,769</u>	<u>\$ 16,530,110</u>	<u>8.03%</u>

**CORINTH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007**

Following are significant current year transactions that have had an impact on the Statement of Net Assets.

The principal retirement of long term debt:	\$ 625,689
Capital asset additions	\$ 335,361
Current year depreciation	\$ 427,926

**Changes in net assets.** The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2007 compared to 2006.

	<u>2007</u>	<u>2006</u>	<u>%Change</u>
<b>Revenues:</b>			
Program revenues			
Charges for services	\$ 372,087	\$ 323,186	15.13%
Operating grants and contributions	2,432,688	2,133,182	14.04%
General Revenues:			
Property taxes	4,487,708	4,417,087	1.60%
Grants and contributions not restricted	8,899,120	8,667,390	2.67%
Other	587,967	512,132	14.81%
<b>Total revenues</b>	<u>16,779,570</u>	<u>16,052,977</u>	<u>4.53%</u>
<b>Expenses:</b>			
Instruction	9,735,056	9,050,841	7.56%
Support services	4,622,549	4,246,285	8.86%
Non-instructional	1,000,085	1,139,944	-12.27%
Interest on long-term liabilities	67,222	90,068	-25.37%
<b>Total expenses</b>	<u>15,424,912</u>	<u>14,527,138</u>	<u>6.18%</u>
 <b>Changes in Net Assets</b>	 <u>\$ 1,354,658</u>	 <u>\$ 1,525,839</u>	 <u>-11.22%</u>

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

**Net (Expense) Revenue**

	<u>2007</u>	<u>2006</u>	<u>% Change</u>
Instruction	\$ (7,105,623)	\$ (6,778,708)	4.82%
Support services	(4,622,549)	(4,246,285)	8.86%
Non-instructional	(824,743)	(955,709)	-13.70%
Interest on long-term liabilities	(67,222)	(90,068)	-25.37%
<b>Net Cost of Activities</b>	<u>\$ (12,620,137)</u>	<u>\$ (12,070,770)</u>	<u>4.55%</u>

**General Revenues**

Property taxes	\$ 4,487,708	\$ 4,417,087	1.60%
State revenue	8,752,387	8,585,310	1.95%
Federal revenue	146,733	82,080	78.77%
Investment earnings	449,392	298,362	50.62%
Other	138,575	213,770	-35.18%
<b>Total General Revenue</b>	<u>\$ 13,974,795</u>	<u>\$ 13,596,609</u>	<u>2.78%</u>

**CORINTH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

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

The financial performance of the District as a whole is reflected in its governmental funds. The following table reflects fund balances for the fiscal year ending June 30, 2007 compared to fiscal year 2006.

	2007	2006	% Change
Unreserved/undesignated	\$ 5,504,121	\$ 4,967,391	10.81%
Reserved or designated	4,666,251	4,405,420	5.92%
<b>Total fund balance</b>	<b>10,170,372</b>	<b>9,372,811</b>	<b>8.51%</b>
General fund	7,434,098	6,407,478	16.02%
Bond retirement fund	1,719,745	2,129,492	-19.24%
Other governmental funds	1,016,529	835,841	21.62%
<b>Total fund balance</b>	<b>\$ 10,170,372</b>	<b>\$ 9,372,811</b>	<b>8.51%</b>

Unreserved and undesignated funds are funds which are available for spending at the District's discretion. Reserved or designated funds are those which are committed for debt service and capital improvements. The General Fund is the principal operating fund of the District.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised the annual operating budget.

A schedule showing the original and final budget amounts compare to the District's actual revenue and expenditure amounts for the General Fund and other major funds is provided in this report as required supplementary information. These budgets were reduced to reflect expenditures were less than expected on all major funds and local revenue was greater than expected on the General Fund. This report is located on pages 30-32.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The table below summarized and compares capital assets and accumulated depreciation for the fiscal year June 30, 2007 and compares it to the corresponding values for 2006.

	2007	2006	% Change
Total Capital Assets	\$ 16,578,882	\$ 16,249,255	2.03%
Accumulated Depreciation	(7,258,980)	(6,836,731)	6.18%
<b>Total net assets</b>	<b>\$ 9,319,902</b>	<b>\$ 9,412,524</b>	<b>-0.98%</b>

Additional information of the District's capital assets can be found in Note 4 on page 25 of this report.

**CORINTH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Debt Administration.** The table below summarizes and compares general obligation bonds and other long-term debt for the fiscal year June 30, 2007 and compares it to those corresponding values for 2006.

	2007	2006	% Change
General obligation bonds	\$ 1,270,000	\$ 1,715,000	-25.95%
Other	343,052	512,816	-33.10%
<b>Total long-term debt</b>	<b>\$ 1,613,052</b>	<b>\$ 2,227,816</b>	<b>-27.59%</b>

Additional information of the District's long-term debt can be found in the Note 5 on pages 26-27 of this report.

**CURRENT ISSUES**

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

The District is now committed to financial excellence. The millage has not increased over the past two years despite funding cuts and additional mandated expenditures by the State of Mississippi. In addition, the district system of financial planning, budgeting and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

Latest enrollment figures indicate that student enrollment in the District will increase slightly. The budget for the next fiscal year has taken into account a reduction in both funding and staffing needs.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have questions about this report, you may contact:

Office of the Superintendent  
Corinth School District  
1204 North Harper Road  
Corinth, MS 38834

**CORINTH SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
June 30, 2007**

Exhibit A

	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents (Note 2)	\$ 7,038,918
Investments	3,583,556
Due from other governments	410,423
Other Receivables	38,524
Inventories and prepaid items	23,219
Restricted assets	30,897
Capital assets, not being depreciated (Note 4)	
Land	1,273,999
Construction in progress	68,700
Capital assets, net of accumulated depreciation	
Buildings	5,755,645
Building improvements	811,348
Improvements other than buildings	786,341
Mobile equipment	565,700
Furniture and equipment	58,169
<b>Total Assets</b>	<u>20,445,439</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	947,027
Unearned revenue	8,138
Interest payable on long term liabilities	20,453
Long term liabilities (due within one year) (Note 5)	
Capital related liabilities	618,061
Long term liabilities (due beyond one year) (Note 5)	
Capital related liabilities	835,000
Non-capital related liabilities	159,991
<b>Total Liabilities</b>	<u>2,588,670</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	7,866,841
Restricted net assets:	
Expendable:	
School based activities	94,159
Debt service	2,461,723
Capital improvements	2,178,720
Unemployment	235,971
Unrestricted	5,019,355
<b>Total Net Assets</b>	<u>17,856,769</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 20,445,439</u>

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

**CORINTH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007**

Exhibit B

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Primary Governmental Activities
<b>Governmental Activities</b>				
Instruction	\$ 9,735,056	196,745	2,432,688	(7,105,623)
Support services	4,622,549	-	-	(4,622,549)
Noninstructional	1,000,085	175,342	-	(824,743)
Interest on long-term liabilities	67,222	-	-	(67,222)
<b>Total Governmental Activities</b>	<u>15,424,912</u>	<u>372,087</u>	<u>2,432,688</u>	<u>(12,620,137)</u>

General Revenues:

Taxes:

General purpose levies 4,129,478  
Debt service levies 358,230

Unrestricted grants and contributions

State 8,752,387  
Federal 146,733  
Unrestricted investment earnings 449,392  
Other 138,575

Total General Revenues 13,974,795

Change in Net Assets 1,354,658

Net Assets-Beginning 16,530,110

Prior Period Adjustment (27,999)

Net Assets-Beginning As Restated 16,502,111

Net Assets-Ending \$ 17,856,769

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

**CORINTH SCHOOL DISTRICT**  
**Balance Sheet - Governmental Funds**  
**June 30, 2007**

	Major Funds				Total Governmental Funds
	General Funds	Title I A Fund	Bond Retirement Fund	Other Governmental	
<b>ASSETS</b>					
Cash and cash equivalents (Note 2)	\$ 4,820,990	-	1,207,537	1,041,288	7,069,815
Investments	3,038,614	-	506,776	38,166	3,583,556
Due from other governments	95,389	129,982	-	185,052	410,423
Other receivables	32,593	-	5,432	499	38,524
Due from other funds (Note 3)	179,348	-	-	-	179,348
Inventories and prepaid items	-	-	-	23,219	23,219
<b>Total Assets</b>	<b>8,166,934</b>	<b>129,982</b>	<b>1,719,745</b>	<b>1,288,224</b>	<b>11,304,885</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	732,836	68,453	-	145,738	947,027
Due to other funds (note 3)	-	61,529	-	117,819	179,348
Deferred Revenue	-	-	-	8,138	8,138
<b>Total Liabilities</b>	<b>732,836</b>	<b>129,982</b>	<b>-</b>	<b>271,695</b>	<b>1,134,513</b>
<b>Fund Balances</b>					
Reserved for:					
Inventory	-	-	-	23,219	23,219
Ad Valorem	107,645	-	-	-	107,645
Debt service funds	-	-	1,719,745	332,231	2,051,976
Unemployment	-	-	-	235,971	235,971
Permanent funds	-	-	-	69,034	69,034
Unreserved:					
Designated					
Capital improvements	2,178,406	-	-	-	2,178,406
Undesignated reported in:					
General fund	5,148,047	-	-	-	5,148,047
Special revenue funds	-	-	-	356,074	356,074
<b>Total Fund Balances</b>	<b>7,434,098</b>	<b>-</b>	<b>1,719,745</b>	<b>1,016,529</b>	<b>10,170,372</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,166,934</b>	<b>129,982</b>	<b>1,719,745</b>	<b>1,288,224</b>	<b>11,304,885</b>

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

**Corinth School District**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets**  
**June 30, 2007**

	<u>Amount</u>
Total Fund Balances - Governmental Funds	\$ 10,170,372
Amounts reported for governmental activities in the statement of net assets are different because:	
1. Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$7,258,980 (Note 5).	9,319,902
2. Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds (Note 6).	(1,613,052)
3. Accrued interest on debt is not due and payable in the current period, and, therefore, is not reported in the funds.	(20,453)
Total Net Assets - Governmental Activities	<u>\$ 17,856,769</u>

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

**CORINTH SCHOOL DISTRICT**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance -**  
**Governmental Funds**  
**For the year ended June 30, 2007**

	Major Funds				Total Governmental Funds
	General Funds	Title I A Fund	Bond Retirement Fund	Other Governmental	
<b>Revenues</b>					
Local sources	\$ 4,786,404	-	92,506	536,204	5,415,114
State sources	8,360,064	-	-	392,323	8,752,387
Federal sources	146,733	794,938	-	1,637,750	2,579,421
<b>Total Revenues</b>	<b>13,293,201</b>	<b>794,938</b>	<b>92,506</b>	<b>2,566,277</b>	<b>16,746,922</b>
<b>Expenditures</b>					
Instruction	7,841,333	607,783	-	1,063,497	9,512,613
Support services	3,912,910	171,154	-	381,962	4,466,026
Noninstructional services	3,785	16,001	-	984,797	1,004,583
Facilities acquisition & construction	276,143	-	-	-	276,143
Debt Service:					
Principal	-	-	445,000	180,689	625,689
Interest	-	-	57,253	16,931	74,184
<b>Total Expenditures</b>	<b>12,034,171</b>	<b>794,938</b>	<b>502,253</b>	<b>2,627,876</b>	<b>15,959,238</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,259,030</b>	<b>-</b>	<b>(409,747)</b>	<b>(61,599)</b>	<b>787,684</b>
<b>Other Financing Sources (Uses)</b>					
Insurance loss recoveries	1,505	-	-	-	1,505
Transfers in	-	-	-	233,915	233,915
Transfers out	(233,915)	-	-	-	(233,915)
Other Sources (Uses)	-	-	-	31,143	31,143
<b>Total Other Financing Sources (Uses)</b>	<b>(232,410)</b>	<b>-</b>	<b>-</b>	<b>265,058</b>	<b>32,648</b>
<b>Net change in fund balances</b>	<b>1,026,620</b>	<b>-</b>	<b>(409,747)</b>	<b>203,459</b>	<b>820,332</b>
<b>Fund Balances:</b>					
July 1, 2006	6,407,478	-	2,129,492	835,841	9,372,811
Prior Period Adjustment	-	-	-	(27,999)	(27,999)
Adjusted Fund Balance	6,407,478	-	2,129,492	807,842	9,344,812
Increase in reserve for inventory	-	-	-	5,228	5,228
June 30, 2007	\$ 7,434,098	-	1,719,745	1,016,529	10,170,372

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

**Corinth School District  
Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures and Changes in Fund Balances to the Statement of Activities  
For the Year Ended June 30, 2007**

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 820,332
Amounts reported for governmental activities in the statement of activities are different because:	
1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchased amounted to \$335,361 and the depreciation expense amounted to \$(427,926).	(92,565)
2. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of activity.	625,689
3. Decrease in accrued interest is reported as an adjustment to interest expense in the statement of activity.	6,956
4. Increase in compensated absences is reported as an adjustment to instruction.	(10,925)
5. Increase in inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are decreased in the statement of activity.	5,228
6. Book value of capital assets retired during year reported as an expenditure in statement of activities but not expensed in governmental funds.	<u>(57)</u>
Change in Net Assets of Governmental Activities	<u>\$ 1,354,658</u>

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

**CORINTH SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
June 30, 2007

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,763	65,951
<b>TOTAL ASSETS</b>	<u>7,763</u>	<u>65,951</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	-	7,174
Due to student clubs	-	58,777
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>65,951</u>
<b>NET ASSETS</b>		
Held in trust	<u>7,763</u>	
<b>TOTAL NET ASSETS</b>	<u>\$ 7,763</u>	

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

**CORINTH SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Assets**  
**For the year Ended June 30, 2007**

	<u>Private-Purpose Trust Funds</u>
<b>Additions</b>	
Interest on investments	\$ 211
Contributions and donations from private sources	<u>5,900</u>
<b>Total Additions</b>	<u>6,111</u>
<b>Deductions</b>	
Scholarships awarded	<u>2,500</u>
<b>Total Deductions</b>	<u>2,500</u>
<b>Change in Net Assets</b>	<u>3,611</u>
<b>Net Assets</b>	
July 1, 2006	<u>4,152</u>
June 30, 2007	<u><u>\$ 7,763</u></u>

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

**CORINTH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Note 1 Summary of Significant Accounting Policies**

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

**A. Financial Reporting Entity**

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the school district's governing board. As defined by accounting principles generally accepted in the United States of America, the school district is considered an "other stand-alone government." The school district is a related organization of but not a component unit of the City of Corinth since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

**B. Basis of Presentation**

The school district's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-Wide Financial Statements:**

The Statement of Net Assets and Statement of Activities display information about the school district as a whole. They include all funds of the reporting entity except for fiduciary funds, if applicable. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

The Statement of Net Assets presents the financial condition of the governmental activities of the school district 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 school district's governmental 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 services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the school district, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the school district.

**Fund Financial Statements:**

Fund financial statements of the school district are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category.

**CORINTH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Note 1 Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus and Basis of Accounting**

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting as are the Fiduciary Fund financial statements. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flow takes place. 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 state appropriations and federal awards.

In the fund financial statements, governmental 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 are reported when due.

The school district reports the following major governmental funds:

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

**Title I A Fund** – This fund is used to account for federal revenues used for supplies, materials, teachers and assistants to help students reach high standards in proficiency.

**Bond Retirement Fund** – This fund is used to account for revenues used to retire principal and interest on general obligation bonds.

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

Additionally, the school district reports the following fund types:

**GOVERNMENTAL FUNDS**

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

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

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

**CORINTH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Note 1 Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus and Basis of Accounting (continued)**

GOVERNMENTAL FUNDS (continued)

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

FIDUCIARY FUNDS

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

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

**D. Account Classifications**

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting* as issued in 2005 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems, 2003* issued by the U.S. Department of Education.

**E. Encumbrances**

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

**F. Cash and Cash Equivalents**

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

Cash and cash equivalents consists of amounts on deposit in demand accounts and certificates of deposit with original maturities of three months or less. Cash and cash equivalents are valued at cost.

**G. Investments**

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

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

Investments are reported at fair value.

**CORINTH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Note 1 Summary of Significant Accounting Policies (continued)**

**H. Inventories and Prepaid Items**

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in, first-out basis).

The costs of governmental fund type inventories are reported as expenditures when purchased.

Prepaid items, such as prepaid insurance, are not reported for governmental fund types since the costs of such items are accounted for as expenditures in the period of acquisition.

**I. Capital Assets**

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

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are reported in the government-wide statements.

Depreciation is calculated on the straight-line basis for all assets, except land. The following schedule details those thresholds.

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

(\*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 4 for details.

**J. Long-term Liabilities**

Long-term liabilities are the unmatured principal of bonds, warrants, notes, or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments. In the government-wide Statement of Net Assets, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column. See Note 5 for details.

**CORINTH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Note 1 Summary of Significant Accounting Policies (continued)**

**K. Interfund Transactions and Balances**

Interfund transactions and balances are the result of timing differences between the date expenses/expenditures occur and the date payments are made.

Short-term (due within one year) interfund loan receivables are reported as "due from other funds" and are considered available expendable resources.

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note 3 for details for interfund transactions, including receivables and payables at year-end.

**L. Equity Classifications**

**Government-Wide Financial Statements:**

Equity is classified as net assets and displayed in three components:

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

Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**Fund Financial Statements:**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Fund reserves are portions of fund equity that are legally segregated for a specific future use or are not available for current operations. Following is a description of fund reserves used by the district:

Reserved for inventory – An account that represents a portion of the fund balance which indicates inventories do not represent available spendable resources even though they are a component of net current assets.

Reserved for ad valorem – An account used to record the ad valorem taxes collected in excess of legal limitations for the current fiscal year.

**CORINTH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Note 1 Summary of Significant Accounting Policies (continued)**

Reserved for debt service – An account that represents that portion of the fund balance in Debt Service Fund which was legally restricted and not available for spending for any other purpose than that for which it is restricted.

Reserved for unemployment benefits – An account that represents a portion of the fund balance that is legally restricted for the payment of unemployment benefits.

Reserved for permanent fund purposes – An account that represents a portion of the fund balance that is restricted for investment purposes to provide earnings to support payment of scholarships.

Unreserved fund balance – designated – An amount reserved by the School Board for new school construction.

Unreserved, undesignated – An account that represents the portion of fund balance that is expendable available financial resources.

**M. Property Taxes**

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

**N. Mississippi Adequate Education Program Revenues**

Revenues from the adequate education program are appropriated on a fiscal year basis and are recorded at the time the revenues are received from the State of Mississippi.

**O. Compensated Absences**

Employees of the school district accumulate sick leave at a minimum amount as required by state law or at a greater amount provided by school district policy. Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

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

**CORINTH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Note 2 Cash and Cash Equivalents, and Investments**

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

*Deposits.* The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school district's deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of a 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 Depository Insurance Corporation.

*Investments.* Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest surplus funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits and interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Governmental instrumentality or United States Government sponsored enterprise obligations, the principal and interest of which are fully guaranteed by the government or enumerated agency of the United States; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or interest in and open-end or closed-end any management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration. Investment income on bond funds (Capital Projects Funds), bond sinking funds (Debt Service Funds) and sixteen section Principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Amounts less than \$100 can be credited to the General Fund.

*Cash and Cash Equivalents.* The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds \$7,069,815 and \$73,714, respectively. The carrying amount of deposits reported in the government-wide statements was: Cash and cash equivalents \$7,038,918 and Restricted Assets \$30,897. The Restricted assets represents the cash balance of Endowments (Permanent Funds) which are legally restricted and may not be used for purposes that support the district's program. The bank balance was \$7,539,207.

*Custodial Credit Risk – Deposits-* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2007, none of the district's bank balance of \$7,509,739 was exposed to custodial credit risk.

Investments.

As of June 30, 2007, the district had the following investments.

**CORINTH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Note 2 Cash and Cash Equivalents, and Investments (continued)**

<u>Investment Type</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>	<u>Rating</u>
Certificates of deposit	1	\$ 3,583,556	not rated
Total Investments		<u>\$ 3,583,556</u>	

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

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

*Custodial Credit Risk – Investments.* Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are Collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2007, \$3,583,556 was exposed to custodial credit risk.

*Concentration of Credit Risk –* Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2007, the district had the following investments:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Certificates of Deposit - BancorpSouth	\$ 3,545,390	98.90%
Certificates of Deposit - Regions Bank	38,166	1.10%
	<u>3,583,556</u>	<u>100.00%</u>

**Note 3 Interfund Transactions and Balances**

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds

<u>Major funds:</u>	<u>Description</u>	<u>Due From</u>	<u>Due To</u>
General	Temporary Loan	\$ 179,348	
Title IA Fund	Temporary Loan		61,529
Non-Major funds	Temporary Loan	-	117,819
Total funds		<u>\$ 179,348</u>	<u>179,348</u>

Loans were made until the receiving funds get their grant reimbursements.

**CORINTH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Note 3 Interfund Transactions and Balances (continued)**

B. Transfers In/Out

	Description	Transfer In	Transfer Out
Major Funds:			
General Funds	Transfers Out - District Maintenance support for other funds.	\$ -	233,915
Non-major funds	Transfers In - Support	233,915	-
Total funds		<u>\$ 233,915</u>	<u>233,915</u>

District provided additional funds for support of the Vocational Fund and Americorp Fund

**Note 4 Capital Assets**

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

	Balance 7/1/2006	Additions	Retirements	Adjustments	Balance 6/30/2007
<u>Non-depreciable capital</u>					
Land	\$ 1,066,556	207,443	-	-	1,273,999
Construction in Progress	0	68,700	-	-	68,700
Total non-depreciable capital assets	<u>1,066,556</u>	<u>276,143</u>	<u>-</u>	<u>-</u>	<u>1,342,699</u>
<u>Depreciable capital assets</u>					
Buildings	9,479,867	-	-	-	9,479,867
Building Improvements	2,332,447	-	-	-	2,332,447
Improvements other than buildings	1,596,718	-	-	-	1,596,718
Mobile Equipment	1,538,632	30,690	-	-	1,569,322
Furniture & Equipment	235,035	28,528	(5,734)	-	257,829
Total depreciable capital assets	<u>15,182,699</u>	<u>59,218</u>	<u>(5,734)</u>	<u>-</u>	<u>15,236,183</u>
Less accumulated depreciation for:					
Buildings	3,560,471	163,751	-	-	3,724,222
Building Improvements	1,429,712	91,387	-	-	1,521,099
Improvements other than buildings	746,508	63,869	-	-	810,377
Mobile Equipment	913,283	90,339	-	-	1,003,622
Furniture & Equipment	186,757	18,580	(5,677)	-	199,660
Total accumulated depreciation	<u>6,836,731</u>	<u>427,926</u>	<u>(5,677)</u>	<u>-</u>	<u>7,258,980</u>
Total depreciable capital assets, net	<u>8,345,968</u>	<u>(368,708)</u>	<u>(57)</u>	<u>-</u>	<u>7,977,203</u>
Governmental activities capital assets, net	<u>9,412,524</u>	<u>(92,565)</u>	<u>(57)</u>	<u>-</u>	<u>9,319,902</u>

**CORINTH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Note 4 Capital Assets (continued)**

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 250,675
Support Services	176,434
Non-instructional	817
Total depreciation expense	<u>\$ 427,926</u>

**Note 5 Long-term Liabilities**

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

	Balance 7/1/2006	Additions	Reductions	Balance 6/30/2007	Amounts due within one year
A. General obligations bonds payable	\$ 1,715,000	-	445,000	1,270,000	435,000
B. Three-mill ten-year notes payable	357,852	-	174,791	183,061	183,061
C. Other loans payable	5,898	-	5,898	-	-
D. Compensated absences payable	149,066	10,925	-	159,991	-
Totals	<u>\$ 2,227,816</u>	<u>10,925</u>	<u>625,689</u>	<u>1,613,052</u>	<u>618,061</u>

**A. General obligation bonds payable.**

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

Description	Rate	Issue Date	Date	Issued	Outstanding
General obligation refunding bonds					
Series 2001	2.45-3.9%	11/28/2001	8/1/2009	\$ 3,660,000	1,270,000
Total				<u>\$ 3,660,000</u>	<u>1,270,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2008	435,000	39,758	474,758
2009	425,000	23,959	448,959
2010	410,000	7,995	417,995
Total	<u>\$ 1,270,000</u>	<u>71,712</u>	<u>1,341,712</u>

**CORINTH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Note 5 Long-term Liabilities (continued)**

**A. General obligation bonds payable. (continued)**

The amount of bonded indebtedness that can be incurred by the school district is limited by state statute. Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of taxable property within such district, according to the then last completed assessment for taxation unless certain conditions, as set forth in state statutes, have been met. As of June 30, 2007, the amount of outstanding bonded indebtedness was equal to 2.0% of property assessments as of October 1, 2006.

This debt will be retired from the bond retirement fund.

**B. Three-mill ten-year notes payable.**

**Debt currently outstanding is as follows:**

Description	Rate	Issue Date	Maturity Date	Issued	Outstanding
Three mill loan	4.73%	6/1/1998	6/1/2008	\$ 1,500,000	\$ 183,061

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

Year Ending June 30,	Principal	Interest	Total
2008	\$ 183,061	8,662	191,723
Total	\$ 183,061	8,662	191,723

This debt will be retired from the 3 Mill Debt Retirement Fund.

**C. Other loans payable.**

This debt was paid in full.

**CORINTH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Note 5 Long-term Liabilities (continued)**

**D. Compensated absences payable.**

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

**Note 6 Defined Benefit Pension Plan**

**Plan Description:** The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800 444-PERS.

**Funding Policy:** PERS members are required to contribute 7.25% of their annual covered salary and the school district is required to contribute at an actuarially determined rate. The rate for fiscal year ending June 30, 2007 was 11.30% of the annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the years ending June 30, 2007, 2006, and 2005, were \$985,765, \$916,467 and \$795,679 respectively, which equaled the required contributions for each year.

**Note 7 Prior Period Adjustments**

A summary of significant fund equity adjustments is as follows:

Exhibit B – Statement of Activities

To correct prior receivable (\$27,999)

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

Major Funds	Explanation	Amount
Other Governmental Funds	To correct prior year receivable	\$ (27,999)

**Note 8 Contingencies**

The school district receives Federal Grants for specific purposes that are subject to review and audit by Federal agencies. Such audits could result in a requirement for reimbursement by the Federal agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the school district, such disallowances, if any, would not be significant to the district's financial statements.

**CORINTH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Note 9 Risk Management**

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

**Participation in Public Entity Risk Pools**

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 121 school districts and one community college and covers risk of loss arising from injuries to the member'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 MSBAWCT contributes quarterly to a fund held in trust by Bancorpsouth Bank in Jackson. The funds in the trust account are used to pay any claim up to \$700,000. For a claim exceeding \$700,000, MSBAWCT has insurance that will pay the excess up to the statutory amount required by the Mississippi Workers Compensation Act. If the total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

**Note 10 Vocational Education**

The school district entered into a Vocational Education Agreement dated January 31, 1984, creating the Alcorn County Vocational Education Center. This center was created pursuant to the provisions of Section 37-31-73, Mississippi Code Annotated (1972), and was approved by the Mississippi Department of Education. The center includes the Corinth School District and the Alcorn County School District.

Section 37-31-73, Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for the construction or operation of a regional vocational education center. Any such agreement should provide for a designated fiscal agent, providing the method of financing the construction and operation of such facilities, the matter in which such facilities are to be controlled and staffed and detail procedures for student admission and transportation services for those students.

The Alcorn County School District has been designated as the lead school district for the Alcorn County Vocational Education Center, and the operations of the consortium are included in its financial statements.

**Note 11 Subsequent Events**

On October 1, 2007 the district issued a Three-Mill Note in the amount of \$1,750,000 for the purpose of construction and renovation. The loan is for a period of 10 years at 3.94% and will be retired in full October 1, 2017.

Additionally on November 1, 2008 the district issued bonds in the amount of \$7,800,000 for the purpose of building a new elementary school and renovations. The bonds are for a period of 20 years at an interest rate of 4.774% and will be retired on November 1, 2028.

Corinth School District  
 Budgetary Comparison Schedule for the General Fund  
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
<b>Revenue</b>					
Local Sources	\$ 4,647,718	4,784,122	4,786,404	136,404	2,282
State Sources	8,360,650	8,360,065	8,360,064	(585)	(1)
Federal Sources	141,000	146,733	146,733	5,733	-
<b>Total Revenues</b>	<b>13,149,368</b>	<b>13,290,920</b>	<b>13,293,201</b>	<b>141,552</b>	<b>2,281</b>
<b>Expenditures</b>					
Instruction	7,758,241	7,841,333	7,841,333	(83,092)	-
Support Services	4,209,195	3,897,792	3,912,910	311,403	(15,118)
Noninstructional services	-	3,785	3,785	(3,785)	-
Facilities Acquisition and Construction	50,000	245,089	276,143	(195,089)	(31,054)
<b>Total Expenditures</b>	<b>12,017,436</b>	<b>11,987,999</b>	<b>12,034,171</b>	<b>29,437</b>	<b>(46,172)</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>1,131,932</b>	<b>1,302,921</b>	<b>1,259,030</b>	<b>170,989</b>	<b>(43,891)</b>
<b>Other Financing Sources (Uses)</b>					
Insurance Loss Recoveries	100	1,505	1,505	1,405	-
Sale of transportation equipment	100	-	-	(100)	-
Sale of other property	100	-	-	(100)	-
Operating Transfers In	1,098,100	1,327,470	-	229,370	(1,327,470)
Operating Transfers Out	(1,027,800)	(1,561,385)	(233,915)	(533,585)	1,327,470
<b>Total Other Financing Sources (Uses)</b>	<b>70,600</b>	<b>(232,410)</b>	<b>(232,410)</b>	<b>(303,010)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>1,202,532</b>	<b>1,070,511</b>	<b>1,026,620</b>	<b>(132,021)</b>	<b>(43,891)</b>
<b>Fund Balances</b>					
July 1, 2006	4,128,052	6,407,237	6,407,478	2,279,185	241
June 30, 2007	<u>\$ 5,330,584</u>	<u>7,477,748</u>	<u>7,434,098</u>	<u>2,147,164</u>	<u>(43,650)</u>

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

Corinth School District  
Budgetary Comparison Schedule for the Title I-A Fund  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
<b>Revenue</b>					
Federal Sources	\$ 1,084,604	1,084,604	794,938	-	(289,666)
<b>Total Revenues</b>	1,084,604	1,084,604	794,938	-	(289,666)
<b>Expenditures</b>					
Instruction	578,628	811,053	607,783	(232,425)	203,270
Support Services	229,728	227,498	171,154	2,230	56,344
Noninstructional Services	27,491	46,064	16,001	(18,573)	30,063
<b>Total Expenditures</b>	835,847	1,084,615	794,938	(248,768)	289,677
<b>Excess (Deficiency) of Revenues over Expenditures</b>	248,757	(11)	-	(248,768)	11
<b>Other Financing Sources (Uses)</b>					
Operating Transfers Out	-	-	-		
<b>Total Other Financing To Sources (Uses)</b>	-	-	-		
<b>Net Change in Fund Balance</b>	248,757	(11)	-	(248,768)	11
<b>Fund Balances</b>					
July 1, 2006	1	-	-	(1)	-
June 30, 2007	\$ 248,758	(11)	-	(248,769)	11

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

**CORINTH SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**Basis of Presentation**

The Budgetary Comparison Schedules present the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, variances between the original budget and the final budget, and variances between the final budget and the actual data.

**Budget amendments and revisions**

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

The final amended budgets were not approved in the minutes.

**CORINTH SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2007**

Schedule 2

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>		
Passed-through Mississippi Department of Education:		
Non-cash Assistance:		
Food donation	10.550	\$ 46,789
Child Nutrition Cluster:		
School breakfast program	10.553	144,507
National school lunch program	10.555	411,783
Summer food service program for children	10.559	29,364
Total Child Nutrition Cluster		<u>585,654</u>
Special supplemental program for women, infants and children	10.557	39,185
Total Passed-through MDE		<u>624,839</u>
<b>Total U.S. Department of Agriculture</b>		<u>671,628</u>
<b>Federal Communications Commission</b>		
Administered through Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	45,033
<b>Total Federal Communications Commission</b>		<u>45,033</u>
<b>U.S. Department of Education</b>		
Direct Program:		
Impact aid	84.041	8,242
Total		<u>8,242</u>
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	794,938
Vocational education basic grants to states	84.048	30,288
Education technology - state grant	84.318	12,769
Safe and drug-free schools and communities - state grants	84.109	20,276
Education for homeless children and youth	84.196	9,258
Comprehensive school reform demonstration	84.332	55,317
Rural education	84.358	58,443
English language acquisition grants	84.365	6,272
Improving teacher quality - state grants	84.367	198,420
Hurricane education recovery	84.938	22,923
Total		<u>1,208,904</u>
Special Education Cluster		
Special education - grants to states	84.027	441,120
Special education - preschool grants	84.173	9,435
Total Special Education Cluster		<u>450,555</u>
Total Passed-through MDE		<u>1,659,459</u>
Total U.S. Department of Education		<u>1,667,701</u>
<b>Corporation For National and Community Service</b>		
Passed through Mississippi Commission for Volunteers-		
Institution of Higher Learning		
AmeriCorps	94.006	89,871
<b>Total for All Federal Awards</b>		<u>\$ 2,474,233</u>

Notes to Schedule

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the basic financial statements.
2. The expenditure amounts include transfers out.
3. The pass through entities did not assign identifying numbers to the school district.

Corinth School District  
 Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
 For the Year Ended June 30, 2007

Schedule 3

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 11,874,293	9,017,064	580,068	744,165	1,532,996
Other	4,084,945	1,448,431	115,552	14,778	2,506,184
<b>Total</b>	<b>\$ 15,959,238</b>	<b>10,465,495</b>	<b>695,620</b>	<b>758,943</b>	<b>4,039,180</b>
Total number of students *	1,816				
Cost per student	\$ 8,788	5,763	383	418	2,224

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

**Instruction and Other Student Instructional Expenditures** - included the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers aides or classroom assistants of any type. (All the 1000 2100 and 2200 functional codes)

**General Administration** - includes expenditures for the following functions: Support Services - General Administration (2300s); and Support Services - Business (2500s).

**School Administration** - includes expenditures for the following function: Support Services - School Administration (2400s).

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

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



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

Superintendent and School Board  
Corinth School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Corinth School District as of and for the year ended June 30, 2007, which collectively comprise the Corinth School District's basic financial statements, and have issued our report thereon dated January 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the school district's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the school district's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as we discussed below, we identified a certain deficiency in the internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliability in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented by the entity's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 2007-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the school district's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above in Finding 2007-1 to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Corinth School District'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However we noted a certain immaterial instance of noncompliance that we have reported to management of the school district in a separate letter dated January 21, 2009, which is included in this report.

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

*Brewer, Vandelay & Co. P.A.*

January 21, 2009  
Booneville, Mississippi



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

Superintendent and School Board
Corinth School District

Compliance

We have audited the compliance of the Corinth School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

In our opinion, Corinth School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the Corinth School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal programs such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of this internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

*Braun, Vanstey & Co. P.A.*

January 21, 2009  
Booneville, Mississippi



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

Superintendent and School Board  
Corinth School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Corinth School District as of and for the year ended June 30, 2007, which collectively comprise Corinth School District's basic financial statements and have issued our report thereon dated November 5, 2008. We conducted our audit in accordance with auditing standards, generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$0 of classroom supply funds carried over from previous years.

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the instance of noncompliance described in Finding 2007-1 in the Schedule of Findings and Questioned Cost and the following immaterial instances of noncompliance with other state laws and regulations. Our immaterial finding and recommendation and your response are as follows:

Finding 1

- Condition: Ms Code Section 27-205-5 requires that public funds be collateralized at 105% of the excess of funds over the amount of FDIC coverage. Funds were invested in certificates of deposit, these amounts were not reported to the State Treasurer, therefore they were not collateralized.
- Criteria: All funds of the school district that exceed FDIC coverage amounts are required to be collateralized by the State Treasurer. These funds cannot be collateralized unless the Treasurer's office receives notification of the funds in the financial institution. The Treasurer's report should be reconciled quarterly.
- Effect: Should this bank suffer financial loss and be closed, the district would loose the funds that exceeded the FDIC coverage.
- Recommendation: We recommend the Treasurer's report be reconciled each quarter and all variances be reported.

School District Response:

We will reconcile accounts to Treasurer's Report each quarter.

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

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

*Blauner, VanStacy & Co. P.A.*  
January 21, 2009  
Booneville, Mississippi

**CORINTH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007**

Section 1: Summary of Auditors' Results

Financial Statements:

- |  |               |
|--|---------------|
| 1. Type of auditors report issued on the financial statements                            | Unqualified   |
| 2. Material noncompliance relating to the Financial statements?                          | No            |
| 3. Internal control over financial reporting   |               |
| a. Material weakness(es) identified?   | Yes           |
| b. Significant deficiencies identified that are not considered to be material weaknesses | None reported |

Federal Awards:

- |  |                            |
|--|----------------------------|
| 4. Type of auditors' report issued on compliance for major federal programs:   | Unqualified                |
| 5. Internal control over major programs:   |                            |
| a. Material weakness(es) identified?   | No                         |
| b. Significant deficiencies identified that are not considered to be material weaknesses   | None reported              |
| 6. Any audit findings reported as required by Section .510(a) of OMB Circular A-133?   | No                         |
| 7. Federal programs identified as major programs:  |                            |
| Child Nutrition Cluster:   | 10.553<br>10.555<br>10.559 |
| Special Education Cluster:   | 84.027<br>84.173           |
| 8. The dollar threshold used to distinguish between type A and type B programs:  | \$300,000                  |
| 9. Auditee qualified as a low-risk auditee?  | Yes                        |
| 10. Prior fiscal year audit finding(s) and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ___315(b) of OMB Circular A-133? | No                         |

**CORINTH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**Section 2: Financial Statement Findings**

Significant deficiency considered to be a material weakness:

**Finding 2007-1**

**Condition:** Receipts for entrance into ballgames were tested to see that the correct amount was deposited into the activity fund bank account. Activity fund deposits for four home basketball games could not be located in deposited funds.

**Criteria:** Controls should be in place where more than one person is involved in the collection and deposit process. Deposits should be made daily.

**Effect:** Lack of sufficient controls in this area results in loss of revenues.

**Recommendation:** Effective dual controls should be in place to insure proper collection and deposit of revenue.

**Section 3: Federal Award Findings and Questioned Costs**

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

# Corinth School District

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EDWARD LEE CHILDRESS, Ed.D.  
Superintendent

## AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section \_\_\_\_\_ 315 of OMB Circular A-133 the Corinth School District has prepared and hereby submits the following corrective action plan for the finding included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2007:

### Finding

### Corrective Action Plan Details

2007-1

- a. Contact Person: Bobbie Sparks  
Finance Director  
662-287-2425
- b. Controls were put in place to see that all revenues are promptly deposited and that support documents identify the type of revenue deposited.
- c. Procedures were implemented upon notification of finding.

