



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. 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 COLUMBIA, MISSISSIPPI

Audit Report

September 30, 2009

CITY OF COLUMBIA, MISSISSIPPI
AUDIT REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2009

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets	8
Statement of Activities	9
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds	10
Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets	11
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Fund Net Assets - Proprietary Funds	14
Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds	15
Statement of Cash Flows - Proprietary Funds	16
Statement of Net Assets- Fiduciary Funds	17

CITY OF COLUMBIA, MISSISSIPPI
AUDIT REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2009

TABLE OF CONTENTS

	<u>PAGE</u>
NOTES TO FINANCIAL STATEMENTS	18
REQUIRED SUPPLEMENTARY INFORMATION:	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual	29
SUPPLEMENTAL INFORMATION:	
Schedule of Surety Bonds for Municipal Officials	31
Schedule of Long-term Debt	32
Schedule of Expenditures of Federal Awards	33
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	34
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	36
REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	38
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	39
CORRECTIVE ACTION PLAN	41
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	42

Scotty McDaniel, CPA

MEMBER
Mississippi Society
of Certified Public
Accountants

INDEPENDENT AUDITOR'S REPORT

Mayor and Members of the City Board
City of Columbia, Mississippi

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 Columbia, Mississippi as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Columbia, Mississippi's management. 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 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.

The City has not maintained adequate records regarding the existence, and completeness of court fines due to the City. The amount by which this departure would affect the assets of the governmental activities and fund financial statements is not reasonably determinable.

In our opinion, except for the effects of the matters discussed in the third paragraph, 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 Columbia, Mississippi as of September 30, 2009 and the respective changes in financial position and cash flows, where applicable, 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 our report dated March 31, 2010, on our consideration of the City of Columbia, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 and budgetary comparison information on pages 3 through 7 and 29 through 30 are not a required part of the basic financial statements but are supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 City of Columbia Mississippi'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. 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 basic financial statements

McDaniel CPA Firm
March 31, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF COLUMBIA, MISSISSIPPI
SEPTEMBER 30, 2009

The discussion and analysis of the City of Columbia's financial performance provides an overall narrative review of the City's financial activities for the fiscal year ended September 30, 2009. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. To the extent this discussion contains any forward-looking statements of the City's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

Financial Highlights

The City's assets exceeded its liabilities by \$ 11,997,653 (net assets) for the fiscal year reported.

Total net assets are comprised of the following (1) Capital assets, net of related debt, of \$ 8,814,848 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.

(2) Unrestricted net assets of \$ 3,162,161 represent the portion available to maintain the City's continuing obligations to citizens and creditors.

The City's governmental funds reported total ending fund balance of \$ 2,843,528.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$ 2,753,616.

Total long term liabilities of the City decreased by \$ 878,952. Total long-term liabilities of the City totaled \$ 3,091,048 at year-end.

Overview of the financial statements

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The City's audit report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government - wide statements is the Statement of Net Assets. This is the City – wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference 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 City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other non-financial factors such as diversification of the taxpayer base or the condition of City infrastructure in addition to the financial information provided in this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF COLUMBIA, MISSISSIPPI
SEPTEMBER 30, 2009

The second government-wide statement is the Statement of Activities which reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, culture and recreation. Business-type activities include water utilities and solid waste management.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The City has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with funds statements providing a distinctive view of the City's governmental funds. These statements focus on 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 City's current financial 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 City's operations.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliations to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements for the general fund are included as required supplemental information.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. There are two kinds of proprietary funds. These are enterprise funds and internal service funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization such as the water department and the solid waste department. Internal service funds provide services and charge fees to customers within the City organization such as equipment services (repair and maintenance of City vehicles). The City of Columbia does not maintain any internal service funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF COLUMBIA, MISSISSIPPI
SEPTEMBER 30, 2009

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise 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 programs. The accrual basis of accounting is used for fiduciary funds. The City is responsible for insuring that the assets reported in these funds are used for their intended purpose.

Notes to the financial statements

The accompanying notes to the financial statements provide information that is essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-28 of this report.

Financial Analysis of the City as a Whole

The City's net assets at fiscal year-end are \$ 11,997,653.

Financial Analysis of the City's Funds

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$ 2,843,528. Of this year-end total approximately \$ 2,843,528 is unreserved indicating availability for continuing City service requirements.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The fund balance of the General Fund is \$ 2,753,616.

Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of September 30, 2009, was \$ 6,391,865 and \$ 5,340,199, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF COLUMBIA, MISSISSIPPI
SEPTEMBER 30, 2009

Governmental Activities

	<u>Capital Assets, Net of Depreciation</u>		Percentage
	<u>2009</u>	<u>2008</u>	<u>Change</u>
Land	1,405,774	1,405,774	0.0%
Buildings	2,904,882	2,904,882	0.0%
Improvements other than buildings	334,395	334,395	0.0%
Machinery and equipment	2,111,918	2,098,157	0.7%
Infrastructure	3,139,283	3,139,283	0.0%
Accumulated depreciation	<u>(3,504,387)</u>	<u>(3,165,772)</u>	10.7%
Total	<u>6,391,865</u>	<u>6,716,719</u>	-4.8%

Business-type Activities

	<u>Capital Assets, Net of Depreciation</u>		Percentage
	<u>2009</u>	<u>2008</u>	<u>Change</u>
Land	24,339	24,339	0.0%
Buildings	30,925	30,925	0.0%
Water and Sewer System	10,620,532	9,332,635	13.8%
Machinery and equipment	905,065	865,265	4.6%
Other assets	102,249	102,249	0.0%
Accumulated depreciation	<u>(6,342,911)</u>	<u>(5,880,242)</u>	7.9%
Total	<u>5,340,199</u>	<u>4,475,171</u>	19.3%

Long-term debt

At the end of the fiscal year, the City had total long term debt outstanding of \$ 3,091,048.

	<u>Outstanding Debt</u>		Percentage
	<u>2009</u>	<u>2008</u>	<u>Change</u>
Note payables	262,444	310,369	-15.4%
Bond payables	2,005,000	2,675,000	-25.0%
Capital leases	649,771	754,215	-13.8%
Compensated absences	173,833	230,416	-24.6%
Total	<u>3,091,048</u>	<u>3,970,000</u>	-22.1%

Economic Factors and Next Year's Budgets and Rates

When creating the budget, the city leadership's primary objective was to provide city services while at the same time attempting to keep property tax rates low.

The City of Columbia is located in South Mississippi. Our economic base is dependent on retail sales to the people of this region. Because of this, the City is not dependent on a particular business to maintain its tax base. It has been able to see a growing tax base and to experience a stable economy from business development and employment growth.

Requests for information

This report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF COLUMBIA, MISSISSIPPI
SEPTEMBER 30, 2009

accountability. If you have questions about this report or would like to request additional information, contact the City's Clerk's office located in Columbia/Marion County Government Complex at 201 2nd Street, Columbia, Mississippi 39429, (601)736-8201.

BASIC FINANCIAL STATEMENTS

CITY OF COLUMBIA, MISSISSIPPI

Statement of Net Assets
September 30, 2009

Exhibit 1

	Primary Government		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 2,667,448	403,393	\$ 3,070,841
Sales tax receivable	271,627	-	271,627
Property taxes receivable	53,999	-	53,999
Accounts receivable - Water & Sewer, Solid Waste	-	160,187	160,187
Other receivable	3,178	-	3,178
Inventory	-	101,253	101,253
Capital Assets:			
Land	1,405,774	24,339	1,430,113
Buildings	2,904,882	30,925	2,935,807
Plant and distribution system	-	10,620,531	10,620,531
Infrastructure	3,139,283	-	3,139,283
Improvements	334,395	-	334,395
Machinery and equipment	2,111,918	905,065	3,016,983
Other assets	-	102,249	102,249
less: accumulated depreciation	(3,504,387)	(6,342,911)	(9,847,298)
Total Assets	<u>9,388,117</u>	<u>6,005,031</u>	<u>15,393,148</u>
LIABILITIES			
Claims payable and accrued liabilities	152,724	85,810	238,534
Long-term liabilities:			
Due within one year:			
Capital related debt	335,000	344,287	679,287
Due in more than one year:			
Capital related debt	895,000	1,342,928	2,237,928
Non-capital related debt	160,078	13,755	173,833
Customer meter deposits	-	65,913	65,913
Total Liabilities	<u>1,542,802</u>	<u>1,852,693</u>	<u>3,395,495</u>
NET ASSETS			
Investments in capital assets (net of related debt)	5,161,865	3,652,983	8,814,848
Restricted:			
Debt service	20,644	-	20,644
Unrestricted	2,662,806	499,355	3,162,161
Total Net Assets	<u>7,845,315</u>	<u>4,152,338</u>	<u>11,997,653</u>

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

CITY OF COLUMBIA, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2009

Exhibit 2

Activities	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 1,418,715	-	-	-	(1,418,715)	-	(1,418,715)
Public safety	2,434,880	-	-	-	(2,434,880)	-	(2,434,880)
Public works	1,161,071	-	-	-	(1,161,071)	-	(1,161,071)
Health and welfare	3,000	-	-	-	(3,000)	-	(3,000)
Culture and recreation	295,778	-	-	-	(295,778)	-	(295,778)
Economic development and assistance	109,111	-	-	-	(109,111)	-	(109,111)
Interest on long-term debt	70,052	-	-	-	(70,052)	-	(70,052)
Total governmental activities	5,492,607	-	-	-	(5,492,607)	-	(5,492,607)
Business-type activities:							
Water and Sewer, and Solid Waste	1,825,834	1,473,141	-	-	-	(352,693)	(352,693)
Total business-type activities	1,825,834	1,473,141	-	-	-	(352,693)	(352,693)
Total primary government	\$ 7,318,441	1,473,141	-	-	(5,492,607)	(352,693)	(5,845,300)
General Revenues:							
Taxes - property					1,203,078	-	1,203,078
Taxes - sales					3,692,426	-	3,692,426
Franchise fees					367,269	-	367,269
Licenses and other revenues					24,118	-	24,118
Fines and forfeitures					199,465	-	199,465
Intergovernmental					282,408	607,136	889,544
Unrestricted investment income					67,981	9,366	77,347
Other revenues					276,594	-	276,594
Total General Revenues					6,113,339	616,502	6,729,841
Interfund transfer					(870,876)	870,876	-
Changes in Net Assets					(250,144)	1,134,685	884,541
Net Assets - Beginning prior period adjustment					8,095,459	2,959,089	11,054,548
						58,564	58,564
Net Assets - Ending					\$ 7,845,315	4,152,338	11,997,653

CITY OF COLUMBIA, MISSISSIPPI
 Balance Sheet - Governmental Funds
 September 30, 2009

Exhibit 3

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,559,089	108,399	2,667,488
Sales tax receivable	271,627	-	271,627
Property taxes receivable	53,999	-	53,999
Other receivables	-	3,178	3,178
Total assets	<u>2,884,715</u>	<u>111,577</u>	<u>2,996,292</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Claims payable and accrued liabilities	131,099	21,665	152,764
Total liabilities	<u>131,099</u>	<u>21,665</u>	<u>152,764</u>
 Fund Balances			
Unreserved, reported in:			
General Fund	2,753,616	-	2,753,616
Other Governmental Funds	-	89,912	89,912
Total Fund Balances	<u>2,753,616</u>	<u>89,912</u>	<u>2,843,528</u>
Total liabilities and fund balances	<u>\$ 2,884,715</u>	<u>111,577</u>	<u>2,996,292</u>

CITY OF COLUMBIA, MISSISSIPPI

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
September 30, 2009

Exhibit 3-1

	<u>Amount</u>
Total fund balance - governmental funds (Exhibit 3)	\$ 2,843,528
 Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets of \$ 9,896,252, net of accumulated depreciation of \$ 3,504,387 are not financial resources and therefore, are not reported in the funds.	6,391,865
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	<u>(1,390,078)</u>
 Total net assets - governmental activities (Exhibit 1)	 <u>\$ 7,845,315</u>

CITY OF COLUMBIA, MISSISSIPPI

Exhibit 4

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2009

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Property and other taxes	\$ 988,655	214,423	\$ 1,203,078
Sales taxes	3,692,426	-	3,692,426
Franchise fees	367,269	-	367,269
Licenses and other revenue	24,118	-	24,118
Fines and forfeitures	199,465	-	199,465
Intergovernmental	247,517	34,891	282,408
Interest income	66,140	1,841	67,981
Miscellaneous revenues	134,750	120,177	254,927
Total revenues	<u>5,720,340</u>	<u>371,332</u>	<u>6,091,672</u>
EXPENDITURES			
General government	1,100,962	287,724	1,388,686
Public safety	2,247,948	44,832	2,292,780
Public works	1,028,064	-	1,028,064
Health and welfare	3,000	-	3,000
Culture and recreation	295,778	-	295,778
Economic development	109,111	-	109,111
Debt service			
Principal	230,000	85,000	315,000
Interest	55,936	14,116	70,052
Total expenditures	<u>5,070,799</u>	<u>431,672</u>	<u>5,502,471</u>
Excess of Revenues over (under) Expenditures	<u>649,541</u>	<u>(60,340)</u>	<u>589,201</u>
OTHER FINANCING SOURCES (USES)			
Sale of personal property	21,667	-	21,667
Operating transfers in	-	50,000	50,000
Operating transfers out	(920,876)	-	(920,876)
Total other financing sources and (uses)	<u>(899,209)</u>	<u>50,000</u>	<u>(849,209)</u>
Net change in fund balances	<u>(249,668)</u>	<u>(10,340)</u>	<u>(260,008)</u>
Fund balances - beginning	<u>3,003,284</u>	<u>100,252</u>	<u>3,103,536</u>
Fund balances - ending	<u>\$ 2,753,616</u>	<u>89,912</u>	<u>\$ 2,843,528</u>

CITY OF COLUMBIA, MISSISSIPPI

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
September 30, 2009

	<u>Amount</u>
Net changes in fund balances - governmental funds	\$ (260,008)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that capital outlays of \$ 96,171 were lower than depreciation of \$ 401,307 in the current period.	(305,136)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the statement of assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments exceeded debt proceeds.	<u>315,000</u>
Change in net assets of governmental activities	<u><u>\$ (250,144)</u></u>

CITY OF COLUMBIA, MISSISSIPPI
 Balance Sheet - Proprietary Funds
 September 30, 2009

Exhibit 5

	<u>Proprietary Fund Types</u>
ASSETS	
Cash and investments	\$ 403,393
Customer accounts receivable	160,187
Inventory	101,253
Capital Assets:	
Land	24,339
Buildings	30,925
Water and sewer lines	10,620,531
Machinery and equipment	905,065
Other assets	102,249
less: accumulated depreciation	(6,342,911)
	<u>6,005,031</u>
	<u>6,005,031</u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Accrued liabilities	85,810
Customer deposits	65,913
Notes payable	897,215
Bond payable	790,000
Compensated absences	13,755
	<u>1,852,693</u>
	<u>1,852,693</u>
Net Assets:	
Invested in capital assets, net of related debt	3,652,983
Unrestricted	499,355
	<u>4,152,338</u>
	<u>4,152,338</u>
	<u>6,005,031</u>
	<u>6,005,031</u>

CITY OF COLUMBIA, MISSISSIPPI

Exhibit 6

Combined Statement of Revenues, Expenses and Changes in Fund Net Assets -
 All Proprietary Fund Types
 Year Ended September 30, 2009

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Revenues	
Charges for services	\$ 1,440,399
Grant revenue	607,136
Other revenue	32,742
Total operating revenues	<u>2,080,277</u>
Operating Expenses	
Salaries and benefits	478,804
Supplies and other expenses	543,767
Utilities	242,185
Depreciation	462,669
Miscellaneous	3,841
Total operating expenses	<u>1,731,266</u>
Operating Income	<u>349,011</u>
Non-operating revenues (expenses)	
Interest income	9,366
Interest expense	(94,568)
Transfer in	870,876
Total non-operating revenues (expenses)	<u>785,674</u>
Change in net assets	<u>1,134,685</u>
Total Net Assets, beginning	2,959,089
prior period adjustment	<u>58,564</u>
Total Net Assets, beginning	3,017,653
Total Net Assets, ending	<u>\$ 4,152,338</u>

CITY OF COLUMBIA, MISSISSIPPI

Exhibit 7

Combined Statement of Cash Flows - All Proprietary Fund Types
 Year Ended September 30, 2009

Cash flows from operating activities:**Reconciliation of operating income to net cash provided (used) by operating activities:**

Operating income (loss)	\$ 349,011
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	462,669
(Increase) decrease in accounts receivable	24,328
(Increase) decrease in inventory	(62,053)
Increase (decrease) in accounts payable	616
Total adjustments	<u>425,560</u>
Net cash provided by operating activities	<u>\$ 774,571</u>

Cash flows from capital and related financing activities:

Customer deposits	3,002
Principal payment - bonds and note payable	(485,871)
Purchase of capital assets	(1,327,697)
Interest paid	(94,568)
Transfer in	870,876
Net cash provided (used) by capital and related financing activities	<u>(1,034,258)</u>

Cash flows from investing activities:

Interest received	9,366
Net cash provided (used) in investing activities	<u>9,366</u>

Net increase (decrease) in cash (250,321)

Cash - beginning of year 653,714

Cash - end of year 403,393

CITY OF COLUMBIA, MISSISSIPPI
Statement of Net Assets - Fiduciary Funds
September 30, 2009

Exhibit 8

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 64,506
Total Assets	<u>64,506</u>
Liabilities	
Accounts payable and accrued liabilities	-
Total Liabilities	<u>-</u>
Net Assets	
Net Assets	64,506
Total Net Assets	<u>\$ 64,506</u>

NOTES TO FINANCIAL STATEMENTS

CITY OF COLUMBIA, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 1: Summary of Significant Accounting Policies

The City of Columbia, Mississippi was incorporated on June 29, 1819, under the provisions of the laws of the State of Mississippi. The City operates under a City Board form of government, with a Mayor and five Aldermen serving as the governing body. Elected officials include the Mayor, and five Aldermen. Services provided by the City include: Public Safety – Police and Fire, Highways and Street, Water and Sewer, Health and Social Services, Culture and Recreation, Public Improvements, Planning and Zoning, and General Administration Services. A public school system is available to residents of the City of Columbia but is not under jurisdiction of the City government.

A. Reporting Entity

The financial statements of the City consist only of the funds and accounts of the City. The City has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The City of Columbia is the primary government which includes street maintenance, police and fire protection, water and sewer services, and garbage pick-up services. These services are departments of the primary government and these departments are supervised by and responsible to the Board of Aldermen and Mayor. There are no component units.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities. The primary government and component units are presented separately within the financial statements with the focus on the primary government. These statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expense of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to extremely imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

The city reports the following major governmental fund:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

The city reports the following major enterprise funds:

CITY OF COLUMBIA, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

Water and Sewer – The Water and Sewer fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Solid Waste – The Solid Waste fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Other non-major funds:

Special Revenue Funds – Special revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted for specific expenditure purposes.

Debt Service Fund – 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. The primary revenue source is local property taxes levied specifically for Debt Service

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 (other than those financed by proprietary funds and Trust Funds).

Agency Funds – Agency Funds are used by governmental entity to report assets that are held in a custodial relationship. The government receives assets, may temporarily invest those assets and then remits those assets to individuals, private organizations, or other governments.

C. Assets, Liabilities, and Net Assets or Equity

Cash

The City holds cash in their respective funds. The City considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

CITY OF COLUMBIA, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

Inventories

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used.

Receivables

Enterprise receivables

Enterprise fund receivables include amounts due from customers primarily for utility services. There is no allowance for uncollectible account because these amounts have been immaterial based on prior experience.

Property taxes receivable

Taxes are levied annually on December 1 and are due for payment without penalty and interest by February 1. Major tax payments are received within thirty days. Over time substantially all property taxes are collected.

Sales tax receivable

Sales tax receivable represents taxes that are received within thirty days from the State Tax Commission.

Capital Assets, Depreciation, and Amortization

The City's property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary capital assets are also reported in their respective fund. The costs or normal repairs and maintenance that do not add to the asset value of materiality extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	-	-
Buildings	50,000	40 years
Building improvements	25,000	20 years
Infrastructure	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	*	*

CITY OF COLUMBIA, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

Long-term Debt

In the government-wide, and proprietary financial statements, outstanding debt is reported as liabilities.

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

Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for special purposes.

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

The financial statements of the City are prepared in accordance with generally accepted accounting principals (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report by using the economic resources measurement focus and the accrual basis of accounting. Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements report by using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available within thirty days. Court fines are recorded as revenue when cash is received. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Operating income reported in proprietary fund financial statements include revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are changes to customers for sales or services. Principal operating expenses are the costs of providing goods and services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

E. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Cash Equivalents

CITY OF COLUMBIA, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

For purposes of the statement of cash flows for the proprietary funds, the City defines cash equivalents as short term, highly liquid investments with original maturity dates of three months or less.

G. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market.

H. Uncollectible Receivables

Uncollectible accounts receivable are reviewed quarterly with management. The accounts, which are deemed uncollectible, are charged off via the direct method of accounting for bad debts every 90-120 days.

I. Encumbrances

Purchase commitments, as evidenced by contracts and purchase orders are not recorded as encumbrances.

J. Inter-fund Loans

Short-term (due within one year) inter-fund loan receivables are reported as "due from other funds" and are considered available spend able resources.

K. Restricted Assets

Restricted assets are portions of fund balance that are legally segregated for specific future use or are not available for current operations. The following is a description of fund reserves used by the City:

Restricted for debt service – An account that represents the fund balance for the debt service fund resources which are legally restricted for payment of general long-term debt principal and interest amounts maturing in future years.

NOTE 2: Cash and Cash Equivalents

The City deposits funds in financial institutions selected by the Board of aldermen.

The carrying amount of the City's deposits with financial institutions was \$ 3,070,841 on September 30, 2009. The bank balance was \$ 3,370,410.

All cash and checking accounts are with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) which insures the account for \$ 250,000. The collateral for public entities' deposits in the 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 city'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 should be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Custodial Credit Risk - Deposits

CITY OF COLUMBIA, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

Custodial credit risk is defined as the risk that, in the event of a financial institutions failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of September 30, 2009, the City's bank balance was not exposed to custodial credit risk.

NOTE 3: Inter-fund Receivable and Payable Balances

There were no inter-fund receivables or payables at September 30, 2009.

NOTE 4: Property Taxes

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.

Each September, the Board of Aldermen levies the City's and City School District's property taxes for the ensuing fiscal year which begins on October 1. Levied taxes attach as an enforceable lien on real property on January 1 of each year and March 1 of each year for personal property. The City's tax collector collects the property taxes and in the month following collection settles them to the appropriate funds of the various taxing authorities.

NOTE 5: Defined Benefit Pension Plan

Plan Description

The City contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

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 report may be obtained by writing to Public Employees' retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, Mississippi 39201 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 City is required to contribute at an auctorial determine rate. The current rate is 12.00% of annual covered payroll. The contribution requirements of PERS members and employers are established an may be amended only by the State of Mississippi Legislature. The City of Columbia's contributions to PERS for the years ending September 30, 2009, 2008, and 2007, were \$ 309,443, \$ 289,520, and \$ 273,197, respectively, equaled to the required contributions for each year.

CITY OF COLUMBIA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 6: Capital Assets

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

Governmental Activities:	<u>Balance</u> <u>10/1/2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Completed</u> <u>Construction</u>	<u>Adjustments</u>	<u>Balance</u> <u>9/30/2009</u>
Non-depreciable capital						
Land	\$ 1,405,774					\$ 1,405,774
Total non-depreciable	<u>1,405,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,405,774</u>
<u>Depreciable capital assets</u>						
Buildings	2,904,882					2,904,882
Improvements other than buildings	334,395					334,395
Machinery and equipment	2,098,157	96,171	(82,410)			2,111,918
Infrastructure	3,139,283					3,139,283
Total depreciable capital	<u>8,476,717</u>	<u>96,171</u>	<u>(82,410)</u>	<u>-</u>	<u>-</u>	<u>8,490,478</u>
<u>Less accumulated depreciation:</u>	<u>(3,165,772)</u>	<u>(401,307)</u>	<u>62,692</u>			<u>(3,504,387)</u>
Governmental activities capital assets, net	<u>\$ 6,716,719</u>	<u>(305,136)</u>	<u>(19,718)</u>	<u>-</u>	<u>-</u>	<u>\$ 6,391,865</u>

Depreciation expense was charged to governmental activities as follows:

General Government	126,200
Public Safety	142,100
Public Works	133,007

Total Depreciation Expense	<u><u>401,307</u></u>
----------------------------	-----------------------

CITY OF COLUMBIA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

The following is summary of changes in capital assets for business-type activities:

Business-type Activities:	Balance <u>10/1/2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Completed Construction</u>	<u>Adjustments</u>	Balance <u>9/30/2009</u>
Non-depreciable capital						
Land	\$ 24,339					\$ 24,339
Total non-depreciable	<u>24,339</u>	-	-	-	-	<u>24,339</u>
<u>Depreciable capital assets</u>						
Buildings	30,925					30,925
Plant and distribution system	9,332,635	1,287,897				10,620,532
Machinery and equipment	865,265	39,800				905,065
Other assets	102,249					102,249
Total depreciable capital	<u>10,331,074</u>	<u>1,327,697</u>	-	-	-	<u>11,658,771</u>
<u>Less accumulated depreciation:</u>	<u>(5,880,242)</u>	<u>(462,669)</u>				<u>(6,342,911)</u>
Business-type activities capital assets, net	<u>\$ 4,475,171</u>	<u>865,028</u>	-	-	-	<u>\$ 5,340,199</u>

NOTE 7: Long-term Debt

The following is a summary of the City's long-term debt transactions for the year ended September 30, 2009.

GOVERNMENTAL ACTIVITIES:

CITY OF COLUMBIA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Balance 10/1/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/2009</u>	<u>Amounts due within one year</u>
<u>GENERAL OBLIGATION BONDS</u>					
08-96 FIRST SECURITY BATESVILLE, MS	\$ 270,000		(85,000)	\$ 185,000	90,000
TIF BONDS SERIES 2003 - TRUSTMARK	1,260,000		(230,000)	1,030,000	240,000
<u>NOTES PAYABLE</u>					
MARION CO. CHAMBER OF COMEMRCE	15,000			15,000	5,000
<u>Compensated Absences</u>	182,140		(22,062)	160,078	
Total	<u>\$ 1,727,140</u>	<u>-</u>	<u>(337,062)</u>	<u>\$ 1,390,078</u>	<u>335,000</u>

BUSINESS-TYPE ACTIVITIES:

	<u>Balance 10/1/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/2009</u>	<u>Amounts due within one year</u>
<u>GENERAL OBLIGATION BONDS</u>					
G.O. BOND SERIES 2003 - PEOPLES BANK	\$ 1,145,000		(355,000)	\$ 790,000	185,000
<u>NOTES PAYABLE</u>					
MS DEVELOPMENT AUTHORITY	154,830		(25,393)	129,437	26,349
MS DEVELOPMENT AUTHORITY	140,539		(22,532)	118,007	23,380
<u>CAPITAL LEASES</u>					
CITI-CAPITAL	664,087		(91,963)	572,124	96,466
CITI-CAPITAL	90,128		(12,481)	77,647	13,092
<u>COMPENSATED ABSENCES</u>	48,276		(34,521)	13,755	-
Total	<u>\$ 2,242,860</u>	<u>-</u>	<u>(541,890)</u>	<u>\$ 1,700,970</u>	<u>344,287</u>

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

Governmental Activities:

CITY OF COLUMBIA, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

	General Obligation Bonds		Notes	
	Principal	Interest	Principal	Interest
	September 30,			
2010	330,000	54,668	5,000	-
2011	345,000	39,479	5,000	-
2012	265,000	23,544	5,000	-
2013	275,000	11,990	-	-
	<u>1,215,000</u>	<u>129,681</u>	<u>15,000</u>	<u>-</u>

Business-type Activities:

	General Obligation Bonds		Notes	
	Principal	Interest	Principal	Interest
	September 30,			
2010	185,000	26,700	49,729	8,540
2011	195,000	20,688	51,600	6,669
2012	200,000	14,350	53,542	4,727
2013	210,000	7,350	55,558	32,149
2014	-	-	37,015	654
	<u>790,000</u>	<u>69,088</u>	<u>247,444</u>	<u>52,739</u>

	Principal	Interest
September 30,		
2010	109,558	26,739
2011	114,922	28,739
2012	120,550	17,748
2013	126,453	11,844
2014	132,645	5,653
2015	45,643	455
	<u>649,771</u>	<u>91,178</u>

NOTE 9: 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. 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 years.

NOTE 10: Contingencies – Pending or Threatened Litigation

CITY OF COLUMBIA, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

According to the city attorney, there are currently several matters under litigation and investigation. The board of aldermen are aware of these cases.

NOTE 11: Mississippi Municipal Compliance Questionnaire

The Mississippi Compliance Questionnaire was completed and entered into the minutes as prescribed by law. A review of the questionnaire revealed that all items were answered yes or not applicable.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COLUMBIA, MISSISSIPPI
 Budgetary Comparison Schedule for the General Fund
 For the Year Ended September 30, 2009

Schedule 1

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
REVENUES					
Property and other taxes	\$ 971,800	\$ 988,655	\$ 988,655	\$ 16,855	-
Sales taxes	3,000,000	3,692,426	3,692,426	692,426	-
Franchise fees	340,000	367,269	367,269	27,269	-
Licenses and misc revenue	20,000	24,118	24,118	4,118	-
Fines and forfeitures	160,000	199,465	199,465	39,465	-
Intergovernmental	100,000	247,517	247,517	147,517	-
Interest Income	50,000	66,140	66,140	16,140	-
Other revenues	150,000	134,750	134,750	15,250	-
Total Revenues	4,791,800	5,720,340	5,720,340	959,040	-
EXPENDITURES					
General government	1,018,000	1,100,962	1,100,962	(82,962)	-
Public safety	2,275,000	2,247,948	2,247,948	27,052	-
Public works	1,087,100	1,028,064	1,028,064	59,036	-
Health and welfare	3,000	3,000	3,000	-	-
Culture and recreation	318,700	295,778	295,778	22,922	-
Economic development	90,000	109,111	109,111	(19,111)	-
Debt service	-	285,936	285,936	(285,936)	-
Total Expenditures	4,791,800	5,070,799	5,070,799	(278,999)	-
Excess of Revenues over (under) Expenditures	-	649,541	649,541	1,238,039	-
OTHER FINANCING SOURCES (USES)					
Sale of personal property	-	21,667	21,667	(21,667)	-
Transfers Out	(520,000)	(920,876)	(920,876)	400,876	-
Total Other Financing Sources and Uses	(520,000)	(899,209)	(899,209)	379,209	-
Net Changes in Fund Balances	(520,000)	(249,668)	(249,668)	1,617,248	-
Fund Balances - Beginning	3,003,284	3,003,284	3,003,284	-	-
Fund Balances - Ending	\$ 2,483,284	\$ 2,753,616	\$ 2,753,616	\$ 1,617,248	-

CITY OF COLUMBIA, MISSISSIPPI

Notes to the Required Supplemental Information
For the Year Ended September 30, 2009

Notes to the Required Supplemental Information

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.

SUPPLEMENTAL INFORMATION

CITY OF COLUMBIA, MISSISSIPPI

Schedule of Surety Bonds for Municipal Officials

September 30, 2009

<u>Name</u>	<u>Position</u>	<u>Bond Amount</u>
Cheryl Bourne	Aldersperson	\$ 100,000
Renee Galloway	Aldersperson	\$ 100,000
Wendell Hammond	Aldersperson	\$ 100,000
Edward Hough	Aldersperson	\$ 100,000
Todd Pittman	Aldersperson	\$ 100,000
Reed Houston	Mayor	\$ 50,000
Donna McKenzie	City Clerk	\$ 50,000
Joe Van Parkman	Chief of Police	\$ 50,000

CITY OF COLUMBIA, MISSISSIPPI

Schedule of Long-Term Debt

September 30, 2009

	Balance Outstanding Oct. 1, 2008	Issued	Redeemed	Balance Outstanding Sept. 30, 2009
<u>General Obligation Bonds:</u>				
08-96 General obligation bonds	\$ 270,000		(85,000)	\$ 185,000
2003 General obligation refunding bonds	1,145,000		(355,000)	790,000
2003 Tax increment financing bonds	1,260,000		(230,000)	1,030,000
 Total G.O. Bonds	 <u>2,675,000</u>	 <u>-</u>	 <u>(670,000)</u>	 <u>2,005,000</u>
 <u>Notes:</u>				
Mississippi Department of Economic Development	154,830		(25,393)	129,437
Mississippi Department of Economic Development	140,539		(22,532)	118,007
Marion County Chamber of Commerce	15,000		-	15,000
Citi-Capital	754,215		(104,444)	649,771
 Total Notes	 <u>1,064,584</u>	 <u>-</u>	 <u>(152,369)</u>	 <u>912,215</u>
 Total Debt	 <u>\$ 3,739,584</u>	 <u>-</u>	 <u>(822,369)</u>	 <u>\$ 2,917,215</u>

City of Columbia, Mississippi
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2009

<u>Federal Agency / Pass-through Entity / Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Passed-through Mississippi Development Authority		
Community Development Block Grants/State's Program	14.228	<u>\$ 607,136</u>
<u>U.S. Department of Homeland Security</u>		
Passed-through Mississippi Emergency Management Authority		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	84,758
Total U.S. Department of Homeland Security		<u>84,758</u>
<u>U.S. Department of Transportation</u>		
State and Highway Community Development	20.600	35,386
Total U.S. Department of Transportation		<u>35,386</u>
Total Federal Awards		<u><u>\$ 727,280</u></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 financial statements.
- 2) The pass-through entities did not assign identifying numbers to the city.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

McDaniel CPA Firm
Certified Public Accountant / Financial Consultant

Scotty McDaniel, CPA

MEMBER

Mississippi Society
of Certified Public
Accountants

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

Mayor and Members of the City Board
City of Columbia, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Columbia, Mississippi as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 31, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City'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 city's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 discussed below, we identified certain deficiencies in the internal control over financial reporting that we consider to be significant deficiencies.

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 reliably 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 or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Findings 2009-1 and 2009-2, to be significant deficiencies 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 City'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, of the significant deficiencies described above, we consider findings 2009-1 and 2009-2, to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City'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*.

This report is intended solely for the information and use of the City's management, others within the organization, the Board of Aldermen 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.

McDaniel CPA Firm
March 31, 2010

McDaniel CPA Firm
Certified Public Accountant / Financial Consultant

Scotty McDaniel, CPA

MEMBER

Mississippi Society
of Certified Public
Accountants

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

March 31, 2010

Mayor and Members of the City Board
City of Columbia, Mississippi

Compliance

We have audited the compliance of the City of Columbia, Mississippi with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended September 30, 2009. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, City of Columbia, Mississippi complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2009.

Internal Control Over Compliance

The management of the City of Columbia, Mississippi is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Columbia, Mississippi's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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 program 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 the 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 city board and management, others within the entity, 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.

McDaniel CPA Firm

Scotty McDaniel, CPA

MEMBER
Mississippi Society
of Certified Public
Accountants

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

Mayor and Members of the City Board
City of Columbia, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Columbia, Mississippi as of and for the year ended September 30, 2009, and have issued our report hereon dated March 31, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain 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 basic financial statements disclosed no material instances of noncompliance with state laws and regulations.

This report is intended for the information of the City's management and the Office of the State Auditor, and is not intended to be, and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

McDaniel CPA Firm
March 31, 2010

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**CITY OF COLUMBIA, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2009**

Section 1: Summary of Auditor's Results

Financial Statements:

1.	Type of auditor's report issued on the basic financial statements.	Qualified
2.	Material noncompliance relating to the financial statements.	No
3.	Internal control over financial reporting:	
a.	Material weakness identified ?	Yes
b.	Significant deficiency identified that is not considered to be a material weakness ?	Yes

Federal Awards:

4.	Type of auditor's report issued on compliance for major federal programs:	unqualified
5.	Internal control over major program:	
a.	Material weakness(es) identified ?	no
b.	Significant deficiency (ies) identified that are not considered to be material weaknesses ?	no
6.	Any audit finding (s) reported as required by section ____ .510(a) of Circular A-133?	no
7.	Federal program identified as major program:	
a.	Community Development Block Grant CFDA #: 14.228	
8.	The dollar threshold used to distinguish between type A and type B programs:	\$ 300,000
9.	Auditee qualified as a low-risk auditee ?	no
10.	Per 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

Section 2: Financial Statement Findings

2009-1

Finding

The municipal court accounting system is not maintained in accordance with requirements established by the Municipal Audit and Accounting Guide.

Recommendation

The City should develop a municipal court accounting system that fulfills the requirements of the Municipal Audit and Accounting Guide as well as other specific guidance issued directly by the Office of the State Auditor to municipal court clerks.

Response

The City will make every effort to ensure that all requirements are met in compliance with the Municipal Audit and Accounting Guide.

2009-2

Finding

Certain transactions were not recorded in the correct general ledger account on the city's accounting system.

Recommendation

We recommend that the city code transactions in the proper account.

Response

The City will implement procedures to correct this finding.

Section 3: Findings and Questioned Costs for Federal Awards

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

City of Columbia

**201 Second Street
Columbia, MS 39429**

**Telephone: 601-736-8201
Fax: 601-731-1090**

Corrective Action Plan

The City of Columbia, Mississippi respectfully submits the following corrective action plan for the year ended September 30, 2009.

Audit period:
Year ended September 30, 2009

Finding:

- 09-1 Procedures will be implemented to correct this deficiency.
- 09-2 Procedures will be implemented to correct this deficiency.

City of Columbia

201 Second Street
Columbia, Mississippi 39429

Telephone: 601-736-8201
Fax: 601-731-1090

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

As required by Section ____315(b) of OMB Circular A-133, the City of Columbia has prepared and hereby submits the following summary schedule of prior audit findings as of September 30, 2009:

<u>Finding</u>	<u>Status</u>
2008-1	Procedures are being implemented to correct this audit finding.
2008-2	Procedures are being implemented to correct this audit finding.
2008-3	Procedures are being implemented to correct this audit finding..
2008-4	Procedures are being implemented to correct this audit finding.
2008-5	Procedures are being implemented to correct this audit finding.