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COLUMBUS MUNICIPAL SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2019

St. Clair CPA, PLLC
Carriere, MS

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INDEPENDENT AUDITOR'S REPORT

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ST. CLAIR CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Columbus Municipal School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 Columbus Municipal School District, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 9-16, 57-59, 60, 61, 62 and 63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Columbus Municipal School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years has not been subjected to the auditing procedures applied in

the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated September 28, 2020, on my consideration of the Columbus Municipal School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Columbus Municipal School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Columbus Municipal School District's internal control over financial reporting and compliance.

St. Clair CPA, PLLC

St. Clair CPA, PLLC
Carriere, MS
September 28, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

- Total net position for 2019 increased \$6,784,500, including a prior period adjustment of \$76,218, which represents an 33% increase from fiscal year 2018. Total net position for 2018 decreased \$4,535,229, including a prior period adjustment of (\$3,530,295), which represents a 28% decrease from fiscal year 2017.
- General revenues amounted to \$30,721,163 and \$31,543,422, or 76% and 78% of all revenues for fiscal years 2019 and 2018, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$9,746,623, or 24% of total revenues for 2019, and \$9,002,295, or 22% of total revenues for 2018.
- The District had \$37,062,701 and \$41,550,651 in expenses for fiscal years 2019 and 2018; only \$9,746,623 for 2019 and \$9,002,295 for 2018 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$30,721,163 for 2019 were adequate to provide for these programs. General revenues of \$31,543,422 for 2018 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$29,071,546 in revenues and \$27,768,167 in expenditures for 2019, and \$29,901,582 in revenues and \$29,428,731 in expenditures in 2018. The General Fund's fund balance increased by \$904,198 from 2018 to 2019, including a prior period adjustment of \$76,218, and increased by \$745,069 from 2017 to 2018, including a prior period adjustment of (\$94,292).
- Capital assets, net of accumulated depreciation, decreased by \$1,746,699 for 2019 and decreased by \$406,273 for 2018. The decrease for 2019 was due to the disposal of furniture and equipment coupled with the increase in accumulated depreciation and impairment of an asset due to tornado damage.
- Long-term debt decreased by \$2,282,848 for 2019 and decreased by \$827,990 for 2018. The decrease for 2019 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$39,239 for 2019 and decreased by \$11,688 for 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

or deteriorating.

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

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

Fund Financial Statements

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

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

Capital outlay spending results in capital assets on government-wide financial statements, but is reported as

expenditures on the governmental funds financial statements.

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

Additionally, a Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and a Schedule of Instructional, Administrative and Other Expenditures for governmental funds can be found in this report.

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$13,682,807 as of June 30, 2019.

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

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

Table 1
Condensed Statement of Net Position

	June 30, 2019	June 30, 2018	Percentage Change
Current assets	\$ 12,546,638	\$ 9,267,425	35.38 %
Restricted assets	6,055,360	4,824,458	25.51 %
Capital assets, net	44,079,654	45,826,353	(3.81) %
Total assets	62,681,652	59,918,236	4.61 %
Deferred outflows of resources	3,569,116	4,695,009	(23.98) %
Current liabilities	3,382,437	3,711,135	(8.86) %
Long-term debt outstanding	16,968,209	19,251,057	(11.86) %
Net OPEB liability	3,213,279	3,452,094	(6.92) %
Net pension liability	48,163,761	54,466,883	(11.57) %
Total liabilities	71,727,686	80,881,169	(11.32) %
Deferred inflows of resources	8,205,889	4,199,383	95.41 %
Net position:			
Net investment in capital assets	28,040,303	27,576,717	1.68 %
Restricted	4,126,675	3,481,223	18.54 %
Unrestricted	(45,849,785)	(51,525,247)	11.01 %
Total net position	\$ (13,682,807)	\$ (20,467,307)	33.15 %

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (45,849,785)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	56,184,260
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	\$ 10,334,475

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

- Decrease in net capital assets in the amount of \$1,746,699.
- Obligations under capital leases in the amount of \$389,895.
- The principal retirement of \$2,569,845 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2019 and June 30, 2018 were \$40,467,786 and \$40,545,717, respectively. The total cost of all programs and services was \$37,062,701 for 2019 and \$41,550,651 for 2018.

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

Table 2
Changes in Net Position

	Year Ended June 30, 2019	Year Ended June 30, 2018	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 263,153	\$ 265,550	(0.90) %
Operating grants and contributions	9,483,470	8,736,745	8.55 %
General revenues:			
Property taxes	12,501,510	12,524,945	(0.19) %
Grants and contributions not restricted	17,970,860	18,849,383	(4.66) %
Investment earnings	170,718	93,104	83.36 %
Sixteenth section sources	11,807	17,326	(31.85) %
Other	66,268	58,664	12.96 %
Total revenues	40,467,786	40,545,717	(0.19) %
Expenses:			
Instruction	17,792,593	18,602,122	(4.35) %
Support services	14,401,123	13,724,634	4.93 %
Non-instructional	2,690,553	2,760,377	(2.53) %
Sixteenth section	691	0	N/A
Pension expense	1,615,159	5,724,761	(71.79) %
OPEB expense	131,132	176,465	(25.69) %
Interest on long-term liabilities	431,450	562,292	(23.27) %
Total expenses	37,062,701	41,550,651	(10.80) %
Extraordinary Item	3,303,197	0	N/A
Increase (Decrease) in net position	6,708,282	(1,004,934)	767.53 %
Net Position, July 1, as previously reported	(20,467,307)	(15,932,078)	(28.47) %
Prior Period Adjustment	76,218	(3,530,295)	102.16 %
Net Position, July 1, as restated	(20,391,089)	(19,462,373)	(4.77) %
Net Position, June 30	\$ (13,682,807)	\$ (20,467,307)	33.15 %

Governmental activities

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2019	2018	
Instruction	\$ 17,792,593	\$ 18,602,122	(4.35) %
Support services	14,401,123	13,724,634	4.93 %
Non-instructional	2,690,553	2,760,377	(2.53) %
Sixteenth section	691	0	N/A
Pension Expense	1,615,159	5,724,761	(71.79) %
OPEB Expense	131,132	176,465	(25.69) %
Interest on long-term liabilities	431,450	562,292	(23.27) %
Total expenses	\$ 37,062,701	\$ 41,550,651	(10.80) %

	Net (Expense) Revenue		Percentage Change
	2019	2018	
Instruction	\$ (13,731,570)	\$ (14,886,283)	7.76 %
Support services	(12,399,635)	(12,001,012)	(3.32) %
Non-instructional	993,559	802,457	23.81 %
Sixteenth section	(691)	0	N/A
Pension Expense	(1,615,159)	(5,724,761)	71.79 %
OPEB Expense	(131,132)	(176,465)	25.69 %
Interest on long-term liabilities	(431,450)	(562,292)	23.27 %
Total net (expense) revenue	\$ (27,316,078)	\$ (32,548,356)	16.08 %

- Net cost of governmental activities (\$27,316,078 for 2019 and \$32,548,356 for 2018) was financed by general revenue, which is primarily made up of property taxes (\$12,501,510 for 2019 and \$12,524,945 for 2018) and state and federal revenues (\$17,970,860 for 2019 and \$18,849,383 for 2018). In addition, there was \$11,807 and \$17,326 in Sixteenth Section sources for 2019 and 2018, respectively.
- Investment earnings amounted to \$170,718 for 2019 and \$93,104 for 2018.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$16,350,596, an increase of \$4,820,428, which includes a prior period adjustment of \$76,218 and an increase in inventory of \$3,819. \$7,652,310, or 47% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$8,698,286, or 53% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted,

committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$904,198, which includes a prior period adjustment in the amount of \$76,218. The fund balance of Other Governmental Funds showed an increase in the amount of \$95,809, which includes an increase in inventory of \$2,270. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>		<u>Increase (Decrease)</u>
School Food Service Fund	\$	476,359
Title I Part A 2019 Fund		no increase or decrease
Disaster Recovery Money Market Fund		3,208,332
QZAB Loan Fund		135,730

BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District. Budget revisions made during the fiscal year were routine in nature and were insignificant when compared with total revenues and expenditures of the District.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2019, the District's total capital assets were \$73,159,235, including land, school buildings, building improvements and other improvements, buses, other school vehicles, furniture and equipment, and leased property under capital leases. This amount represents a decrease of \$596,092 from 2018. Total accumulated depreciation as of June 30, 2019, was \$29,079,581, and total depreciation expense for the year was \$1,676,258, resulting in total net capital assets of \$44,079,654.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Percentage Change</u>
Land	\$ 3,210,988	\$ 3,210,988	0.00 %
Buildings	35,967,900	37,102,292	(3.06) %
Building improvements	1,373,919	1,436,370	(4.35) %
Improvements other than buildings	1,309,008	1,364,062	(4.04) %
Mobile equipment	1,241,749	1,600,534	(22.42) %
Furniture and equipment	244,650	300,387	(18.56) %
Leased property under capital leases	731,440	811,720	(9.89) %
Total	\$ 44,079,654	\$ 45,826,353	(3.81) %

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

Debt Administration. At June 30, 2019, the District had \$16,968,209 in outstanding long-term debt, of which \$2,514,771 is due within one year. During the fiscal year, the District entered into a capital lease in the amount of \$389,895. The District made principal payments totaling \$2,569,845 on outstanding long-term debt. The liability for compensated absences decreased \$39,239 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 10,685,000	\$ 12,375,000	(13.66) %
Three mill notes payable	0	410,000	(100.00) %
Obligations under capital leases	1,280,081	1,360,031	(5.88) %
Qualified zone academy bonds payable	1,480,583	1,480,583	0.00 %
Qualified school construction bonds payable	3,000,000	3,000,000	0.00 %
Compensated absences payable	204,253	243,492	(16.12) %
Total	<u>\$ 16,649,917</u>	<u>\$ 18,869,106</u>	<u>(11.76) %</u>
 Bond Premiums	 318,292	 381,951	 (16.67) %
Total	<u>\$ 16,968,209</u>	<u>\$ 19,251,057</u>	<u>(11.86) %</u>

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

CURRENT ISSUES

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Columbus Municipal School District, P.O. Box 1308, Columbus, MS 39703.

BASIC FINANCIAL STATEMENTS

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COLUMBUS MUNICIPAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2019

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 11,134,027
Due from other governments	1,256,742
Other receivables, net	933
Inventories	17,653
Prepaid items	137,283
Restricted assets (Note 4)	6,055,360
Non-depreciable capital assets (Note 5)	3,210,988
Depreciable capital assets, net (Note 5)	40,868,666
Total Assets	<u>62,681,652</u>
Deferred Outflows of Resources	
Deferred outflow - pensions (Note 9)	3,231,021
Deferred outflow - OPEB (Note 10)	167,648
Deferred outflow - advance refunding on bonds	170,447
Total Deferred Outflows of Resources	<u>3,569,116</u>
Liabilities	
Accounts payable and accrued liabilities	2,251,402
Interest payable on long-term liabilities	1,131,035
Long-term liabilities (Due within one year) (Note 6)	
Capital related liabilities	2,232,811
Non-capital related liabilities	281,960
Net OPEB liability (Note 10)	137,040
Long-term liabilities (Due beyond one year) (Note 6)	
Capital related liabilities	13,658,695
Capital related bond premiums	318,292
Non-capital related liabilities	476,451
Net OPEB liability (Note 10)	3,076,239
Net pension liability (Note 9)	48,163,761
Total Liabilities	<u>71,727,686</u>
Deferred Inflows of Resources	
Deferred inflows - pensions (Note 9)	7,805,910
Deferred inflows - OPEB (Note 10)	399,979
Total Deferred Inflows of Resources	<u>8,205,889</u>
Net Position	
Net investment in capital assets	28,040,303
Restricted net position	
Expendable	
School-based activities	2,396,577
Debt service	1,685,459
Unemployment benefits	44,639
Unrestricted	<u>(45,849,785)</u>
Total Net Position	<u>\$ (13,682,807)</u>

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT

Exhibit B

Statement of Activities

For the Year Ended June 30, 2019

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
				Governmental Activities
Governmental Activities				
Instruction	\$ 17,792,593	132,100	3,928,923	(13,731,570)
Support services	14,401,123	38,485	1,963,003	(12,399,635)
Non-instructional	2,690,553	92,568	3,591,544	993,559
Sixteenth section	691			(691)
Pension expense	1,615,159			(1,615,159)
OPEB expense	131,132			(131,132)
Interest on long-term liabilities	431,450			(431,450)
Total Governmental Activities	<u>37,062,701</u>	<u>263,153</u>	<u>9,483,470</u>	<u>(27,316,078)</u>
General Revenues				
Taxes				
General purpose levies				10,333,417
Debt purpose levies				2,168,093
Unrestricted grants and contributions				
State				17,487,759
Federal				483,101
Unrestricted investment earnings				170,718
Sixteenth section sources				11,807
Other				66,268
Total General Revenues				<u>30,721,163</u>
Extraordinary items (Note 20)				<u>3,303,197</u>
Total General Revenues and Extraordinary Items				<u>34,024,360</u>
Changes in Net Position				<u>6,708,282</u>
Net Position - Beginning, as previously reported				(20,467,307)
Prior Period Adjustments (Note 12)				76,218
Net Position - Beginning - as restated				<u>(20,391,089)</u>
Net Position - Ending				<u>\$ (13,682,807)</u>

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2019

Exhibit C

	Major Funds						
	General Fund	School Food Service Fund	Title I Part A 2019 Fund	Disaster Recovery Money Market Fund	QZAB Loan Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents (Note 2)	\$ 7,925,695	2,373,824		3,208,332	22,721	939,666	14,470,238
Cash with fiscal agent (Note 2)					348,648	33	348,681
Investments (Note 2)					2,145,365	225,103	2,370,468
Due from other governments	379,303	13,328	416,384		1,230	446,497	1,256,742
Other receivables, net	933						933
Due from other funds (Note 3)	1,003,293						1,003,293
Inventories		15,383				2,270	17,653
Prepaid items	75,252		15,486			46,545	137,283
Total Assets	9,384,476	2,402,535	431,870	3,208,332	2,517,964	1,660,114	19,605,291
Liabilities and Fund Balances							
Liabilities							
Accounts payable & accrued liabilities	1,580,753	101,037	174,687			394,925	2,251,402
Due to other funds (Note 3)		250,746	257,183			495,364	1,003,293
Total Liabilities	1,580,753	351,783	431,870	0	0	890,289	3,254,695
Fund Balances							
Nonspendable							
Inventory		15,383				2,270	17,653
Prepaid items	75,252		15,486			46,545	137,283
Restricted							
Debt service					2,517,964	298,530	2,816,494
Unemployment benefits						44,639	44,639
Grant activities		2,035,369	(15,486)			221,758	2,241,641
Assigned							
School activities	76,161						76,161
Repairs to damaged facilities				3,208,332			3,208,332
Capital improvements						156,083	156,083
Unassigned	7,652,310						7,652,310
Total Fund Balances	7,803,723	2,050,752	0	3,208,332	2,517,964	769,825	16,350,596
Total Liabilities and Fund Balances	\$ 9,384,476	2,402,535	431,870	3,208,332	2,517,964	1,660,114	19,605,291

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2019

Exhibit C-1

		<u>Amount</u>
Total Fund Balance - Governmental Funds		\$ 16,350,596
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	3,210,988	
Buildings	57,752,642	
Building Improvements	1,561,272	
Improvement other than buildings	1,922,163	
Mobile equipment	5,895,788	
Furniture and equipment	1,924,382	
Leased property under capital leases	892,000	
Accumulated depreciation	<u>(29,079,581)</u>	44,079,654
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability		(48,163,761)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions	3,231,021	
Deferred inflows of resources related to pensions	<u>(7,805,910)</u>	(4,574,889)
Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net OPEB liability		(3,213,279)
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to OPEB	167,648	
Deferred inflows of resources related to OPEB	<u>(399,979)</u>	(232,331)
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	(10,685,000)	
Other bonds payable	(4,480,583)	
Capital lease obligations	(1,280,081)	
Compensated absences	(204,253)	
Unamortized charges	170,447	
Unamortized premiums	(318,292)	
Accrued interest payable	<u>(1,131,035)</u>	(17,928,797)
Total Net Position - Governmental Activities		<u>\$ (13,682,807)</u>

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT

Exhibit D

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2019

	Major Funds						
	General Fund	School Food Service Fund	Title I Part A 2019 Fund	Disaster Recovery Money Market Fund	QZAB Loan Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Local sources	\$ 10,648,576	108,287			141,375	2,101,858	13,000,096
State sources	17,927,222	26,310				713,819	18,667,351
Federal sources	483,941	3,429,862	2,275,313			2,599,416	8,788,532
Sixteenth section sources	11,807						11,807
Total Revenues	29,071,546	3,564,459	2,275,313	0	141,375	5,415,093	40,467,786
Expenditures							
Instruction	14,295,638		1,480,207			2,847,386	18,623,231
Support services	12,959,314	330	723,493			1,223,074	14,906,211
Noninstructional services	8,051	2,838,573	6,931			92,684	2,946,239
Sixteenth section	691						691
Debt service							
Principal (Note 6)	469,845					2,100,000	2,569,845
Interest	34,628					426,693	461,321
Other					5,645	12,439	18,084
Total Expenditures	27,768,167	2,838,903	2,210,631	0	5,645	6,702,276	39,525,622
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,303,379	725,556	64,682	0	135,730	(1,287,183)	942,164
Other Financing Sources (Uses)							
Inception of capital leases (Note 6)	389,895						389,895
Insurance loss recoveries (Note 18)				3,208,332		200,000	3,408,332
Operating transfers in (Note 3)	461,482					1,514,880	1,976,362
Operating transfers out (Note 3)	(1,326,776)	(250,746)	(64,682)			(334,158)	(1,976,362)
Total Other Financing Sources (Uses)	(475,399)	(250,746)	(64,682)	3,208,332	0	1,380,722	3,798,227
Net Change in Fund Balances	827,980	474,810	0	3,208,332	135,730	93,539	4,740,391
Fund Balances							
July 1, 2018, as previously reported	6,899,525	1,574,393	0	0	2,382,234	674,016	11,530,168
Prior period adjustments (Note 12)	76,218						76,218
July 1, 2018, as restated	6,975,743	1,574,393	0	0	2,382,234	674,016	11,606,386
Increase in reserve for inventory		1,549				2,270	3,819
June 30, 2019	\$ 7,803,723	2,050,752	0	3,208,332	2,517,964	769,825	16,350,596

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

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

Exhibit D-1

		<u>Amount</u>
Net Change in Fund Balance - Governmental Funds		\$ 4,740,391
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, those amounts are:		
Capital outlay	35,756	
Depreciation expense	<u>(1,676,258)</u>	(1,640,502)
In the Statement of Activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.		
		(1,062)
Adjustment to capital assets:		
Impaired capital asset due to tornado in February 2019		(105,135)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Capital lease issued	(389,895)	
Payments of debt principal	2,569,845	
Accrued interest payable	<u>18,385</u>	2,198,335
Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:		
Pension expense	(1,615,159)	
Contributions made subsequent to the measurement date	<u>3,052,878</u>	1,437,719
Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:		
OPEB expense	(131,132)	
Contributions made subsequent to the measurement date	<u>137,040</u>	5,908
Some items reported in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:		
Change in compensated absences	39,239	
Change in inventory reserve	3,819	
Amortization of deferred charges, premiums and discounts	<u>29,570</u>	72,628
Changes in Net Position of Governmental Activities		<u>\$ 6,708,282</u>

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2019

Exhibit E

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and cash equivalents (Note 2)	\$ 6,646	52,835
Total Assets	6,646	52,835
Liabilities		
Accounts payable and accrued liabilities		340
Due to student clubs		52,495
Total Liabilities	0	52,835
Net Position		
Reserved for endowments	6,646	
Total Net Position	\$ 6,646	

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

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

Exhibit F

	Private-Purpose Trust Funds
Additions	
Total Additions	\$ <u>0</u>
Deductions	
Total Deductions	<u>0</u>
Changes in Net Position	<u>0</u>
Net Position	
July 1, 2018	<u>6,646</u>
June 30, 2019	\$ <u><u>6,646</u></u>

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

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

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

The school district reports the following major governmental funds:

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

School Food Service Fund – This Special Revenue Fund is used to account for the federal, state, local funds whose use are restricted for food service activities.

Title I Part A 2019 Fund - This Special Revenue Fund is used to account for the Federal funds whose use is restricted for services associated with providing supplemental educational service to students.

Disaster Recovery Money Market Fund – This fund is used to account for the insurance loss recoveries received to repair the tornado damage at the Hunt Alternative School.

QZAB Loan Fund - This Debt Service Fund is used to account for the resources that will be used to retire the QZAB debt at such time the balloon debt payment becomes due and payable.

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

The school district also reports fiduciary funds which focus on net position and changes in net position.

The District's fiduciary funds include the following:

Payroll Clearing Fund - This fund is used as a clearing account for payroll and payroll related transactions.

Accounts Payable Clearing - This fund is used as a clearing account for non-payroll transactions.

Student Club Accounts - These funds are used to account for the transaction of student clubs.

McKeller Scholarship Fund – This private purpose fund is used to provide scholarships for selective students each year.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted,

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

committed, or assigned to expenditure for principal and interest.

Permanent Funds - Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not the principal, may be used 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, in which the principal and income benefit individuals, private organizations or other governments.

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

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

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

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

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted

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

and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

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

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

D. Encumbrances

An encumbrance system is maintained to account for commitments or assignments resulting from approved purchase orders, work orders and contracts. However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are not reported within committed or assigned fund balances.

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve

COLUMBUS MUNICIPAL SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2019

account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Due from Other Governments

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

4. Inventories 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.

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified School Construction Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

	Capitalization Policy	Estimated Useful Life
Land	\$ 0	0
Buildings	50,000	40 years

COLUMBUS MUNICIPAL SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2019

Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

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

7. Deferred outflows/inflows of resources

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

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

See Notes 9, 10 and 19 for further details.

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows

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

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

11. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recorded when the OPEB benefits come due. Investments are reported at fair value as determined by the state.

12. Fund Balances

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

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

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

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

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

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

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

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use

COLUMBUS MUNICIPAL SCHOOL DISTRICT
Notes to the Financial Statements
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restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

It is the policy of the Columbus Municipal School District to maintain a minimum fund balance in the General Fund that is not less than 7% of the total revenues of the school district.

Note 2 – Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments

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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$14,470,238 and \$59,481, respectively.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district.

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

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$348,681.

Investments

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

<u>Investment Type</u>	<u>Rating</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>
QSCB Construction Bonds Common Trust Fund	Aaa	< 1 year	\$ 225,103
U.S. Treasury Notes	AAA	< 1 year	2,145,365
Total			<u>\$ 2,370,468</u>

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

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

- The listed investments of \$2,370,468 are valued using quoted market prices (Level 1 inputs)

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2019, the district did not have any investments to which this would apply.

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Major Fund - School Food Service Fund	\$ 250,746
	Major Fund - Title I Part A 2019 Fund	257,183
	Other governmental funds	495,364
Total		<u>\$ 1,003,293</u>

The purpose of the inter-fund loans was to eliminate deficit cash balances in certain federal programs as part of

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

the normal year end closing adjustments.

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 1,326,776
Major fund - School Food Service Fund	General Fund	250,746
Major fund - Title I Part A 2019 Fund	General Fund	64,682
Other governmental funds	General Fund	146,054
	Other governmental funds	188,104
Total		<u>\$ 1,976,362</u>

The transfer out of the General Fund was for the purpose of funding the vocational program (Fund 2711), JROTC program and debt service in the Other Governmental Funds. The transfers from the Major Funds to the General Fund were for indirect costs.

Note 4 – Restricted Assets

The restricted assets represent the cash, cash with fiscal agent, and investment balance, totaling \$3,336,211, \$348,681 and \$2,370,468 respectively, of the debt service funds and the assets of various state and federal programs which are legally restricted and may not be used for purposes that support the district's programs.

Note 5 – Capital Assets

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2019

	Balance 7/1/2018	Increases	Decreases	Adjustments	Balance 6/30/2019
Governmental Activities:					
Non-depreciable capital assets:					
Land	\$ 3,210,988				3,210,988
Total non-depreciable capital assets	<u>3,210,988</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,210,988</u>
Depreciable capital assets:					
Buildings	58,278,320			(525,678)	57,752,642
Building improvements	1,561,272				1,561,272
Improvements other than buildings	1,922,163				1,922,163
Mobile equipment	5,879,157	16,631			5,895,788
Furniture and equipment	2,011,427	19,125	(106,170)		1,924,382
Leased property under capital leases	892,000				892,000
Total depreciable capital assets	<u>70,544,339</u>	<u>35,756</u>	<u>(106,170)</u>	<u>(525,678)</u>	<u>69,948,247</u>
Less accumulated depreciation for:					
Buildings	21,176,028	1,029,257		(420,543)	21,784,742
Building improvements	124,902	62,451			187,353
Improvements other than buildings	558,101	55,054			613,155
Mobile equipment	4,278,623	375,416			4,654,039
Furniture and equipment	1,711,040	73,800	(105,108)		1,679,732
Leased property under capital leases	80,280	80,280			160,560
Total accumulated depreciation	<u>27,928,974</u>	<u>1,676,258</u>	<u>(105,108)</u>	<u>(420,543)</u>	<u>29,079,581</u>
Total depreciable capital assets, net	<u>42,615,365</u>	<u>(1,640,502)</u>	<u>(1,062)</u>	<u>(105,135)</u>	<u>40,868,666</u>
Governmental activities capital assets, net	<u>\$ 45,826,353</u>	<u>(1,640,502)</u>	<u>(1,062)</u>	<u>(105,135)</u>	<u>44,079,654</u>

Adjustments to capital assets consisted of the following:

Impaired capital assets, net which were damage by tornado (See note 8 for details) \$ (105,135)

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Governmental activities:	
Instruction	\$ 1,110,780
Support services	477,266
Non-instructional	88,212
Total depreciation expense - Governmental activities	<u>\$ 1,676,258</u>

Note 6 – Long-term Liabilities

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT
Notes to the Financial Statements
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	Balance 7/1/2018	Additions	Reductions	Balance 6/30/2019	Amounts due within one year
A. General obligation bonds payable	\$ 12,375,000		1,690,000	10,685,000	2,150,000
Premiums	381,951		63,659	318,292	0
B. Three mill notes payable	410,000		410,000	0	0
C. Obligations under capital leases	1,360,031	389,895	469,845	1,280,081	354,558
D. Qualified zone academy bonds payable	1,480,583			1,480,583	0
E. Qualified school construction bonds payable	3,000,000			3,000,000	0
F. Compensated absences payable	243,492		39,239	204,253	10,213
Total	<u>\$ 19,251,057</u>	<u>389,895</u>	<u>\$ 2,672,743</u>	<u>16,968,209</u>	<u>2,514,771</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	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. General obligation bonds, 2008	3.75	5/9/2008	5/1/2020	\$ 9,950,000	1,175,000
2. General obligation bonds, 2009A	3.1 - 4.4	3/1/2009	3/1/2022	9,950,000	1,645,000
3. General obligation refunding bonds, 2017	3.00	9/1/2017	4/1/2024	8,205,000	7,865,000
Total				<u>\$ 28,105,000</u>	<u>10,685,000</u>

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

1. General obligation bond, 2008:

Year Ending June 30	Principal	Interest	Total
2020	<u>\$ 1,175,000</u>	<u>39,656</u>	<u>1,214,656</u>

This debt was partially refunded with the proceeds of the General Obligation Refunding Bonds, 2017. This debt will be retired from the GO Bond Retirement Fund (Debt Service Fund).

2. General obligation bond, 2009:

COLUMBUS MUNICIPAL SCHOOL DISTRICT
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Year Ending June 30	Principal	Interest	Total
2020	\$ 650,000	52,162	702,162
2021	650,000	32,012	682,012
2022	<u>345,000</u>	<u>11,212</u>	<u>356,212</u>
Total	<u>\$ 1,645,000</u>	<u>95,386</u>	<u>1,740,386</u>

This debt was partially refunded with the proceeds of the General Obligation Refunding Bonds, 2017. This debt will be retired from the GO Bond Retirement Fund (Debt Service Fund).

3. General obligation bond, 2017:

Year Ending June 30	Principal	Interest	Total
2020	\$ 325,000	235,950	560,950
2021	1,290,000	226,200	1,516,200
2022	1,640,000	187,500	1,827,500
2023	2,235,000	138,300	2,373,300
2024	<u>2,375,000</u>	<u>71,250</u>	<u>2,446,250</u>
Total	<u>\$ 7,865,000</u>	<u>859,200</u>	<u>8,724,200</u>

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

Total general obligation bond payments for all issues:

Year Ending June 30	Principal	Interest	Total
2020	\$ 2,150,000	327,768	2,477,768
2021	1,940,000	258,212	2,198,212
2022	1,985,000	198,712	2,183,712
2023	2,235,000	138,300	2,373,300
2024	<u>2,375,000</u>	<u>71,250</u>	<u>2,446,250</u>
Total	<u>\$ 10,685,000</u>	<u>994,242</u>	<u>11,679,242</u>

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2019, the amount of outstanding bonded indebtedness was equal to 5.1% of property assessments as of October 1, 2018.

See Note 7 for further details.

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

B. Three mill notes payable

The three mill notes were paid in full during the fiscal year from the Three Mill Note Fund (Debt Service Fund).

C. Obligations under capital leases

The school district entered into a lease agreement as lessee for financing the acquisition of computers at a cost of \$1,085,204. This lease qualifies as a capital lease for accounting purposes. The assets acquired were not capitalized since the cost of the individual assets were below the capitalization threshold amount. The school district entered into a lease agreement for financing the acquisition of school buses at a cost of \$892,000. This lease qualifies as a capital lease for accounting purposes and the assets will be capitalized.

Upon payment in full of all lease payments title to the equipment will transfer to the school district.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Master Lease - Apple Computers	1.9	7/15/2016	3/18/2022	\$ 1,085,204	554,158
2. Master Lease - School Buses	2.58	7/26/2017	4/10/2027	892,000	725,923
Total				<u>\$ 1,977,204</u>	<u>1,280,081</u>

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

1. Master Lease – Apple Computers:

Year Ending June 30	Principal	Interest	Total
2020	\$ 271,747	10,526	282,273
2021	182,931	5,364	188,295
2022	99,480	1,890	101,370
Total	<u>\$ 554,158</u>	<u>17,780</u>	<u>571,938</u>

This debt will be retired from the General Fund.

2. Master Lease – School Buses

Year Ending June 30	Principal	Interest	Total
2020	\$ 82,811	18,198	101,009
2021	84,961	16,048	101,009
2022	87,167	13,842	101,009
2023	89,431	11,579	101,010
2024	91,752	9,256	101,008
2025 – 2027	289,801	12,223	302,024
Total	<u>\$ 725,923</u>	<u>81,146</u>	<u>807,069</u>

COLUMBUS MUNICIPAL SCHOOL DISTRICT
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This debt will be retired from the General Fund.

Total obligation under capital lease payments for all issues:

Year Ending June 30	Principal	Interest	Total
2020	\$ 354,558	28,724	383,282
2021	267,892	21,412	289,304
2022	186,647	15,732	202,379
2023	89,431	11,579	101,010
2024	91,752	9,256	101,008
2025 – 2027	289,801	12,223	302,024
Total	<u>\$ 1,280,081</u>	<u>98,926</u>	<u>1,379,007</u>

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

D. Qualified zone academy bonds payable

As more fully explained in Note 15, debt has been issued by the school district that qualifies as Qualified Zone Academy bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified zone academy bonds	0%*	5/15/2008	7/15/2019	<u>\$ 1,480,583</u>	<u>1,480,583</u>

* The stated interest rate is 0% with an imputed rate of 5.25%.

E. Qualified school construction bonds payable

As more fully explained in Note 16, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified school construction bonds	0.94	11/1/2009	11/1/2024	<u>\$ 3,000,000</u>	<u>3,000,000</u>

COLUMBUS MUNICIPAL SCHOOL DISTRICT
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For Year Ended June 30, 2019

Year Ending June 30	Principal	Interest	Total
2020	\$	28,200	28,200
2021		28,200	28,200
2022		28,200	28,200
2023		28,200	28,200
2024		28,200	28,200
2025	<u>3,000,000</u>	<u>28,200</u>	<u>3,028,200</u>
Total	<u>\$ 3,000,000</u>	<u>169,200</u>	<u>3,169,200</u>

This debt will be retired from the Three Mill Note Fund (Debt Service Fund).

F. Compensated absences payable

As more fully explained in Note 1(E)(8), compensated absences payable is adjusted on an annual basis as required by Section 37-7-307(5), Miss. Code Ann. (1972). Compensated absences will be paid from the fund from which the employees' salaries were paid.

Note 7 – Prior Year Defeasance of Debt

In prior years, the Columbus Municipal School District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the district's financial statements. On June 30, 2019, \$2,820,000 of bonds outstanding are defeased.

Note 8 – Impairment of Assets

During the current fiscal year, the Columbus Municipal School District has recognized that the following assets qualified as impaired due to tornado damage.

Governmental Type Activities:

Classification (Instruction, Support Services, etc.)	Asset Qualifying As Impaired	Historical Cost	Less: Accumulated Depreciation	Carrying Value	Recognized Property Insurance Recovery	(Gain) Loss
Instruction	Hunt Campus	<u>\$ 525,678</u>	<u>\$ 420,543</u>	<u>\$ 105,135</u>	<u>\$ 3,408,332</u>	<u>\$ (3,303,197)</u>

This impairment loss is reported on the financial statements as an extraordinary item (See Note 20).

Note 9 – Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972,

COLUMBUS MUNICIPAL SCHOOL DISTRICT
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For Year Ended June 30, 2019

as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available at www.pers.ms.gov.

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2019 was 15.75% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2019, 2018 and 2017 were \$3,052,878, \$2,912,437 and \$3,310,506, respectively, which equaled the required contributions for each year.

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

At June 30, 2019, the school district reported a liability of \$48,163,761 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2019 net pension liability was .289568 percent, which was based on a measurement date of June 30, 2018. This was a decrease of .038084 percent from its proportionate share used to calculate the June 30, 2018 net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$1,615,159. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 157,007	\$ 711,936
Net difference between projected and actual earnings on pension plan investments	0	162,427

COLUMBUS MUNICIPAL SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2019

Changes of assumptions	21,136	19,779
Changes in proportion and differences between District contributions and proportionate share of contributions	0	6,911,768
District contributions subsequent to the measurement date	3,052,878	0
Total	\$ <u>3,231,021</u>	\$ <u>7,805,910</u>

\$3,052,878 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2020	\$ (3,018,497)
2021	(3,018,497)
2022	(1,550,167)
2023	(40,606)

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

Inflation	3.00 percent
Salary increases	3.25-18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2022, with males rates set forward one year for males with adjustments.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
U.S. Broad	27.00	%	4.60	%
International Equity	18.00		4.50	

COLUMBUS MUNICIPAL SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2019

Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Estate	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	0.00
Total	<u>100</u>	<u>%</u>

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the former employer contribution rate (15.75%) through June 30, 2019 and at the current contribution rate (17.40%) thereafter. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 63,417,853	\$ 48,163,761	\$ 35,485,597

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

Note 10 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

Benefits provided. The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums

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

paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

Contributions. The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$137,040 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$3,213,279 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2018, the District's proportion was .41539389 percent. This was a decrease of .02458240 percent from the proportionate share as of the measurement date of June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$131,132. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,542	\$ 0
Changes of assumptions	0	228,953
Net difference between projected and actual earnings on OPEB plan investments	0	0
Changes in proportion and differences between District contributions and proportionate share of contributions	24,066	171,026
District contributions subsequent to the measurement date	137,040	0
Total	<u>\$ 167,648</u>	<u>\$ 399,979</u>

\$137,040 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June

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

30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:		
2020	\$	(71,512)
2021		(71,512)
2022		(71,512)
2023		(71,512)
2024		(64,316)
Thereafter		(19,007)

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

Inflation	3.00 percent
Salary increases	3.25-18.50 percent, including wage inflation
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	4.50%
Municipal Bond Index Rate	
Measurement Date	3.89%
Prior Measurement Date	3.56%
Year FNP is projected to be depleted	
Measurement Date	2018
Prior Measurement Date	2017
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.89%
Prior Measurement Date	3.56%
Health Care Cost Trends	
Medicare Supplement Claims	7.25 percent for 2018 decreasing to an ultimate
Pre-Medicare	rate of 4.75% by 2028

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

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

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

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

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

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

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

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

	1% Decrease (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
Net OPEB liability	\$ 3,561,841	\$ 3,213,279	\$ 2,913,506

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 2,976,559	\$ 3,213,279	\$ 3,482,127

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

Note 11 – Sixteenth Section Lands

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools. The following are the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases.

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

Year Ending June 30	Amount
2020	\$ 4,231
2021	4,225
2022	4,225
2023	4,225
2024	4,225
2025 – 2029	21,125
2030 – 2034	21,125
2035 – 2039	14,475
2040 – 2044	8,400
Total	<u>\$ 86,256</u>

Note 12 – Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation	Amount
Error Correction - restatement of prior year liability	<u>\$ 76,218</u>

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

Fund	Explanation	Amount
General Fund	Error correction - restatement of prior year liability	<u>\$ 76,218</u>

Note 13 – Contingencies

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

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

Note 14 – 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.

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

Participation in Public Entity Risk Pool

Workers' Compensation Trust

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

Property Trust

The school district is a member of the Mississippi School Boards Association Property Trust (MSBAPT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 49 school districts and covers losses associated with property damage to the physical assets owned by the member districts. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the Trust.

Casualty Trust

The school district is a member of the Mississippi School Boards Association Casualty Trust (MSBACT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 49 school districts and covers liability related losses the member may be responsible for through General Liability, Automobile Liability and School Board Legal Liability. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the Trust.

Note 15 – Qualified Zone Academy Bonds

Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the establishment of special academic programs from kindergarten through secondary school, in partnership with the business community. The school district, in agreement with North Mississippi Health Services, has entered into such an arrangement dated May 12, 2008. North Mississippi Health Services will donate technical assistance for athletic therapy services. These contributions are to represent at least 10% of the Qualified Zone Academy Bonds loan amount.

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

This agreement establishes a method of repayment for a qualified interest-free debt instrument. The agreement requires the school district to deposit funds annually into a sinking fund account on or before June 30th. The amount on deposit at June 30, 2019 was \$2,517,964. The amount accumulated in the sinking fund at the end of the ten-year period will be sufficient to retire the debt on July 15, 2019.

Note 16 – Qualified School Construction Bonds

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

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

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2019 was \$225,103. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending		Amount
June 30		
2020	\$	190,000
2021		520,000
2022		520,000
2023		520,000
2024		520,000
2025		520,000
Total	\$	<u>2,790,000</u>

Note 17 – Juvenile Detention Center Education Program

The Columbus Municipal School District entered into a Juvenile Detention Center agreement creating the Lowndes County Juvenile Detention Center Education Program to be housed at the Lowndes County Juvenile Detention Center. This contract will be in full force and effect for the fiscal year ended June 30, 2019. This program was in accordance with Section 43-21-321, Miss. Code Ann. (1972) which states a sponsoring school district must provide educational services to youths detained in juvenile detention centers. It was approved by the Mississippi Department of Education and includes the Chickasaw County School District, Choctaw County School District, Houston School District, Kemper County School District, Louisville School District, Lowndes County School District, Noxubee County School District, Okolona School District, Webster County School District and West Point Consolidated School District. The Columbus Municipal School District has been designated as the sponsoring school district and the operations of the program are included in its financial statements under the General Fund.

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

Note 18 - Insurance loss recoveries

The Columbus Municipal School District received \$3,408,332 in insurance loss recoveries related to tornado damage during the 2018-2019 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated among the instruction expense function.

Note 19 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$45,849,785) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$3,052,878 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The \$178,143 balance of deferred outflow of resources related to pensions, at June 30, 2019 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$45,849,785) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$7,805,910 balance of deferred inflow of resources related to pensions, at June 30, 2019 will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$45,849,785) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$137,040 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. The \$30,608 balance of deferred outflow of resources related to OPEB, at June 30, 2019 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of \$ (45,849,785) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$399,979 balance of deferred inflow of resources related to OPEB, at June 30, 2019 will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

The net investment in capital assets net position of \$28,040,303 includes the effect of deferring recognition of expenses resulting from the advance refunding of general obligation bonds in a prior year. The balance at June 30, 2019 of \$170,447 will be amortized by \$34,089 over the next 5 years.

Note 20 – Extraordinary Items and/or Special Items

During the fiscal year, the school district incurred an impaired asset resulting from damages caused by a tornado in February 2019. After considering the insurance loss recoveries applicable to the impaired asset, the district reported an extraordinary item of \$3,303,197.

Note 21 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the School District evaluated the activity of the district through September 28, 2020, (the date the financial statements were available to be issued), and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

COLUMBUS MUNICIPAL SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2019

On March 16, 2020, Governor Tate Reeves declared that all academic programs of all Mississippi public school districts be closed until further notice due to the global pandemic caused by the COVID-19 virus. Subsequently, on April 22, 2020, the Governor signed an executive order implementing school closures for the rest of the academic year to slow the spread of Covid-19. The financial impact to the school district due to the Governor's recommended citizen shelter in place and the required closure of certain businesses is expected to be minimal for the fiscal year ending June 30, 2020. However, the financial impact to the 2020-2021 fiscal year has not been determined as of the date of this report.

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REQUIRED SUPPLEMENTARY INFORMATION

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COLUMBUS MUNICIPAL SCHOOL DISTRICT
 Budgetary Comparison Schedule for the General Fund
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original	Final
				to Final	to Actual
Revenues					
Local sources	\$ 10,392,784	10,648,576	10,648,576	255,792	0
State sources	17,816,528	17,927,222	17,927,222	110,694	0
Federal sources	525,865	483,941	483,941	(41,924)	0
Sixteenth section sources	12,244	11,807	11,807	(437)	0
Total Revenues	28,747,421	29,071,546	29,071,546	324,125	0
Expenditures					
Instruction	15,870,711	14,295,638	14,295,638	1,575,073	0
Support services	12,286,071	12,569,419	12,959,314	(283,348)	(389,895)
Noninstructional services	5,624	8,051	8,051	(2,427)	0
Sixteenth section	0	691	691	(691)	0
Debt service					
Principal	469,845	478,437	469,845	(8,592)	8,592
Interest	35,187	26,036	34,628	9,151	(8,592)
Total Expenditures	28,667,438	27,378,272	27,768,167	1,289,166	(389,895)
Excess (Deficiency) of Revenues Over (Under) Expenditures	79,983	1,693,274	1,303,379	1,613,291	(389,895)
Other Financing Sources (Uses)					
Inception of capital leases	0	0	389,895	0	389,895
Operating transfers in	4,438,358	7,399,993	461,482	2,961,635	(6,938,511)
Operating transfers out	(5,466,786)	(8,196,327)	(1,326,776)	(2,729,541)	6,869,551
Total Other Financing Sources (Uses)	(1,028,428)	(796,334)	(475,399)	232,094	320,935
Net Change in Fund Balances			827,980		
Fund Balances					
July 1, 2018, as previously reported			6,899,525		
Prior period adjustments			76,218		
July 1, 2018, as restated			6,975,743		
June 30, 2019			\$ 7,803,723		

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT

Budgetary Comparison Schedule for the Major Special Revenue Fund - School Food Service Fund

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Local sources	\$ 56,650	108,287	108,287	51,637	0
State sources	29,300	26,310	26,310	(2,990)	0
Federal sources	3,128,650	3,429,862	3,429,862	301,212	0
Total Revenues	<u>3,214,600</u>	<u>3,564,459</u>	<u>3,564,459</u>	<u>349,859</u>	<u>0</u>
Expenditures					
Support services	1,200	330	330	870	0
Noninstructional services	3,413,686	2,838,573	2,838,573	575,113	0
Total Expenditures	<u>3,414,886</u>	<u>2,838,903</u>	<u>2,838,903</u>	<u>575,983</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(200,286)</u>	<u>725,556</u>	<u>725,556</u>	<u>925,842</u>	<u>0</u>
Other Financing Sources (Uses)					
Operating transfers out	(325,000)	(250,746)	(250,746)	74,254	0
Total Other Financing Sources (Uses)	<u>(325,000)</u>	<u>(250,746)</u>	<u>(250,746)</u>	<u>74,254</u>	<u>0</u>
Net Change in Fund Balances			<u>474,810</u>		
Fund Balances					
July 1, 2018			<u>1,574,393</u>		
Increase in reserve for inventory			<u>1,549</u>		
June 30, 2019			<u>\$ 2,050,752</u>		

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT

Budgetary Comparison Schedule for the Major Special Revenue Fund - Title I Part A 2019 Fund

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Federal sources	\$ 2,813,496	2,275,313	2,275,313	(538,183)	0
Total Revenues	<u>2,813,496</u>	<u>2,275,313</u>	<u>2,275,313</u>	<u>(538,183)</u>	<u>0</u>
Expenditures					
Instruction	1,810,586	1,480,207	1,480,207	330,379	0
Support services	756,448	723,493	723,493	32,955	0
Noninstructional services	0	6,931	6,931	(6,931)	0
Total Expenditures	<u>2,567,034</u>	<u>2,210,631</u>	<u>2,210,631</u>	<u>356,403</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>246,462</u>	<u>64,682</u>	<u>64,682</u>	<u>(181,780)</u>	<u>0</u>
Other Financing Sources (Uses)					
Operating transfers out	0	(64,682)	(64,682)	(64,682)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(64,682)</u>	<u>(64,682)</u>	<u>(64,682)</u>	<u>0</u>
Net Change in Fund Balances			<u>0</u>		
Fund Balances					
July 1, 2018			<u>0</u>		
June 30, 2019			<u>\$ 0</u>		

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.289568%	0.327652%	0.333704%	0.337688%	0.335614%
District's proportionate share of the net pension liability	\$ 48,163,761	54,466,883	59,607,867	52,199,905	40,737,394
District's covered payroll	\$ 18,491,663	21,019,086	21,347,873	21,096,813	20,507,765
District's proportionate share of the net pension liability as a percentage of its covered payroll	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the FYE 6-30-15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

COLUMBUS MUNICIPAL SCHOOL DISTRICT
Schedule of District Contributions
PERS
Last 10 Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,052,878	2,912,437	3,310,506	3,362,290	3,322,748
Contributions in relation to the contractually required contribution	3,052,878	2,912,437	3,310,506	3,362,290	3,322,748
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
District's covered payroll	\$ 19,383,352	18,491,663	21,019,086	21,347,873	21,096,813
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement 68 was implemented in the FYE 6-30-15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

COLUMBUS MUNICIPAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability
OPEB
Last 10 Fiscal Years

	2019	2018
District's proportion of the net OPEB liability	0.41539389%	0.43997629%
District's proportionate share of the net OPEB liability	\$ 3,213,279	3,452,094
Covered employee payroll	\$ 18,491,663	21,019,086
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	17.38%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	0.13%	0.00%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

COLUMBUS MUNICIPAL SCHOOL DISTRICT
Schedule of District Contributions
OPEB
Last 10 Fiscal Years

	<u>2019</u>	<u>2018*</u>
Actuarially determined contribution	\$ 137,040	147,168
Contributions in relation to the actuarially determined contribution	137,040	147,168
Contribution deficiency (excess)	<u>0</u>	<u>0</u>
Covered employee payroll	\$ 19,383,252	18,491,663
Contributions as a percentage of covered employee payroll	0.71%	0.80%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement 75 was implemented in the FYE 6-30-18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

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

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

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

(2) *Changes in benefit provisions*

2016:

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

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

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

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

OPEB Schedules

(1) *Changes of assumptions*

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

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

(2) *Changes in benefit provisions*

2017: None

2018: None

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

Actuarial cost method	Entry age
Amortization method	Level dollar

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

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

SUPPLEMENTARY INFORMATION

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COLUMBUS MUNICIPAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	195MS326N1099	\$ 1,113,253
National school lunch program	10.555	195MS326N1099	1,976,396
Summer food service program for children	10.559	195MS326N1099	36,799
Total child nutrition cluster			<u>3,126,448</u>
Total passed-through Mississippi Department of Education			<u>3,126,448</u>
Total U.S. Department of Agriculture			<u>3,126,448</u>
<u>U.S. Department of Defense</u>			
Direct program:			
Reserve officers' training corps	12.xxx	N/A	<u>57,353</u>
Total U.S. Department of Defense			<u>57,353</u>
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I - grants to local educational agencies	84.010	ES010A180024	3,032,294
Career and technical education - basic grants to states	84.048	V048A180024	70,359
Education for homeless children and youth	84.196	ES196A180025	17,117
Twenty first century community learning centers	84.287	ES287C180024	227,260
Rural education	84.358	ES358B180024	111,010
Supporting effective instruction - state grants	84.367	ES367A180023	278,480
Student support and academic enrichment program	84.424	ES424A180025	33,884
Total			<u>3,770,404</u>
Special education cluster:			
Special education - grants to states	84.027	H027A180108	938,908
Special education - preschool grants	84.173	H173A180113	34,554
Total special education cluster			<u>973,462</u>
Total passed-through Mississippi Department of Education			<u>4,743,866</u>
Total U.S. Department of Education			<u>4,743,866</u>
Total for All Federal Awards			<u>\$ 7,927,667</u>

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

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

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Noncash Awards

Donated commodities of \$190,290 are included in the National School Lunch Program.

(5) Other Items

For each federal grant passed through the Mississippi Department of Education, the school district has elected to use the pass-through entity identifying number as provided by the Mississippi Department of Education for the most recent and significant grant year.

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

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 26,023,872	19,274,200	1,299,742	1,974,647	3,475,283
Other	13,501,750	2,951,228	387,291	53,267	10,109,964
Total	<u>39,525,622</u>	<u>22,225,428</u>	<u>1,687,033</u>	<u>2,027,914</u>	<u>13,585,247</u>
Total number of students	<u>3,206</u>				
Cost per student	<u>\$ 12,329</u>	<u>6,932</u>	<u>526</u>	<u>633</u>	<u>4,238</u>

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

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

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

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

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

Total number of students - the ADA report submission for month 9, which is the final submission for the fiscal year.

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OTHER INFORMATION

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Columbus Municipal School District
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years

	UNAUDITED			
	2019	2018*	2017*	2016*
Revenues				
Local sources	\$ 10,648,576	10,623,038	11,245,015	10,864,425
State sources	17,927,222	18,778,668	18,546,868	19,732,566
Federal sources	483,941	482,550	601,988	692,180
Sixteenth section sources	11,807	17,326	31,734	26,540
Total Revenues	<u>29,071,546</u>	<u>29,901,582</u>	<u>30,425,605</u>	<u>31,315,711</u>
Expenditures				
Instruction	14,295,638	15,273,158	16,414,458	17,287,178
Support services	12,959,314	13,742,610	13,249,484	14,521,991
Noninstructional services	8,051	9,300	9,873	8,199
Sixteenth section	691	0	0	0
Facilities acquisition and construction	0	0	501,331	304,472
Debt service				
Principal	469,845	373,838	205,242	118,500
Interest	34,628	29,825	10,488	3,252
Total Expenditures	<u>27,768,167</u>	<u>29,428,731</u>	<u>30,390,876</u>	<u>32,243,592</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,303,379</u>	<u>472,851</u>	<u>34,729</u>	<u>(927,881)</u>
Other Financing Sources (Uses)				
Proceeds of refunding bonds	0	3,968	0	0
Inception of capital leases	389,895	1,225,585	0	832,026
Insurance loss recoveries	0	7,125	13,995	13,328
Operating transfers in	461,482	404,118	478,836	309,455
Operating transfers out	(1,326,776)	(1,262,058)	(1,233,102)	(347,051)
Other financing uses	0	(12,228)	0	0
Total Other Financing Sources (Uses)	<u>(475,399)</u>	<u>366,510</u>	<u>(740,271)</u>	<u>807,758</u>
Net Change in Fund Balances	<u>827,980</u>	<u>839,361</u>	<u>(705,542)</u>	<u>(120,123)</u>
Fund Balances:				
Beginning of period, as previously reported	6,899,525	6,154,456	6,859,998	6,925,413
Prior period adjustments	76,218	(94,292)	0	54,708
Beginning of period, as restated	<u>6,975,743</u>	<u>6,060,164</u>	<u>6,859,998</u>	<u>6,980,121</u>
End of period	<u>\$ 7,803,723</u>	<u>6,899,525</u>	<u>6,154,456</u>	<u>6,859,998</u>

* Source - Prior year audit reports.

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

	UNAUDITED			
	2019	2018*	2017*	2016*
Revenues				
Local sources	\$ 13,000,096	12,933,583	12,851,098	13,102,870
State sources	18,667,351	19,531,337	20,292,350	21,551,467
Federal sources	8,788,532	8,056,346	8,638,605	9,301,243
Sixteenth section sources	11,807	17,326	31,734	26,540
Total Revenues	<u>40,467,786</u>	<u>40,538,592</u>	<u>41,813,787</u>	<u>43,982,120</u>
Expenditures				
Instruction	18,623,231	19,336,084	20,779,049	22,219,207
Support services	14,906,211	15,404,795	14,819,600	16,392,867
Noninstructional services	2,946,239	2,996,412	3,579,060	2,929,691
Sixteenth section	691	0	0	0
Facilities acquisition and construction	0	0	1,681,691	2,053,167
Debt service				
Principal	2,569,845	2,323,838	2,155,242	1,968,500
Interest	461,321	499,662	596,475	656,189
Other	18,084	115,273	15,027	13,025
Total Expenditures	<u>39,525,622</u>	<u>40,676,064</u>	<u>43,626,144</u>	<u>46,232,646</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>942,164</u>	<u>(137,472)</u>	<u>(1,812,357)</u>	<u>(2,250,526)</u>
Other Financing Sources (Uses)				
Proceeds of refunding bonds	0	8,205,000	0	0
Premium on bonds	0	445,610	0	0
Inception of capital leases	389,895	1,225,585	0	832,026
Insurance loss recoveries	3,408,332	7,125	13,995	13,328
Operating transfers in	1,976,362	1,855,136	1,900,224	844,610
Operating transfers out	(1,976,362)	(1,855,136)	(1,900,224)	(844,610)
Payment to refunded bond escrow agent	0	(8,543,625)	0	0
Other financing uses	0	(12,228)	0	0
Total Other Financing Sources (Uses)	<u>3,798,227</u>	<u>1,327,467</u>	<u>13,995</u>	<u>845,354</u>
Net Change in Fund Balances	<u>4,740,391</u>	<u>1,189,995</u>	<u>(1,798,362)</u>	<u>(1,405,172)</u>
Fund Balances:				
Beginning of period, as previously reported	11,530,168	10,450,881	12,254,604	13,633,139
Prior period adjustments	76,218	(108,074)	(6,454)	25,455
Beginning of period, as restated	<u>11,606,386</u>	<u>10,342,807</u>	<u>12,248,150</u>	<u>13,658,594</u>
Increase (Decrease) in reserve for inventory	<u>3,819</u>	<u>(2,634)</u>	<u>1,093</u>	<u>1,182</u>
End of period	<u>\$ 16,350,596</u>	<u>11,530,168</u>	<u>10,450,881</u>	<u>12,254,604</u>

* Source - Prior year audit reports.

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

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ST. CLAIR CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S 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*

Independent Auditor's Report

Superintendent and School Board
Columbus Municipal School District

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Columbus Municipal School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Columbus Municipal School District's basic financial statements, and have issued my report thereon dated September 28, 2020.

Internal Control Over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that I consider to be material weaknesses [2019-001, 2019-002 and 2019-003].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Columbus Municipal School District's financial

statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Columbus Municipal School District's Response to Findings

Columbus Municipal School District's response to the findings identified in my audit is described in the accompanying Auditee's Corrective Action Plan. Columbus Municipal School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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

St. Clair CPA, PLLC

St. Clair CPA, PLLC
Carriere, MS
September 28, 2020



ST. CLAIR CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

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

Independent Auditor's Report

Superintendent and School Board
Columbus Municipal School District

Report on Compliance for Each Major Federal Program

I have audited Columbus Municipal School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Columbus Municipal School District's major federal programs for the year ended June 30, 2019. Columbus Municipal School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Columbus Municipal School District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I 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 Columbus Municipal School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Other Matters

The results of my auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item [2019-004]. My opinion on each major federal program is not modified with respect to these matters

Columbus Municipal School District's response to the noncompliance findings identified in my audit are described in the accompanying Auditee's Corrective Action Plan. Columbus Municipal School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control Over Compliance

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

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, I did identify a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item [2019-004], that I consider to be a significant deficiency.

Columbus Municipal School District's response to the internal control over compliance findings identified in my audit are described in the accompanying Auditee's Corrective Action Plan. Columbus Municipal School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

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

St. Clair CPA, PLLC

St. Clair CPA, PLLC

Carriere, MS

September 28, 2020

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

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ST. CLAIR CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

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

Superintendent and School Board
Columbus Municipal School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbus Municipal School District as of and for the year ended June 30, 2019, which collectively comprise Columbus Municipal School District's basic financial statements and have issued my report thereon dated September 28, 2020. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, I 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 my audit and, accordingly, I do not express such an opinion.

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

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

The results of my 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, I 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 my audit and, accordingly, I do not express such an opinion.

The results of procedures performed to test compliance with certain other state laws and regulations and my audit of the financial statements disclosed the following immaterial instances of noncompliance with other state laws and regulations. My findings and recommendations and Columbus Municipal School District's responses are as follows:

State Finding No. 1

CRITERIA: State law requires that the base amount for the ad valorem tax request be calculated using any one (1) of the immediate preceding three (3) fiscal years.

CONDITION: During the testing of limitation on ad valorem taxes, I noted that the district used the 2014-2015 as the base year which was not within the three (3) year allowable time period. However, the district did not request more funds than they legally could request. The funds that were received did not result in an escrow or shortfall.

CAUSE: The cause of the condition was a failure to use an allowable fiscal year as the base for the ad valorem tax request as required by state law.

EFFECT: The district is not in compliance with *Section 37-57-107, Miss. Code of 1972*.

RECOMMENDATION: Management should implement procedures to ensure that only one of the immediate preceding three (3) fiscal years is used as a base for the Ad Valorem Tax Request Worksheet.

RESPONSE: The Columbus Municipal School District has setup a procedure to use only one (1) of the immediate proceeding three (3) fiscal years to be used as a base for the Ad Valorem Tax Request Worksheet.

State Finding No. 2

CRITERIA: *Section 25-11-127(4), Mississippi Code Annotated (1972)*, requires the school district hiring service retirees to notify PERS in writing by completing and filing Form 4B "Certification/Acknowledgement of Reemployment of Retiree" with the PERS office within five (5) days of employment and the amount of compensation is limited based on their election on the PERS Form 4B.

CONDITION: During the testing of employment of retired personnel, I noted two (2) instances out of a sample of three (3) in which re-hired employee's (PERS) Form 4Bs were not submitted to PERS within the required timeline.

CAUSE: The cause of the condition was a failure to follow the state law and PERS rules and regulations.

EFFECT: The district is not in compliance with *Section 25-11-127(4), Miss. Code of 1972* and the rules and regulations of PERS.

RECOMMENDATION: It is recommended that the district strengthen controls to ensure compliance with *Section 25-11-127(4), Mississippi Code Annotated (1972)*, by properly completing and filing the Form 4Bs within five (5) days of employment.

RESPONSE: The Columbus Municipal School District has put in place procedures to ensure that the proper paperwork is received by the district and submitted to PERS within five (5) days of employment.

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

The Columbus Municipal School District's responses to the findings included in this report were not audited and, accordingly, I express no opinion on them.

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

St. Clair CPA, PLLC

St. Clair CPA, PLLC
Carriere, MS
September 28, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Section I: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|---------------|
| 1. | Type of auditor's report issued on the basic financial statements: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiency identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the basic financial statements noted? | No |

Federal Awards:

- | | | |
|----|--|------------|
| 4. | Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 5. | Internal control over major programs: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiency identified that are not considered to be material weaknesses? | Yes |
| 6. | Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 7. | Identification of major programs: | |

CFDA Numbers

84.010

84.027 & 84.173

Name of Federal Program or Cluster

Title I grants to local educational agencies

Special education cluster

- | | | |
|-----|---|-----------|
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit findings(s) and questioned costs relative to federal Awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). | No |

Section II: Financial Statement Findings

Material Weaknesses

Finding 2019-001

CONDITION: The business office supervisor receipts revenues, prepares deposit slips, enters the transaction into the accounting system, posts journal entries, reconciles district bank accounts, has full administrative rights in the accounting software and access to the blank checks.

CRITERIA: An appropriately and properly designed system of accounting controls would have these duties segregated to the greatest extent possible.

CAUSE OF CONDITION: The cause of this condition is an inadequately designed system of accounting controls.

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

POTENTIAL EFFECT OF CONDITION: This condition could lead to a greater risk of errors or fraud and those errors or fraud not being prevented or detected.

RECOMMENDATION: It is recommended that the duties of the business office supervisor be segregated to the greatest extent possible.

VIEWS OF RESPONSIBLE OFFICIALS: See Auditee's Corrective Action Plan in this report.

Finding 2019-002

CONDITION: During the testing of transactions, I noted that three (3) insurance checks dated 4/11/2019 totaling \$3,062,447 were receipted and deposited on July 23, 2019 and one (1) insurance check dated 4/30/2019 in the amount of \$145,885 was receipted and deposited on November 21, 2019. However, these checks were picked up from the board attorney and appear to have been held in a district safe until they were deposited. The transactions should have been recognized in the current year. Therefore, it caused the financial statements to be understated by \$3,208,332.

CRITERIA: Management is responsible for proper and timely recording of transactions in the financial statements and making timely deposits.

CAUSE OF CONDITION: This is a failure of accounting controls in recording transactions in the wrong accounting period.

POTENTIAL EFFECT OF CONDITION: Recording the transaction in the wrong accounting period resulted in a material understatement of cash, insurance loss recoveries and fund balance in the year ended June 30, 2019. However, an audit adjustment was proposed to management and made to the financial statements.

RECOMMENDATION: Accounting controls should be enhanced to ensure that transactions are recorded in the proper accounting period and deposits are made in a timely manner.

VIEWS OF RESPONSIBLE OFFICIALS: See Auditee's Corrective Action Plan in this report.

Finding 2019-003

CONDITION: When performing the year-end closing procedures to prepare the annual financial statements, it was noted that recording of the indirect cost transaction from the child nutrition fund was improperly recorded. Management recorded the transfer but failed to record the offsetting interfund loan. The district instead carried a material outstanding deposit and corresponding outstanding check on the bank statement reconciliations from June 2019 through October 2019.

CRITERIA: The recording of year-end transactions that impact both interfund transfers and interfund loans should be properly recorded in the financial accounting records.

CAUSE OF CONDITION: The cause of the condition is an error on the part of management when closing the year-end accounting records.

POTENTIAL EFFECT OF CONDITION: The effect of the condition resulted in a material misstatement to the financial statements. However, the misstatement was corrected by auditor adjustment with the approval of management.

RECOMMENDATION: It is recommended that management exercise care and due diligence when closing the year-end financial accounting records to ensure that all appropriate account balances are included in the financial statements.

VIEWS OF RESPONSIBLE OFFICIALS: See Auditee's Corrective Action Plan in this report.

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

Section III: Federal Award Findings and Questioned Costs

Significant deficiency identified that is not considered to be a material weakness and a matter of noncompliance.

Finding 2019-004

Program CFDA No.:	84.010	CFDA program title:	Title I – grants to local educational agencies
	84.358		Rural education
	84.367		Supporting effective instruction state grants
	84.424		Student support and academic enrichment program
			Passed through the Mississippi Department of Education

<u>Compliance Requirement</u>	Allowable Cost
-------------------------------	----------------

CRITERIA: The school district should adhere to the federal program allocations and budgets as approved by the Mississippi Department of Education in the Consolidated Grant Application.

CONDITION: The approved Consolidated Grant Application indicated the use of the Administrative Cost Pool. Inspection of the accounting records revealed that the cost pool was not utilized by the school district.

CAUSE: The cause of the district is a failure of accounting controls.

EFFECT: The effect of the conditions results in noncompliance with program and budgetary requirements of the federal program.

QUESTIONED COST: None

PREVELENCE OF FINDING: The is an isolated matter.

REPEAT FINDING: Not a prior year finding.

RECOMMENDATION: It is recommended that the school district comply with the allocations and budget requirements of the approved Consolidated Grant Application.

VIEWS OF RESPONSIBLE OFFICIALS: See Auditee's Corrective Action Plan in this report.

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AUDITEE'S CORRECTIVE ACTION PLAN

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COLUMBUS MUNICIPAL SCHOOL DISTRICT

Cherie Labat, Ph.D.
Superintendent of Schools

Glenn Dedeaux, Ph.D.
Assistant Superintendent of District and School Operations

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (UG), the Columbus Municipal School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2019:

Finding 2019-001

Corrective Action Plan

- a. Contact person responsible for corrective action – Holly Rogers
- b. Description of correction action to be taken – The Business Manager will now reconcile all bank accounts. All blank checks are notated in a log and any discrepancies are reported immediately.
- c. Anticipated completion date of corrective action – July 1, 2020

Finding 2019-002

Corrective Action Plan

- a. Contact person responsible for corrective action – Holly Rogers
- b. Description of correction action to be taken – All transactions will be reported in the proper accounting period and deposits will be made in a timely manner.
- c. Anticipated completion date of corrective action – July 1, 2020

Finding 2019-003

Corrective Action Plan

- a. Contact person responsible for corrective action – Holly Rogers
- b. Description of correction action to be taken – The Business Manager will create a year-end checkoff list for the Columbus Municipal School District and ensure proper reporting of account balances.
- c. Anticipated completion date of corrective action – July 1, 2020

EVERY DECISION IN THE BEST INTEREST OF STUDENTS

P.O. Box 1308 / 2630 McArthur Drive / Columbus, MS 39703-1308 * Phone 662-241-7400 * Fax 662-241-7457



COLUMBUS MUNICIPAL SCHOOL DISTRICT

Cherie Labat, Ph.D.
Superintendent of Schools

Glenn Dedeaux, Ph.D.
Assistant Superintendent of District and School Operations

Finding 2019-004

Corrective Action Plan

- d. Contact person responsible for corrective action – Holly Rogers
- e. Description of correction action to be taken – Proper fund numbers will be used as prescribed by the Consolidated Grant Application.
- f. Anticipated completion date of corrective action – July 1, 2020

Sincerely,

Holly Rogers
Business Manager

EVERY DECISION IN THE BEST INTEREST OF STUDENTS

P.O. Box 1308 / 2630 McArthur Drive / Columbus, MS 39703-1308 * Phone 662-241-7400 * Fax 662-241-7457