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

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

CITY OF COLUMBUS, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

CITY OF COLUMBUS, MISSISSIPPI
Audited Financial Statements

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Audited Financial Statements

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CITY OF COLUMBUS, MISSISSIPPI

FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Columbus
Columbus, Mississippi

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Columbus, Mississippi, as of September 30, 2020, and the respective changes in financial position 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 and budgetary comparison information, schedule of City's proportionate share of the net pension liability, schedule of the City's contributions, City's Fire & Police Plan Schedule of Changes in Net Pension Liability and Related Ratios, and Fire & Police Plan Schedule of City's Contributions on pages 4-12 and 57, 58, 59, 60, 61 and 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Columbus, Mississippi's basic financial statements. The other supplemental information, as listed in the contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis 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*, and is also not a required part of the basic financial statements.

The other supplemental information and the schedule of expenditures of federal awards is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2023, on our consideration of the City of Columbus, Mississippi's internal control over financial reporting and on our tests of the compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Columbus, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Columbus, Mississippi's internal control over financial reporting and compliance.

Columbus, Mississippi
January 30, 2023

Watkins Ward and Stafford, P.C.

CITY OF COLUMBUS, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF COLUMBUS, MISSISSIPPI

Management's Discussion and Analysis For the Year Ended September 30, 2020

This section of the City of Columbus' Financial Report presents our discussion and analysis of the City's financial performance during the fiscal year ending September 30, 2020. Please read it in conjunction with the City of Columbus' financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$3,060,602. Of this amount \$6,145,520 may be used to meet the City of Columbus' ongoing obligations to citizens and creditors. The \$(51,684,325) of unassigned net position shown on the statement of net position includes a \$36,233,859 reduction in net position as a result of GASB No. 68, which requires employers to disclose their share of the plan's unfunded pension liability. The plan is administered by PERS of Mississippi.
- As of the close of the current fiscal year, the City of Columbus governmental funds reported combined ending fund balances of \$17,855,341, an increase of \$9,374,831 in comparison to the prior year.
- The City of Columbus' total debt is \$33,914,059 (exclusive of compensated absences). Of that total, approximately \$7,503,141 of debt is for capital assets purchased under lease purchase agreements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts –management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents schedules for bonded indebtedness and other long-term notes and a schedule of surety bonds for municipal officers. The basic financial statements include two kinds of statements that present different views of the City of Columbus.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City of Columbus' overall financial status. (Pages 15-16)
- The remaining statements are fund financial statements that focus on individual parts of the City of Columbus' operations in more detail than the government-wide statements.

The Governmental Funds statements tell how general government services such as public safety was financed in the short term as well as what remains for future spending. The City of Columbus has four Governmental Fund types: the General, Special Revenue, Debt Service and Capital Projects. (Pages 17-20)

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. (Pages 23-55)

Figure A-1 summarizes the major features of the City of Columbus' financial statements, including the portion of the City of Columbus they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and content of each of the statements.

CITY OF COLUMBUS, MISSISSIPPI

Management's Discussion and Analysis For the Year Ended September 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Figure A-1

Major Features of the City of Columbus' Governmental-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire City Government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as Police, Fire, and Public Works	To account for resources held for the benefit of others
Required financial statements	Statement of Net Position; Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position; Statement of Changes in Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting
Type of asset/liability	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payments are due during the year or soon thereafter	All collections and deductions during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the City of Columbus as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City of Columbus' net position and how they have changed. Net position—the difference between the City of Columbus' assets and liabilities—is one way to measure the City of Columbus' financial health or position.

- Over time, increases or decreases in the City of Columbus' net position are an indicator of whether its financial health is improving or deteriorating, respectively.

CITY OF COLUMBUS, MISSISSIPPI

Management's Discussion and Analysis For the Year Ended September 30, 2020

- To assess the overall health of the City of Columbus, the reader should consider additional non-financial factors such as changes in the City of Columbus' property tax base.
- *Governmental activities* – Most of the City of Columbus' basic services are included here, such as police, fire, public works, agency appropriations, and general administration. Property taxes, sales and use taxes, and state and federal grants finance most of these activities.
- *Component Units* – The City includes two separate legal entities in its report – The City of Columbus, Mississippi Light and Water Department, Electric Division and The City of Columbus, Mississippi Light and Water Department, Water Division.

Fund Financial Statements

The fund financial statements provide more detailed information about the City of Columbus' most significant funds—not the City as a whole. The “fund” level is where the basic unit of financial organization and operation within the City of Columbus exists. Funds are accounting tools that are used to keep track of specific sources of funding and spending for particular purposes. They are the basic budgetary and accounting entities.

- Some funds are required by the state law and by covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City of Columbus has two kinds of funds:

- **Governmental funds**—Most of the City of Columbus' basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the City of Columbus' programs. Because this information does not encompass the additional long-term focus of the governmental-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income determination. These funds are maintained on a modified accrual basis of accounting (explained further in the notes to the financial statements under “Summary of Significant Accounting Policies”). The basic financial statements for governmental funds are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance. The City of Columbus utilizes four types of governmental funds: the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds.
- **Fiduciary funds**—Fiduciary funds are used to account for resources held for the benefit of parties outside the City and are not available to support City programs. The City of Columbus has two fiduciary fund types (private purpose trust and agency) that are presented on Pages 21 and 22 of this report.

CITY OF COLUMBUS, MISSISSIPPI

Management's Discussion and Analysis For the Year Ended September 30, 2020

Government-wide Financial Analysis

A comparative analysis of government-wide data is presented in Tables A-1 through A-4.

Net position may serve over time as a useful indicator of a government's financial position. The City of Columbus' assets exceeded liabilities by \$3,060,602 at the close of the most recent fiscal year.

A substantial portion, 1,394%, of the City's governmental activities net position reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; however, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

- Governmental long-term debt increase of \$8,247,863 (exclusive of unfunded pension liability).
- Capital asset net decrease of \$751,853 for Governmental activities.

Table A-1
City of Columbus Net Position

	Governmental Activities		Increase/ (Decrease)
	2020	2019	
Cash and Other Assets	19,780,551	9,583,896	10,196,655
Capital Assets	55,950,246	56,702,099	(751,853)
Total Assets	75,730,797	66,285,995	9,444,802
Deferred Outflows of Resources	2,316,851	1,594,462	722,389
Other Liabilities	2,018,674	1,185,254	833,420
Long-term Liabilities	70,238,393	54,980,525	15,257,868
Total Liabilities	72,257,067	56,165,779	16,091,288
Deferred Inflows of Resources	2,729,979	346,213	2,383,766
Net Position:			
Invested in Capital Assets			
Net of Related Debt	42,660,690	43,412,543	(751,853)
Restricted	12,084,237	5,408,903	6,675,334
Unrestricted	(51,684,325)	(37,452,981)	(14,231,344)
Total Net Position	3,060,602	11,368,465	(8,307,863)

CITY OF COLUMBUS, MISSISSIPPI

Management's Discussion and Analysis For the Year Ended September 30, 2020

Changes in net position. Approximately 38.6 percent of the City of Columbus' revenue comes from property taxes, with 80.5 percent of all revenue coming from some type of tax. (See Table A-2). Another 12.4 percent comes from fees charged for services, and the balance is from operating and capital grants and contributions and investment earnings.

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

Table A-2
Changes in the City's Net Position

	Governmental Activities 2020	2019	Increase/ (Decrease)
Revenue			
Program Revenues:			
Charges for Services	\$ 3,922,114	\$ 5,219,045	(1,296,931)
Operating Grants & Contributions	830,818	710,279	120,539
Capital Grants & Contributions	852,355	484,587	367,768
General Revenues:			-
Property Taxes	12,053,237	9,925,803	2,127,434
Other Taxes	13,390,369	11,870,712	1,519,657
Investment Income	119,803	84,697	35,106
Other	437,519	573,428	(135,909)
Total Revenue	<u>31,606,215</u>	<u>28,868,551</u>	<u>2,737,664</u>
Expenses			
General Government	6,558,544	3,834,391	2,724,153
Public Safety	12,611,431	13,396,766	(785,335)
Public Works	5,886,952	6,780,096	(893,144)
Urban & Economic Development	1,270,442	1,623,921	(353,479)
Cemetery	139,190	115,577	23,613
Garage	740,472	835,841	(95,369)
Agency Appropriations	695,247	610,770	84,477
Culture & Recreation	2,997,475	2,142,716	854,759
Interest on Debt	1,014,777	987,042	27,735
Other on Long-term Debt	229,114	7,143	221,971
Total Expenses	<u>32,143,644</u>	<u>30,334,263</u>	<u>1,809,381</u>
Increase (Decrease) in Net Position	<u>(537,429)</u>	<u>(1,465,712)</u>	<u>928,283</u>
Net Position - Beginning	11,368,465	12,834,177	(1,465,712)
Change in Accounting Standard (GASB 84)	<u>(7,770,434)</u>	<u>-</u>	<u>(7,770,434)</u>
Net Position - Beginning As Restated	<u>3,598,031</u>	<u>12,834,177</u>	<u>(9,236,146)</u>
Net Position - Ending	<u><u>\$ 3,060,602</u></u>	<u><u>\$ 11,368,465</u></u>	<u><u>(8,307,863)</u></u>

CITY OF COLUMBUS, MISSISSIPPI

Management's Discussion and Analysis For the Year Ended September 30, 2020

Governmental Activities

Governmental activities decreased net assets by \$537,429. Key elements of this are as follows:

The largest funding sources for the City's governmental activities, as a percent of total revenues, are other taxes (42.4%) and property taxes (38.1%).

The largest expense categories for the City's governmental activities are public safety (39.2%) and general government (20.4%).

Financial Analysis of the Government's Funds

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

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

General Fund - The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$6,145,520. As a measure of the General Fund's liquidity, it may be useful to compare both the fund balance, reserved and unreserved, to total fund expenditures. The fund balance of the City's General Fund increased by \$2,296,851 during the current fiscal year. These amounts do not account for the effects of the net pension liability discussed earlier.

Debt Service Fund – The Debt Service Fund has a total fund balance of \$3,491,865, all of which is reserved for the payment of debt service. The net decrease in fund balance during the year in the Debt Service Fund was \$408,690.

Capital Projects Fund – The Capital Projects Fund accounts for the construction and reconstruction of general public improvements, excluding projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was a surplus of \$6,480,197. The net increase in the fund balance during the current year in the Capital Projects Fund was \$6,451,793.

Special Revenue Fund – The Special Revenue Fund is used to account for the programs and projects primarily funded by grants from the federal and state governments. At the end of the current fiscal year, no special revenue funds were available for future expenditures. The net change in the fund balance during the current year in the Special Revenue Fund was zero.

Budgetary Highlights

The City's annual budget, which is prepared on an operating basis, included estimated revenues and annual appropriations for the Governmental Funds. The total 2019-2020 operating budget charges amounted to \$23,098,827.

The City's total tax millage rate for the 2020 fiscal year was 51.24 mills. The breakdown of the millage rate is General Fund 37.22 mills, Police and Firemen's Retirement 5.82 mills, and General Obligation bonds 8.20 mills.

CITY OF COLUMBUS, MISSISSIPPI

Management's Discussion and Analysis For the Year Ended September 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for governmental activities as of September 30, 2020, amounted to \$121,552,301, net of accumulated depreciation of \$65,602,055. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress.

Table A-3
City of Columbus Capital Assets

	Governmental Activities		Increase/ (Decrease)
	2020	2019	
Land	\$ 7,832,709	\$ 7,832,209	500
Buildings	22,863,109	22,863,109	-
Improv. Other Than Buildings	5,471,051	5,471,051	-
Machinery & Equipment	15,331,457	14,005,968	1,325,489
Infrastructure	69,034,020	69,034,020	-
Construction-in-Progress	1,019,955	559,017	460,938
Accumulated Depreciation	(65,602,055)	(63,063,276)	(2,538,779)
Total	<u>\$ 55,950,246</u>	<u>\$ 56,702,098</u>	<u>(751,852)</u>

Long-Term Debt – At year-end, the City had \$33,914,059 in bonds and notes outstanding. More detailed information about the City of Columbus' long-term liabilities is presented in the notes to the financial statements.

Table A-4
City of Columbus Outstanding Debt

	Governmental Activities		Increase/ (Decrease)
	2020	2019	
General Obligation Bonds	\$ 5,275,000	5,475,000	(200,000)
Special Assessment Bonds	17,872,496	12,190,246	5,682,250
TIF Bonds	2,680,599	2,833,123	(152,524)
Notes Payable	582,823	489,634	93,189
Capital Lease Obligations	7,503,141	4,681,889	2,821,252
Total	<u>\$ 33,914,059</u>	<u>25,669,892</u>	<u>8,244,167</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City considered current year operational expenses and estimated increases based on economic factors when establishing the fiscal year 2020 budget. The total budgeted appropriation for the City operations in the governmental activities is \$23,098,827 (which only includes the general fund).

CITY OF COLUMBUS, MISSISSIPPI

**Management's Discussion and Analysis
For the Year Ended September 30, 2020**

**CONTACTING THE CITY OF COLUMBUS
FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Columbus' finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information please contact the City of Columbus' Secretary-Treasurer, Post Office Box 1408, Columbus, MS 39703.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
 - Governmental funds
 - Fiduciary funds

In addition, the notes to financial statements are included to provide information that is essential to the user's understanding of the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Primary Government	Major Component Units	
	Governmental Activities	Electric Department	Water Department
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 14,597,044	5,133,810	4,329,814
Investments, Restricted			4,295,400
Receivable, Net	987,811	5,728,096	1,542,654
Landfill Receivable	56,498	-	-
Intergovernmental Receivable	1,527,073	-	-
Fines Receivable	32,306	-	-
Inventory		687,213	186,381
Prepaid Expense		68,312	162,867
Loans Receivable	2,579,819	-	-
Other Assets		771,204	-
Capital Assets:			
Land and Construction in Progress	8,852,664	963,471	205,444
Other Capital Assets, Net of Depreciation	47,097,582	26,418,062	48,091,500
Total Assets	<u>75,730,797</u>	<u>39,770,168</u>	<u>58,814,060</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Unamortized Loss on Bond Defeasance	-	335,419	121,320
Deferred Outflows Related to			
- Net Pension Liability	2,316,851	924,121	642,650
Total Deferred Outflows of Resources	<u>2,316,851</u>	<u>1,259,540</u>	<u>763,970</u>
<u>LIABILITIES</u>			
Accounts Payable and Accrued Expenses	1,836,406	4,928,027	1,551,353
Customer Deposits	-	3,425,244	132,235
Accrued Interest Payable	182,268	-	-
Other Liabilities	-	32,358	-
Long-term Liabilities:			
Due Within One Year	2,559,163	723,465	2,032,874
Due in More than One Year	31,858,499	5,461,966	12,022,240
Unfunded Pension Liability	35,820,731	7,033,271	7,405,917
Total Liabilities	<u>72,257,067</u>	<u>21,604,331</u>	<u>23,144,619</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to			
- Net Pension Liability	2,729,979	84,518	-
Other	-	1,487	-
Total Deferred Inflows of Resources	<u>2,729,979</u>	<u>86,005</u>	<u>-</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	42,660,690	21,230,043	34,363,150
Restricted for:			
Expendable:			
Capital Improvements	6,480,197	-	-
City-based Activities	2,294,443	-	-
Debt Service	3,309,597	-	2,461,292
Unemployment Benefits	-	-	6,391
Unrestricted - Unassigned	(51,684,325)	(1,890,671)	(397,422)
Total Net Position	<u>\$ 3,060,602</u>	<u>19,339,372</u>	<u>36,433,411</u>

The accompanying notes to financial statements are an integral part of these financial statements.

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Major Component Units	
						Electric Department	Water Department
Primary Government							
Governmental Activities							
General Government	\$ 6,558,544	220,145	650,578	-	\$ (5,687,821)	-	-
Public Safety	12,611,431	849,390	83,098	-	(11,678,943)	-	-
Public Works	5,886,952	2,437,114	97,142	10,525	(3,342,171)	-	-
Cemetery	139,190	52,730	-	-	(86,460)	-	-
Culture and Recreation	2,997,475	109,515	-	725,000	(2,162,960)	-	-
Conservation, Urban and Economic Development	1,270,442	253,220	-	116,830	(900,392)	-	-
Intergovernmental Garage	740,472	-	-	-	(740,472)	-	-
Agency Appropriations	695,247	-	-	-	(695,247)	-	-
Interest on Long-term Debt	1,014,777	-	-	-	(1,014,777)	-	-
Other on Long-term Debt	229,114	-	-	-	(229,114)	-	-
Total Primary Government	<u>32,143,644</u>	<u>3,922,114</u>	<u>830,818</u>	<u>852,355</u>	<u>(26,538,357)</u>	<u>-</u>	<u>-</u>
Major Component Units							
Electric Department	37,654,286	37,459,234				(195,052)	-
Water Department	11,032,430	10,898,448				-	(133,982)
Total Major Component Units	<u>\$ 48,686,716</u>	<u>48,357,682</u>				<u>(195,052)</u>	<u>(133,982)</u>
General Revenues							
Taxes							
Property Taxes					12,053,237	-	-
Sales and Use Taxes					9,752,630	-	-
Other Taxes					3,637,739	-	-
Grants and Contributions not Restricted to Specific Programs							
Investment Income					119,803	43,859	60,212
Other					437,519	42,425	53,476
Total General Revenues					<u>26,000,928</u>	<u>86,284</u>	<u>113,688</u>
Change in Net Position					(537,429)	(108,768)	(20,294)
Net Position, October 1, 2019, As Originally Reported					11,368,465	19,448,140	36,453,705
Change in Accounting Standard (GASB 84)					<u>(7,770,434)</u>	<u>-</u>	<u>-</u>
Net Position, October 1, 2019, As Restated					<u>3,598,031</u>	<u>19,448,140</u>	<u>36,453,705</u>
Net Position, September 30, 2020					<u>\$ 3,060,602</u>	<u>19,339,372</u>	<u>36,433,411</u>

The accompanying notes to financial statements are an integral part of these financial statements.

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

	General	Municipal Fire Protection Fund	Digital Water Meter Debt Service Fund	LED Street Light Project Fund	2020 Bond Paving Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>							
Cash and Cash Equivalents	\$ 4,552,834	245,282	-	76,572	6,217,139	3,505,217	\$ 14,597,044
Landfill Receivable	56,498	-	-	-	-	-	56,498
Intergovernment Receivables	1,273,546	-	-	-	-	253,527	1,527,073
Loans Receivable	-	-	2,340,436	-	-	239,383	2,579,819
Fines Receivable	32,306	-	-	-	-	-	32,306
Other Receivables	941,328	-	-	-	-	46,483	987,811
Due from Other Funds	870,161	795,404	-	-	-	25,475	1,691,040
Total Assets	<u>\$ 7,726,673</u>	<u>1,040,686</u>	<u>2,340,436</u>	<u>76,572</u>	<u>6,217,139</u>	<u>4,070,085</u>	<u>21,471,591</u>
<u>LIABILITIES</u>							
Accounts Payable	\$ 1,440,566	610	-	-	-	395,230	1,836,406
Due to Other Funds	51,783	761,297	-	-	-	877,960	1,691,040
Total Liabilities	<u>1,492,349</u>	<u>761,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,273,190</u>	<u>3,527,446</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>							
Unavailable revenue - Landfill Receivable	56,498	-	-	-	-	-	56,498
Unavailable revenue - Fines Receivable	32,306	-	-	-	-	-	32,306
Total Deferred Inflows of Resources	<u>88,804</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,804</u>
<u>FUND BALANCES</u>							
Restricted for:							
Capital Improvements	-	-	-	76,572	6,217,139	186,486	6,480,197
Debt Service	-	-	2,340,436	-	-	1,151,429	3,491,865
Other Commitments	-	278,779	-	-	-	2,015,664	2,294,443
Unassigned	6,145,520	-	-	-	-	(556,684)	5,588,836
Total Fund Balances	<u>6,145,520</u>	<u>278,779</u>	<u>2,340,436</u>	<u>76,572</u>	<u>6,217,139</u>	<u>2,796,895</u>	<u>17,855,341</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,726,673</u>	<u>1,040,686</u>	<u>2,340,436</u>	<u>76,572</u>	<u>6,217,139</u>	<u>4,070,085</u>	<u>21,471,591</u>

The accompanying notes to financial statements are an integral part of these financial statements.

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

Fund Balances - Total Governmental Funds	\$	17,855,341
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Amounts reported for governmental activities in 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:

Governmental Capital Assets	121,552,300	
Less Accumulated Depreciation	<u>(65,602,054)</u>	55,950,246

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Fines receivable	56,498	
Landfill receivable	<u>32,306</u>	88,804

Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:

Long-Term Liabilities	(34,417,662)	
Accrued Interest Payable	(182,268)	(34,599,930)

Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.

Unfunded Pension Liability	(35,820,731)	
Deferred Outflows of Resources	2,316,851	
Deferred Inflows of Resources	<u>(2,729,979)</u>	<u>(36,233,859)</u>

Net Position of Governmental Activities	\$	<u><u>3,060,602</u></u>
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The accompanying notes to financial statements are an integral part of these financial statements.

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

	General	Municipal Fire Protection Fund	Digital Water Meter Debt Service Fund	LED Street Light Project Fund	2020 Bond Paving Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>REVENUES</u>							
Property Taxes	\$ 10,334,001	-	-	-	-	1,719,236	12,053,237
Licenses and Permits	477,449	-	-	-	-	-	477,449
Intergovernmental Revenues	11,754,069	618,833	74,531	-	-	3,321,946	15,769,379
Charges for Governmental Services	2,505,318	3,953	-	-	-	-	2,509,271
Fines and Forfeits	152,988	-	-	-	-	507	153,495
Interest Income	107,530	3,616	-	2,882	-	7,577	121,605
Other Revenues	315,090	-	-	-	-	193,691	508,781
Total Revenues	<u>25,646,445</u>	<u>626,402</u>	<u>74,531</u>	<u>2,882</u>	<u>-</u>	<u>5,242,957</u>	<u>31,593,217</u>
<u>EXPENDITURES</u>							
Current:							
General Government	2,890,834	-	-	3,309,761	-	249,518	6,450,113
Public Safety	11,625,424	761,907	-	-	-	582,080	12,969,411
Public Works	4,753,995	-	-	-	-	270,710	5,024,705
Cemetery	139,190	-	-	-	-	-	139,190
Culture and Recreation	1,391,194	-	-	-	-	1,910,867	3,302,061
Conservation, Urban and Economic Development	871,031	-	-	-	-	1,354	872,385
Intergovernmental-Garage	724,880	-	-	-	-	-	724,880
Agency Appropriations	695,247	-	-	-	-	-	695,247
Debt Service:							
Principal	399,611	-	162,824	107,087	-	1,483,226	2,152,748
Interest	34,313	-	55,292	38,632	68,611	855,803	1,052,651
Bond Issue Costs	-	-	-	-	214,250	14,864	229,114
Total Expenditures	<u>23,525,719</u>	<u>761,907</u>	<u>218,116</u>	<u>3,455,480</u>	<u>282,861</u>	<u>5,368,422</u>	<u>33,612,505</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,120,726</u>	<u>(135,505)</u>	<u>(143,585)</u>	<u>(3,452,598)</u>	<u>(282,861)</u>	<u>(125,465)</u>	<u>(2,019,288)</u>
<u>OTHER FINANCING SOURCES (USES)</u>							
Proceeds of Debt	-	-	-	3,400,000	6,500,000	498,189	10,398,189
Transfers from Other Departments	176,125	100,930	-	145,719	-	-	422,774
Transfers to Other Departments	-	-	-	(16,549)	-	(406,225)	(422,774)
Net Other Financing Sources (Uses)	<u>176,125</u>	<u>100,930</u>	<u>-</u>	<u>3,529,170</u>	<u>6,500,000</u>	<u>91,964</u>	<u>10,398,189</u>
Net Change in Fund Balances	2,296,851	(34,575)	(143,585)	76,572	6,217,139	(33,501)	8,378,901
Fund Balances, October 1, 2019, As Originally Reported	2,852,739	313,354	2,484,021	-	-	2,830,396	8,480,510
Change in Accounting Standard (GASB 84)	929,386	-	-	-	-	-	929,386
Prior Period Adjustments	66,544	-	-	-	-	-	66,544
Fund Balances, October 1, 2019, As Restated	<u>3,848,669</u>	<u>313,354</u>	<u>2,484,021</u>	<u>-</u>	<u>-</u>	<u>2,830,396</u>	<u>9,476,440</u>
Fund Balances, September 30, 2020	<u>\$ 6,145,520</u>	<u>278,779</u>	<u>2,340,436</u>	<u>76,572</u>	<u>6,217,139</u>	<u>2,796,895</u>	<u>17,855,341</u>

The accompanying notes to financial statements are an integral part of these financial statements.

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

Net Change in Fund Balances - Total Governmental Funds \$ 8,378,901

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities, the cost of those
assets is depreciated over their estimated useful lives:

Expenditures for Capital Assets	1,786,926	
Less Current Year Depreciation	<u>(2,538,779)</u>	<u>(751,853)</u>

Revenue recognized on the modified accrual basis in the funds during the fiscal year is to be recognized on the full accrual basis in the Statement of Activities:

Landfill receivable	1,054	
Fines receivable	<u>17,294</u>	<u>18,348</u>

Bond and loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of borrowed principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded proceeds:

Bond and Loan Proceeds	(10,398,189)	
Principal Payments	2,152,748	
Amortization of Bond Premiums	2,750	
Amortization of Bond Discounts	<u>(1,476)</u>	<u>(8,244,167)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Change in Unfunded Pension Liability	28,438	
Change in long-term Compensated Absences	(3,696)	
Change in Accrued Interest Payable	<u>36,600</u>	<u>61,342</u>

Change in Net Position of Governmental Funds		<u><u>\$ (537,429)</u></u>
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The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF COLUMBUS, MISSISSIPPI
Statement of Net Position - Fiduciary Funds
September 30, 2020

	Private- Purpose Trust	Agency Funds
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 246,253	350,439
Total Assets	<u>246,253</u>	<u>350,439</u>
<u>LIABILITIES</u>		
Accounts Payable	-	350,439
Total Liabilities	<u>-</u>	<u>350,439</u>
<u>NET POSITION</u>		
Net Position	<u><u>\$ 246,253</u></u>	<u><u>-</u></u>

The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF COLUMBUS, MISSISSIPPI
Statement of Changes in Net Position - Fiduciary Funds
For the Year Ended September 30, 2020

	Private- Purpose Trust
<u>ADDITIONS</u>	
Revenues	
Interest Income	\$ 3,552
Total Revenues	<u>3,552</u>
Other Financing Sources (Uses)	
Total Other Financing Sources	<u>-</u>
Total Additions	<u>3,552</u>
Change in Net Position	3,552
Net Position, October 1, 2019	<u>242,701</u>
Net Position, September 30, 2020	\$ <u><u>246,253</u></u>

The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The accompanying financial statements of the City of Columbus (City) 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.

b. The Financial Reporting Entity

The citizens of Columbus, Mississippi, have elected to operate under a Mayor-City Council form of government as permitted by Mississippi Statutes 21-8-1.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based on the criteria above, the component units of the City, for GAAP purposes, include the Columbus Light and Water Department (Electric and Water Division). The Electric and Water Divisions were created to provide electric, water, and sewer services to residents of the City. The governing bodies of the Electric and Water Division are appointed by the City Council. Both the Electric and Water Divisions were audited separately and the complete audited financial statements may be obtained from each respective administrative office.

Component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. Each component unit is considered major and is therefore shown separately.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Basic Financial Statements – Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's public safety, public works, sanitary landfill, solid waste, care and maintenance of public property, health and welfare, conservation, urban and economic development, central garage, and general government services are classified as governmental activities. The City does not have any business type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis by column and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (police, fire, public works, etc.). The functions are also supported by general government revenues (property, utility, sales and use taxes, certain intergovernmental revenues, revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, fire, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property, sales or use taxes, intergovernmental revenues, interest income, etc.).

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

d. Basic Financial Statements – Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Governmental Funds

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The City reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Municipal Fire Protection Fund - This fund is used to account for financial resources from specific revenue sources that are restricted for fire protection.

Digital Water Meter Debt Service Fund – This fund is used to account for financial resources from specific revenue sources that are restricted for debt service incurred for the purchase of digital water meters.

LED Street Light Project Fund – This fund is used to account for financial resources from debt proceeds that are restricted for improvements to the street lights.

2020 Bond Paving Fund – This fund is used to account for financial resources from the proceeds of the 2020 Bond Issue that are restricted for street paving projects.

Additionally, the City reports the following fund types:

Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

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

Capital Projects Funds -used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The City's fiduciary funds are presented in the fiduciary fund financial statement by type (private-purpose trust and custodial). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

e. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

f. Financial Statement Amounts

1. Cash and Cash Equivalents:

The City defines cash equivalents as short-term, highly liquid investments with original maturity dates of three months or less.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Inventory:

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

3. Receivables:

Receivables are reported net of allowances for uncollectible accounts, where applicable.

4. Capital Assets:

Capital assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 years
Improvements other than buildings	20 years
Mobile equipment	5 – 10 years
Furniture and equipment	5 – 10 years
Other infrastructure	20 – 30 years
Leased property under capital leases	* years

(*) The useful lives will correspond with the amounts for the asset classifications, as listed.

5. Deferred Outflows/Inflows of Resources:

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

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

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Deferred inflows related to pensions – This amount represents the City’s proportionate share of the deferred inflows of resources reported by the pension plan in which the City participates. See Note 10 for additional details.

6. 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 restricted, assigned, or unassigned. Following are descriptions of fund classifications used by the City:

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.

Assigned fund balance includes amounts that are constrained by the City’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 City Council pursuant to authorization established by the City’s approved fund balance policy.

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.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the city's general policy to use restricted resources first. When 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 city's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

7. Pensions

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

8. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants, which finance either capital or current operations, are reported as nonoperating revenue based on GASB No. 33. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

9. Expenditures:

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Compensated Absences:

The City has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

11. Interfund Activity:

Interfund activity is reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

12. Basis of Budgeting:

The City should follow these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 15, the CFO submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and means of financing them.
2. Public hearings are conducted at least one week prior to adoption of the budget at the Trotter Convention Center to obtain taxpayer comments.
3. Budgets for the General, Special, Capital Projects, and Debt Funds are adopted on the cash basis.

Budgeted amounts are as originally adopted, or as amended by the City Council.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. Self-insurance Reserves:

The City is self-insured for medical coverage. Medical coverage is provided by a combined fully-funded gap policy and self-funded major medical. The breakdown of coverage is as follows:

Self-funded claims	\$500 - \$50,000
Fully-funded excess coverage insurance	\$50,000 +

Insurance reserves are calculated on an undiscounted basis based on actual claim data and estimates of incurred but not reported claims developed utilizing historical claim trends. Projected settlements and incurred but not reported claims are estimated based on pending claims, historical trends, and data. Though the City does not expect them to do so, actual settlements and claims could have an adverse effect on the results of operations and financial condition.

14. Use of Estimates:

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

15. Changes in Accounting Standards:

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, were postponed eighteen months.

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2020. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 2: CHANGE IN ACCOUNTING STANDARD (GASB 84)

During the current year the City implemented new Governmental Accounting Standard #84 – Fiduciary Activities. As a result of implementing this standard the city increased net position/fund equity by \$929,386 in Governmental Activities and the General Funds. These funds represent payroll clearing funds and Police and Fire disability retirement clearing funds that were reported as an agency funds under the previous standard. There was also a decrease of \$8,699,820 in the Governmental Activities net position due to the recognition of the net pension obligation under the Mississippi Municipal Retirement System (Columbus Fire & Police) as of the beginning of the year that had not previously been reported on the City’s financial statements.

NOTE 3: PRIOR PERIOD ADJUSTMENTS

A summary of the significant fund balance adjustment is as follows:

Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

<u>Explanation</u>	<u>Amount</u>
To report beginning of the year current portion of compensated absences balances on the modified accrual basis	\$ 137,000
To report beginning of the year landfill and fine revenues on the modified accrual basis	<u>(70,456)</u>
Total	\$ <u>66,544</u>

NOTE 4: CASH, OTHER DEPOSITS, AND INVESTMENTS

The collateral for public entities’ deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity’s funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. All of the City’s funds eligible to be included in the State’s collateral pool were properly included and were fully collateralized as of September 30, 2020.

The bank balance of the City's deposits with financial institutions was \$15,433,861 on September 30, 2020, and the carrying amount was \$15,193,737. Of the \$15,193,737 carrying amount, \$14,521,316 is shown on the Statement of Net Position and the remaining \$672,421 is shown on the Statement of Net Position – Fiduciary Funds.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 4: CASH, OTHER DEPOSITS, AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City.

NOTE 5: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables at September 30, 2020, are:

A. Due from/to other funds

	Due From Other Funds	Due To Other Funds
General Fund	\$ 870,161	\$ 51,783
Municipal Fire Protection Fund	795,404	761,297
Other Governmental Funds	25,475	877,960
Total	\$ <u>1,691,040</u>	\$ <u>1,691,040</u>

The amounts due to or due from other funds primarily represent amounts loaned between funds for timing differences between revenues and expenditures and cash balances.

B. Inter-fund Transfers

	Transfers In	Transfers Out
General Fund	\$ 176,125	\$ -
Municipal Fire Protection Fund	100,930	-
LED Street Light Project Fund	145,719	16,549
Non-Major Governmental Funds	-	406,225
Total	\$ <u>422,774</u>	\$ <u>422,774</u>

All inter-fund transfers were routine and consistent with the activities of the fund making the transfer.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 6: NOTES RECEIVABLE

On the Statement of Net Position, notes receivable from Columbus Light & Water in the amount of \$2,579,819 consists of a \$239,383 receivable from the Electric Division and \$2,340,436 due from the Water Division.

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

	Balance Oct. 1, 2019	Additions	Deletions	Adjustments*	Balance Sept. 30, 2020
<u>Non-depreciable capital assets:</u>					
Land	\$ 7,832,209	500	-	-	7,832,709
Construction in progress	559,017	460,938	-	-	1,019,955
Total non-depreciable capital assets	<u>8,391,226</u>	<u>461,438</u>	<u>-</u>	<u>-</u>	<u>8,852,664</u>
<u>Depreciable capital assets:</u>					
Buildings	22,863,109	-	-	-	22,863,109
Equipment	12,375,453	1,325,489	-	-	13,700,942
Improvements Other than Buildings	5,471,051	-	-	-	5,471,051
Infrastructure	69,034,020	-	-	-	69,034,020
Leased property under capital lease	1,630,515	-	-	-	1,630,515
Total depreciable capital assets	<u>111,374,148</u>	<u>1,325,489</u>	<u>-</u>	<u>-</u>	<u>112,699,637</u>
<u>Less accumulated depreciation for:</u>					
Buildings	8,972,061	463,753	-	-	9,435,814
Equipment	9,754,608	692,312	-	-	10,446,920
Improvements Other than Buildings	1,085,548	218,842	-	-	1,304,390
Infrastructure	42,356,947	917,439	-	-	43,274,386
Leased property under capital lease	894,112	246,433	-	-	1,140,545
Total accumulated depreciation	<u>63,063,276</u>	<u>2,538,779</u>	<u>-</u>	<u>-</u>	<u>65,602,055</u>
Total depreciable capital assets, net	<u>48,310,872</u>	<u>(1,213,290)</u>	<u>-</u>	<u>-</u>	<u>47,097,582</u>
Governmental activities capital assets, net	<u>\$ 56,702,098</u>	<u>(751,852)</u>	<u>-</u>	<u>-</u>	<u>55,950,246</u>

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 7: CAPITAL ASSETS (CONTINUED)

A breakdown of depreciation expense by reportable function is as follows:

	<u>Amount</u>
Governmental activities:	
General government	\$ 67,611
Public safety	757,180
Public works	1,123,503
Culture and recreation	189,622
Conservation and economic development	400,863
 Total governmental activities depreciation expense	 \$ <u>2,538,779</u>

Discretely presented component units

Activity for Columbus Light and Water Department–Electric Division for the year ended June 30, 2020, was as follows:

	<u>Balance at</u> <u>6/30/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>6/30/2020</u>
Distribution Plant	\$ 50,863,725	2,479,009	(3,106,975)	50,235,759
General Plant	<u>6,233,460</u>	<u>32,303</u>	<u>(49,993)</u>	<u>6,215,770</u>
	57,097,185	2,511,312	(3,156,968)	56,451,529
Construction work in progress	<u>1,755,827</u>	<u>-</u>	<u>(937,326)</u>	<u>818,501</u>
	58,853,012	2,511,312	(4,094,294)	57,270,030
Accumulated depreciation	<u>(30,137,089)</u>	<u>(3,051,728)</u>	<u>3,300,320</u>	<u>(29,888,497)</u>
Total Net Plant and Equipment	<u>\$ 28,715,923</u>	<u>(540,416)</u>	<u>(793,974)</u>	<u>27,381,533</u>

Depreciation in the discretely presented component unit, Columbus Light and Water-Electric Division, for the fiscal year June 30, 2020 was \$1,993,237.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 7: CAPITAL ASSETS (CONTINUED)

Activity for Columbus Light and Water Department-Water Department for the year ended September 30, 2020, was as follows:

		Balance Oct. 1, 2019	Additions	Deletions	Balance Sept. 30, 2020
Wastewater Treatment Plant	\$	18,975,768	-	-	18,975,768
Utility Plant in Service		99,151,647	972,438	-	100,124,085
General Plant		2,831,052	108,861	-	2,939,913
		120,958,467	1,081,299	-	122,039,766
Construction Work in Progress		(70,599,637)	(3,152,672)	-	(73,752,309)
		50,358,830	(2,071,373)	-	48,287,457
Accumulated depreciation		51,426	332,268	(374,207)	9,487
Total Net Plant and Equipment	\$	50,410,256	(1,739,105)	(374,207)	48,296,944

Depreciation in the discretely presented component unit, Columbus Light and Water-Water Division, for the fiscal year September 30, 2020 was \$3,041,012.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 8: LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2020, was as follows:

	Balance 9/30/2019	Additions	Re- ductions	Adjustments	Balance 9/30/2020	Within One Year
Governmental Activities						
General Obligation Bonds						
General Obligation Note, Series 2014	4,675,000		400,000		4,275,000	500,000
General Obligation Note, Series 2019	800,000	200,000			1,000,000	
Special Assessment Bonds Payable						
Mississippi Development Bank, 2010	5,185,000		515,000		4,670,000	530,000
Add: Premiums	30,246			(2,750)	27,496	2,750
Mississippi Development Bank, 2013	1,625,000		150,000		1,475,000	155,000
Mississippi Development Bank, 2016	5,350,000		150,000		5,200,000	150,000
Mississippi Development Bank, 2020		6,500,000			6,500,000	
Tax Increment Financing Bonds						
Tax Increment Financing Bonds, 2015	1,845,000		30,000		1,815,000	100,000
Less: Discounts	(18,877)			1,476	(17,401)	(1,476)
Tax Increment Financing Bonds, 2016	1,007,000		124,000		883,000	64,000
Notes Payable						
Mississippi Development Authority, 2009	55,270		4,998		50,272	5,110
Mississippi Development Authority, 2012	58,601		26,662		31,939	27,171
Mississippi Development Authority, 2012	75,763		23,340		52,423	23,832
Mississippi Development Authority, 2018		298,189			298,189	17,715
Columbus Light & Water Department	300,000		150,000		150,000	150,000
Capital Leases						
Bankfirst, Lease Purchase Note	215,584		61,140		154,444	62,864
Regions Bank, Lease Purchase Note	1,209,379		114,227		1,095,152	117,926
Regions Bank, Lease Purchase Note	2,503,260		162,824		2,340,436	222,874
Regions Bank, Lease Purchase Note	4,443		4,443			
Regions Bank, Lease Purchase Note	15,254		15,254			
Trustmark National Bank	733,969		113,772		620,197	116,399
BancLeasing, Lease Purchase Note		3,400,000	107,088		3,292,912	177,998
Compensated Absences	499,907	3,696			503,603	137,000
Total	\$ 26,169,799	10,401,885	2,152,748	(1,274)	34,417,662	2,559,163

Disclosure of future maturities for all long-term liabilities is contained in the other supplemental information that follows the notes to financial statements.

All liabilities of The City of Columbus are secured by the full faith and credit of the municipality.

The outstanding issue of general obligation bonds, series 2014, is due in annual installments ranging from \$163,403 to \$638,938 through the year 2029 with 3.25% annual interest.

The outstanding issue of general obligation bonds, series 2019, is due in full at final maturity on July 1, 2026. Interest of 3.34% is due annually beginning July 1, 2021.

The outstanding issues of special assessment bonds are due in annual installments ranging from \$115,000 to \$999,180 each through various dates, the last of which is the year 2035. Interest rates range from 2.0% to 4.55%.

The outstanding issues of tax increment financing bonds are due in annual installments ranging from \$80,000 to \$295,000 each through various dates, the last of which is the year 2032. Interest rates range from 5.75% to 7.125%.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 8: LONG-TERM LIABILITIES (CONTINUED)

The notes payable with Mississippi Development Authority dated September 17, 2009, terms consist of monthly payments in the amount of \$505.88 for 240 months with 2.0% annual interest.

The notes payable with Mississippi Development Authority dated February 1, 2012, terms consist of monthly payments in the amount of \$2,300.34 for 120 months with 2.0% annual interest.

The notes payable with Mississippi Development Authority dated December 4, 2012, terms consist of monthly payments in the amount of \$2,054.95 for 120 months with 2.0% annual interest.

The notes payable with Mississippi Development Authority dated April 27, 2018, terms consist of monthly payments in the amount of \$3,541.18 for 240 months with 2.0% annual interest.

The capital lease agreement with Regions Bank dated May 17, 2012, terms consist of monthly payments in the amount of \$4,440.40 for 60 months with 2.09% annual interest.

The outstanding capital lease agreements with Regions Equipment Finance Corporation terms consist of quarterly payments ranging from \$37,891 to \$72,705, or monthly payments ranging from \$1,115 to \$2,628, the last of which is the year 2029. Interest rates range from 1.99% to 3.20%.

The outstanding capital lease agreements with Trustmark National Bank terms consist of monthly payments ranging from \$3,612 to \$10,777, the last of which is the year 2025. Interest rates range from 1.62% to 2.28%.

The outstanding note payable with Columbus Light & Water Department terms consist of annual payments of \$150,000, the last of which is the year 2021.

The capital lease agreement with Bankfirst Financial Services dated February 6, 2018, terms consist of monthly payments in the amount of \$5,494 for 60 months with 2.40% annual interest.

The capital lease agreement with BancLeasing dated November 19, 2019, terms consist of semi-annual payments in the amount of \$145,719 for 180 months with 3.49% annual interest.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 8: LONG-TERM LIABILITIES (CONTINUED)

Discretely presented component units

Long-term debt for Columbus Light and Water-Electric Division at June 30, 2020, consisted of the following:

	<u>Balance at</u> <u>6/30/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>6/30/2020</u>	<u>Due Within</u> <u>One Year</u>
Notes Payable to City of Columbus for Construction	\$ 444,162	-	(163,167)	\$ 280,995	168,465
Mississippi Development Bank Special Obligation Bonds - Series 2009 dated August 5, 2009	470,000	-	(470,000)	-	-
Mississippi Development Bank Revenue Refunding Bonds - Series 2017 dated February 9, 2017	<u>6,507,706</u>	<u>-</u>	<u>(603,270)</u>	<u>5,904,436</u>	<u>555,000</u>
Total Long-term Debt	<u>\$ 7,421,868</u>	<u>-</u>	<u>(1,236,437)</u>	<u>\$ 6,185,431</u>	<u>723,465</u>

Long-term debt for Columbus Light and Water-Water Division at September 30, 2020, consisted of the following:

	<u>Balance at</u> <u>6/30/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>6/30/2020</u>	<u>Due Within</u> <u>One Year</u>
Special Obligation Bonds 2017 Series	\$ 4,068,651	-	(1,600,353)	2,468,298	1,690,000
Total Special Obligation Bonds	<u>4,068,651</u>	<u>-</u>	<u>(1,600,353)</u>	<u>2,468,298</u>	<u>1,690,000</u>
Revenue Refunding Bonds					
2015 Series	<u>9,375,503</u>	<u>-</u>	<u>(129,124)</u>	<u>9,246,379</u>	<u>120,000</u>
Total Revenue Refunding Bonds	<u>9,375,503</u>	<u>-</u>	<u>(129,124)</u>	<u>9,246,379</u>	<u>120,000</u>
Other Long-term Debt					
City of Columbus -					
Water Meter Project	<u>2,556,726</u>	<u>-</u>	<u>(216,289)</u>	<u>2,340,437</u>	<u>222,874</u>
Total Other Long-term Debt					
Total Long-term Debt	<u>16,000,880</u>	<u>-</u>	<u>(1,945,766)</u>	<u>14,055,114</u>	<u>2,032,874</u>

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLANS

Cost-Sharing Multiple-Employer Defined Benefit Plan – Public Employees Retirement System

General Information about the Pension Plan

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

Benefits provided. 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. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Cost-Sharing Multiple-Employer Defined Benefit Plan – Public Employees Retirement System

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the fiscal years ending September 30, 2020, 2019, and 2018 were \$1,618,880, \$1,669,730, and \$1,697,735, 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 September 30, 2020, the City reported a liability of \$27,603,186 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The City's proportionate share used to calculate the September 30, 2020 net pension liability was 0.142587 percent, which was based on a measurement date of June 30, 2020. This was a decrease of .021185 percent from its proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the City recognized pension expense of \$2,170,012. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 240,643	-
Net difference between projected and actual earnings on pension plan investments	1,085,161	-
Changes of assumptions	177,354	-
Changes in the proportion and differences between the City's contributions and proportionate share of contributions	296,774	2,729,979
City contributions subsequent to the measurement date	419,714	-
Total	\$ 2,219,646	2,729,979

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Cost-Sharing Multiple-Employer Defined Benefit Plan – Public Employees Retirement System

\$419,714 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30</u>	<u>Amount</u>
2021	\$ (567,365)
2022	(605,277)
2023	(122,762)
2024	365,357
Total	<u>\$ (930,047)</u>

Actuarial assumptions. The total pension liability as of June 30, 2020 was determined by an actuarial valuation prepared as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Cost-Sharing Multiple-Employer Defined Benefit Plan – Public Employees Retirement System

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Morality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

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

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

<u>Asset Class</u>	<u>Long-Term</u>	
	<u>Target</u>	<u>Expected Real</u>
	<u>Allocation</u>	<u>Rate of Return</u>
Domestic Equity	27.00 %	4.90
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	0.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	-
Total	<u>100.00 %</u>	

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Cost-Sharing Multiple-Employer Defined Benefit Plan – Public Employees Retirement System

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	\$ 35,728,933	27,603,186	20,896,180

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

Agent Multiple-Employer Defined Benefit Pension Plan – Mississippi Municipal Retirement Systems

General information about the Plan

Plan Description

The City also participates in the Mississippi Municipal Retirement Systems ("MMRS"). The Municipal Retirement Systems and Fire and Police Disability and Relief Fund (MMRS or the Plan) is an agent multiple-employer defined benefit pension plan comprised of municipal employee plans from around the State of Mississippi for municipal employees, firefighters, and police officers serving in the participating municipalities. The Public Employees' Retirement System of Mississippi (PERS), in coordination with the governing authorities of the respective municipalities, has administered these plans since July 1, 1987.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Agent Multiple-Employer Defined Benefit Pension Plan – Mississippi Municipal Retirement Systems

Membership in the two general municipal employee plans and the 17 fire and police disability and relief systems under MMRS was granted to all municipal employees, fire fighters, and police officers who were not already members of PERS and who were hired prior to July 1, 1976. Two fire and police plans elected to extend the eligibility period for membership to July 1, 1987. All MRS plans were closed to new members by July 1, 1987. Eligible employees hired after July 1, 1987, automatically become members of PERS. Members covered by MRS are required to contribute varying amounts of their salary, depending on the actuarial soundness of their respective plans. Each employer contributes the remaining amounts necessary to finance participation of its own employees in MRS.

Plan provisions are established by Mississippi Code Ann. § 21-29-1 et seq., Articles 1, 3, 5, and 7, (1972, as amended), and annual local and private legislation. Statutes may be amended only by the Mississippi Legislature.

The Plan is included in the PERS Comprehensive Annual Financial Report (CAFR) as part of the pension trust funds. The System's most recent CAFR for the year ended June 30, 2020 should be read in conjunction with these financial statements. That report is available at www.pers.ms.gov.

Benefits Provided

Membership in the MMRS is comprised of employees who were hired prior to July 1, 1976 and includes only those eligible employees of the City who did not opt to become a member of PERS. MMRS provides retirement, disability, and death benefits to plan members and their beneficiaries.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Agent Multiple-Employer Defined Benefit Pension Plan – Mississippi Municipal Retirement Systems

Regardless of age, participating employees who retire with at least 20 years of membership service are entitled to an annual retirement allowance payable monthly for life in an amount equal to 50.0 percent of their average monthly compensation and to an additional 1.7 percent for each year of creditable service beyond 20 years, not to exceed 66.67 percent of average monthly compensation, except as may otherwise be provided through local and private legislation. Average monthly compensation for the MMRS plans is the monthly average for the last six months of service. Certain participating employers provide a minimum monthly retirement allowance. The City's plan provides a minimum \$500 monthly retirement allowance. Benefits vest upon reaching 20 years of membership service. MMRS plans also provide certain death and disability benefits. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a full refund of employee contributions. Members covered by MMRS do not receive interest on their accumulated contributions. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. The retirees and beneficiaries of MRS plans with provisions for a Cost-of-Living Adjustment (COLA) who are receiving a retirement allowance on July 1 of each fiscal year may be entitled to a COLA. This payment is equal to the annual percentage change of the Consumer Price Index (CPI) but not to exceed 2.5 percent of the annual retirement allowance for each full fiscal year of retirement. Certain MRS plans may adopt a COLA other than one linked to the change in the CPI. These additional payments will be made only when funded by the employers.

At June 30, 2020 (measurement date), the following employees were covered by the plan:

<u>Description</u>	<u>Number</u>
Inactive Members Of Their Beneficiaries	
Currently Receiving Benefits	68
Inactive Members Entitled To But Not Yet Receiving Benefits	-
Active Members	-
Total	<u>68</u>

Contributions

Funding policies for MMRS are established by Mississippi statutes. Employer contributions are paid through an annual millage rate on the assessed property values of the City. For the year ended September 30, 2020, the City levied 5.82 mills to help fund MMRS. These millage rates are determined through review of each plan's benefit structure during the MMRS annual actuarial valuation and certification by the actuary as to the funding level required of the City.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Agent Multiple-Employer Defined Benefit Pension Plan – Mississippi Municipal Retirement Systems

During fiscal year 2020, the Fire and Police employees' contribution rate was ten percent of covered payroll. There were no active Fire and Police Plan employees in fiscal year 2020. The City's contributions to MMRS for the September 30, 2020, 2019 and 2018 were \$1,140,811, \$1,105,871, and \$1,080,485, respectively.

Net Pension Liability

The City's net pension liability for each plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the plan was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial information and assumptions:

<u>Description</u>	<u>Assumptions</u>
Inflation	3.00%
Salary increases	3.25% - 4.75%, including inflation
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

The underlying mortality assumptions used in the June 30, 2020 valuation were adopted by the PERS Board of Trustees when the experience investigation for the four-year period ending June 30, 2018, was adopted on April 27, 2019. Further details can be found on the PERS website (www.pers.ms.gov).

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Agent Multiple-Employer Defined Benefit Pension Plan – Mississippi Municipal Retirement Systems

Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. 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.

Changes in Net Pension Liability

Changes in the City's net pension liability for each plan for the year ended September 30, 2020 were as follows:

	<u>Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Pension Liability</u>
Balance at September 30, 2019	\$ 9,719,770	986,134	8,733,636
Changes for the year:			
Interest	710,041	-	710,041
Differences between expected and actual experience	(77,681)	-	(77,681)
Contributions - employer	-	1,140,811	(1,140,811)
Net investment income	-	30,456	(30,456)
Benefit payments, including refunds of employee contributions	(1,115,893)	(1,115,893)	-
Administrative expense	-	(22,816)	22,816
Net changes	<u>(483,533)</u>	<u>32,558</u>	<u>(516,091)</u>
Balances at September 30, 2020	<u>\$ 9,236,237</u>	<u>1,018,692</u>	<u>8,217,545</u>

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Agent Multiple-Employer Defined Benefit Pension Plan – Mississippi Municipal Retirement Systems

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

<u>Description</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (6.75%)</u>
Columbus Fire and Police \$	8,857,300	8,217,545	7,652,767

Pension Plan Fiduciary Net Position

Detailed information about the pension plan fiduciary net position is available in the separately issued PERS and MMRS financial reports.

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

For the year ended September 30, 2020, the plan recognized pension expense of \$586,047.

At September 30, 2020, the plan reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments \$	29,630	-
City contributions subsequent to measurement date	67,575	-
Total \$	<u>97,205</u>	<u>-</u>

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Agent Multiple-Employer Defined Benefit Pension Plan – Mississippi Municipal Retirement Systems

The above deferred outflows of resources and deferred inflows of resources represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

The amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2021	\$ (540)
2022	10,425
2023	10,534
2024	9,211

Summary of Pension Plan Balances

The City's pension related balances presented on the Statement of Net Position as of September 30, 2020, by individual plan are as follows:

	<u>PERS</u>	<u>Fire & Police</u>	<u>Total</u>
Deferred Outflows Related to Net Pension Liability	2,219,646	97,205	2,316,851
Net Pension Liability	27,603,186	8,217,545	35,820,731
Deferred Inflows Related to Net Pension Liability	2,729,979	-	2,729,979
Pension Expense	2,170,012	586,047	2,756,059

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 10: EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The governmental activities' unrestricted net position amount of \$(51,684,325) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$487,289 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. The \$1,829,562 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next 4 years. The \$2,729,979 balance of the deferred inflow of resources related to pension at September 30, 2020, will be recognized in pension expense over the next 3 years.

NOTE 11: DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS

The following funds reported deficits in fund balances at September 30, 2020:

<u>Fund</u>	<u>Deficit Amount</u>
Landfill Fund	\$ 35,195
Parks and Recreation Fund	1,352,162
Drug Court Fund	12,224
Victim Advocate Program Fund	45,567
Fire CAP Loan Fund	192,639
Airport Improvement Program Fund	129,848
Infrastructure Improvements Fund (309)	63,523
Infrastructure Improvements Fund (314)	71,241
TAP Grant Fund	41,643

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 12: JOINT VENTURES AND OTHER

The City of Columbus participates in several significant joint ventures. The following is a brief description of each joint venture:

- | | | |
|------|---|--|
| I. | Name: | Columbus Redevelopment Authority |
| | Purpose: | To lead a major restoration project in Columbus. |
| | Government: | A board made up of five members appointed by the Mayor and City. |
| | Financing: | Bond issued for Columbus Redevelopment Authority that includes an agreement with the City to include in its General Fund budget sufficient monies to repay the principal and interest of the Bond. In August 2017, the council voted to earmark one mill for the Urban Renewal Project for 2017 and 1.75 in 2018 and thereafter for the next 2 years until the bonded debt has been satisfied. |
| | Degree of Control Over Budgeting and Financing: | N/A |
| II. | Name: | Columbus/Lowndes County Library |
| | Purpose: | To operate a public library |
| | Government: | A board made up of ten members appointed by the Mayor and City Council (5) and the Lowndes County Board of Supervisors (5). |
| | Financing: | Taxes levied by both the City and County. |
| | Degree of Control Over Budgeting and Financing: | A budget is submitted to the City Council and Board of Supervisors for review and approval. After reviewing the budget the governing bodies advise the Library Board how much they will provide for the operation of the Library. |
| III. | Name: | Columbus/Lowndes County Convention and Visitors Bureau |
| | Purpose: | To promote tourism within the City and County. |
| | Government: | A board made up of nine members appointed by the Mayor and City Council (4); the Board of Supervisors for Lowndes County (4); and the County and City jointly appoint one individual at large. |
| | Financing: | A special two percent (2%) sales tax on certain restaurants and hotels has been designated to be used to promote tourism in Columbus and Lowndes County. |
| | Degree of Control Over Budgeting and Financing: | N/A |

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 12: JOINT VENTURES AND OTHER (CONTINUED)

The City also participates jointly with two surrounding counties and cities in providing partial funding for the Golden Triangle Regional Airport. The City appoints one of the five commissioners.

The City also is participating jointly with several surrounding cities and counties in the Golden Triangle Regional Solid Waste Management Authority, Inc. The purpose of the Authority is to provide a regional solid waste disposal facility. The City appoints ten of the thirty-eight board members. The City, as well as other surrounding cities and counties, has guaranteed certain debt of the Authority.

The above joint ventures are considered as separate reporting entities by the City's administration. Accordingly, the joint ventures have not been included in these financial statements, except the funding of each has been recorded as expenditures.

The City participates with the County in the Columbus/Lowndes Airport located on Highway 69. The County reimburses the City for 50% of any expenses exceeding revenue.

The City and County also share in the operation of the E-911 salaries expense.

The City, through an interlocal agreement, assigns certain personnel, and provides office space and utilities to the Metro Narcotics Unit.

NOTE 13: RISK MANAGEMENT

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

Under GASB Statement No. 10, *Accounting and Financial Reporting for Risks Financing and Related Insurance Issues*, a liability for claims must be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. As of the date of this audit report, there were no known claims above the amount of coverage purchased for risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters at September 30, 2020; therefore, no liability has been accrued at this time.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 14: PROPERTY TAX

The Mayor and City Council, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the succeeding year. The City taxes are collected and remitted to the City by the Lowndes County Tax Collector.

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

Delinquent taxes are not recorded as assets.

NOTE 15: COMMITMENTS AND CONTINGENCIES

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City, after consultation with counsel, that resolution of these matters will not have a material adverse effect on the financial condition of the government.

In the normal course of operations, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise is not believed to be material.

NOTE 16: 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 City of Columbus, Mississippi evaluated the activity of the city through January 30, 2023, and determined that the following subsequent events are required to be disclosed in the notes to the financial statements:

Since the advent of the COVID-19 pandemic in March 2020, the City of Columbus has maintained relative operative normalcy. To date, national COVID-19 related regulation has not significantly adversely impacted operations. As of the date of the audit report, management declines to speculate on when the return to pre-COVID-19 operations will occur, but does not anticipate a material impact on normal operations for the city.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 16: SUBSEQUENT EVENTS (CONTINUED)

On October 6, 2020, the City approved refunding the 2010 City of Columbus General Obligation Bond Issue by issuing \$8,900,000 in Series 2020 General Obligation Refunding Bonds for the purpose of refunding all the 2010 Mississippi Development Bank Special Obligation Bonds.

On December 10, 2020, The City was notified that The Office of the State Auditor of Mississippi has received a check totaling \$242,951.13 in settlement of The City's claim against the bonding company for the misappropriation of City funds by The City's former CFO. According to the Office of the State Auditor Fiscal Year 2021 Exceptions Report, a balance of \$111,945.14 remains to fully satisfy the excepted amount, which includes the cost of the investigation. As of the report date, no additional funds have been received besides the amount listed above.

On August 26, 2021, the City approved refunding the 2014 City of Columbus General Obligation Bond Issue by issuing \$4,200,000 in Series 2021 General Obligation Refunding Bonds for the purpose of refunding all of the 2014 Mississippi Development Bank Special Obligation Bonds.

On May 6, 2022, Columbus Light and Water Electric Division, a component unit of the City of Columbus, received the Series 2022 Mississippi Development Bank Special Obligation Bond for \$8,000,000 issued by Mississippi Development Bank. The bond has an interest rate of 3.02% with annual maturities from \$470,000 to \$650,000 through March 1, 2037.

On July 19, 2022, the City approved MDOT's Transportation Alternatives Application for 5th Street Pedestrian Improvements, Surface Transportation Block Grant Program. The Total project cost is estimated to be \$1,825,280.03, with the federal share being \$1,382,787.90, and Lowndes County participation being \$442,492.13, which the City will reimburse.

On December 20, 2022 the City authorized its counsel to make demand upon Cooper Marine & Timberlands in the amount of \$4,215,097 in exchange for a release and settlement agreement, an assignment of the City's claims against Max Marine, LLC to Cooper. Cooper Marine & Timberlands accepted the terms of the City's settlement demand, and on January 31, 2023 the City approved an emergency repair of the bridge for \$4,019,597.00, and an assignment of the City's claims against Max Marine to Cooper Marine & Timberlands; and execution of a release and settlement agreement ending the litigation. As of the report date, the City had not received the settlement proceeds.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COLUMBUS, MISSISSIPPI
Budgetary Comparison Schedule -
-Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive(Negative)
<u>REVENUES</u>				
Property Taxes	\$ 8,864,580	8,940,261	10,334,001	1,393,740
Licenses and Permits	609,062	467,455	477,449	9,994
Intergovernmental Revenues	11,355,203	11,600,646	11,754,069	153,423
Charges for Services	1,986,377	2,177,696	2,505,318	327,622
Fines and Forfeits	499,020	170,069	152,988	(17,081)
Interest Income	82,126	90,210	107,530	17,320
Miscellaneous Revenues	364,394	179,764	315,090	135,326
Total Revenues	23,760,762	23,626,101	25,646,445	2,020,344
<u>EXPENDITURES</u>				
Current:				
General Government	2,733,724	2,762,364	2,890,834	(128,470)
Public Safety	11,548,772.00	10,546,179	11,625,424	(1,079,245)
Public Works	4,438,084	4,672,094	4,753,995	(81,901)
Cemetery	25,300	31,190	139,190	(108,000)
Culture and Recreation	355,313	291,733	1,391,194	(1,099,461)
Conservation, Urban and Economic Development	324,118	437,784	871,031	(433,247)
Intergovernmental-Garage	688,776	664,617	724,880	(60,263)
Agency Appropriations	524,500	473,738	695,247	(221,509)
Debt Service	383,842	375,581	433,924	(58,343)
Total Expenditures	21,022,429	20,255,280	23,525,719	(3,270,439)
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,738,333	3,370,821	2,120,726	(1,250,095)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from Other Departments	300,000	225,652	176,125	(49,527)
Transfers to Other Departments	(2,076,398)	(138,094)	-	138,094
Net Other Financing Sources (Uses)	(1,776,398)	87,558	176,125	88,567
Net Change in Fund Balance	961,935	3,458,379	2,296,851	(1,161,528)
Fund Balance - Beginning	4,275,268	5,199,880	2,852,739	(2,347,141)
Change in Accounting Standard (GASB 84)	-	-	929,386	929,386
Prior Period Adjustements	-	-	66,544	66,544
Fund Balance - Ending	\$ 5,237,203	8,658,259	6,145,520	(2,512,739)

The accompanying notes to required supplementary information is an integral part of this schedule.

CITY OF COLUMBUS, MISSISSIPPI
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Budgetary Basis)
Municipal Fire Protection Fund
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ -	-	622,786	622,786
Interest income	-	-	3,616	3,616
Total Revenues	-	-	626,402	626,402
EXPENDITURES				
Current:				
Public safety	-	-	761,907	(761,907)
Total Expenditures	-	-	761,907	(761,907)
Excess of Revenues over (under) Expenditures	-	-	(135,505)	(135,505)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	100,930	100,930
Total Other Financing Sources and Uses	-	-	100,930	100,930
Net Change in Fund Balance	-	-	(34,575)	(34,575)
Fund Balances - Beginning	626,660	1,735,899	313,354	(1,422,545)
Fund Balances - Ending	\$ 626,660	1,735,899	278,779	(1,457,120)

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

CITY OF COLUMBUS, MISSISSIPPI
Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	\$ 27,603,186	28,810,726	27,809,662	25,292,826	26,457,216	22,769,212
City's proportionate share of the net pension liability	0.142587%	0.163772%	0.167196%	0.152152%	0.148116%	0.147297%
City's covered-employee payroll	\$ 9,493,991	10,665,423	10,677,041	9,760,641	9,475,346	9,202,286
City's proportionate share of the net pension liability as a percentage of covered-employee payroll	307.90%	270.13%	260.46%	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

*The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the fiscal year presented.

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

The accompanying notes to required supplementary information is an integral part of this schedule.

CITY OF COLUMBUS, MISSISSIPPI
Schedule of the City's Contributions
Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2016</u>
Contractually required contribution	\$ 1,652,044	1,669,730	1,697,735	1,575,411	1,566,462	1,458,235
Contribution in relation to the contractually required contribution	1,652,044	1,669,730	1,697,735	1,575,411	1,566,462	1,458,235
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	\$ 9,494,506	10,328,849	10,780,512	10,002,615	9,945,790	9,258,635
Contributions as a percentage of covered-employee payroll	17.40%	16.17%	15.75%	15.75%	15.75%	15.75%

Required City contributions were 15.75% through June 30, 2018. Effective July 1, 2019, the required contribution increased to 17.40%.

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

The accompanying notes to required supplementary information is an integral part of this schedule.

CITY OF COLUMBUS, MISSISSIPPI
Required Supplementary Information
Mississippi Municipal Retirement Systems -
Columbus Fire & Police Plan
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015
Measurement period fiscal year end	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Total pension liability:						
Service Cost	\$ -	-	-	-	-	15,261
Interest	710,041	734,253	777,517	804,961	829,977	852,517
Difference between expected and actual experience	(77,681)	134,157	(179,905)	(11,192)	47,935	49,164
Change of assumptions	-	(51,442)	-	31,291	-	349,885
Benefit payments, including refunds of employee contributions	<u>(1,115,893)</u>	<u>(1,142,849)</u>	<u>(1,168,880)</u>	<u>(1,189,462)</u>	<u>(1,211,944)</u>	<u>(1,215,869)</u>
Net change in total pension liability	(483,533)	(325,881)	(571,268)	(364,402)	(334,032)	50,958
Total pension liability, beginning	<u>9,719,770</u>	<u>10,045,651</u>	<u>10,616,919</u>	<u>10,981,321</u>	<u>11,315,353</u>	<u>11,264,395</u>
Total pension liability, ending	<u>\$ 9,236,237</u>	<u>9,719,770</u>	<u>10,045,651</u>	<u>10,616,919</u>	<u>10,981,321</u>	<u>11,315,353</u>
Plan fiduciary net position:						
Contributions - employer	\$ 1,140,811	1,105,871	1,080,485	1,043,215	974,649	979,604
Contributions - member	-	-	-	-	-	1,439
Net investment income	30,456	66,889	74,795	129,571	46,661	39,473
Benefit payments, including refunds of employee contributions	(1,115,893)	(1,142,849)	(1,168,880)	(1,189,462)	(1,211,944)	(1,215,869)
Administrative expense	(22,816)	(22,117)	(21,610)	(20,864)	(19,493)	(19,592)
Other	<u>-</u>	<u>398</u>	<u>(92)</u>	<u>2,935</u>	<u>16,642</u>	<u>(222,769)</u>
Net change in plan fiduciary net position	32,558	8,192	(35,302)	(34,605)	(193,485)	(437,714)
Plan fiduciary net position, beginning	<u>986,134</u>	<u>977,942</u>	<u>1,013,244</u>	<u>1,047,849</u>	<u>1,241,334</u>	<u>1,679,048</u>
Plan fiduciary net position, ending	<u>\$ 1,018,692</u>	<u>986,134</u>	<u>977,942</u>	<u>1,013,244</u>	<u>1,047,849</u>	<u>1,241,334</u>
Plan fiduciary net position as a percentage of total pension liability	11.03%	10.15%	9.73%	9.54%	9.54%	10.97%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

GASB 68 was implemented in fiscal year 2015, information is not available to present a full ten years. The City has presented information for the years in which it is available.

The amounts presented were determined as of the measurement date of June 30 of the fiscal year presented.

Payroll related information is not provided because the plan is closed to new entrants and there are no remaining active members in the plan.

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

CITY OF COLUMBUS, MISSISSIPPI
Required Supplementary Information
Mississippi Municipal Retirement Systems -
Columbus Fire & Police Plan
Schedule of the City's Contributions
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,140,811	1,105,871	1,080,485	1,043,215	974,649	979,604
Contributions in relation to the actuarially required contribution	1,140,811	1,105,871	1,080,485	1,043,215	974,649	979,604
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contribution as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

GASB 68 was implemented in fiscal year 2015, information is not available to present a full ten years. The City has presented information for the years in which it is available.

The amounts presented were determined as of the measurement date of June 30 of the fiscal year presented.

Payroll related information is not provided because the plan is closed to new entrants and there are no remaining active members in the plan.

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Required Supplementary Information

Budgetary Information

NOTE 1 – GENERAL INFORMATION

Statutory requirements dictate how and when the City’s budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the City Council of the City, using historical and anticipated fiscal data and proposed budgets submitted by the various departments, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the encumbered cash and investment balances. When during the fiscal year it appears to the City Council that the budgetary estimates will not be met, it may make revisions to the budget.

The City’s budget is prepared in accordance with the requirements established by the Office of the State Auditor of Mississippi. These requirements require revenues to be budgeted based on actual cash receipts and expenditures to be budgeted based on actual expenses including those incurred and paid within 30 days after year end. The comparison of budget and actual is based on budget as required by the OSA and on actual based on modified accrual accounting. The variance between the two reporting methods is not considered to be material to the comparison.

NOTE 2 – BASIS OF PRESENTATION

The Budgetary Comparison Schedule – Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts and variances between the final budget and the actual amounts. The schedule is presented for the General Fund.

NOTE 3 – EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following fund had an excess of actual expenditures over budget for the year ended September 30, 2020.

Fund		Excess
General Fund	\$	3,270,439

CITY OF COLUMBUS, MISSISSIPPI
Notes to Required Supplementary Information

NOTE 4 – UNBUDGETED FUNDS

The following were unbudgeted funds that had expenditures for the year ended September 30, 2020:

<u>Fund</u>	<u>Expenditures</u>
Municipal Fire Protection	\$ 761,907
2% Restaurant, Lounge & Motel Tax Fund	1,394,000
Landfill Fund	240,728
Parks and Recreation Fund	1,089,507
Municipal Resource Fund	15,000
Drug Court Fund - Code 99-19-73 Fund	70,711
Victim Advocate Program Fund	55,714
Auditorium Bond Fund - Motel Tax Fund	207,600
Series 2013 Bonds-Trotter Ctr Renov Debt Fund	225,938
ESCO Project -CL&W Debt Service Fund	153,460
Digital Water Meter Fund	218,116
Moore's Creek Crossing - TIF Fund	224,618
University Mall-TIF Fund	120,393
LED Street Light Project Fund	3,326,310
General Obligation Bonds Debt Service Fund	724,247
Urban Renewal Bond Fund	65,817
Storm 2019 Fund	82,631
Fire Cap Loan Fund	355,164
City of Columbus - BEP Program Fund	136,918
MDOT Summer Program 2000 Fund	2,225
Airport Improv Program & Multi-Modal Fund	200,100
Ampitheater/Riverwalk Extension Fund	501,867
Infrastructure Improvements 2016 Bonds Fund	68,826
TAP Grant Fund	128,020
Police & Fire Disability Retirement Fund	1,150,192

The unbudgeted funds are in violation of state law.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Required Supplementary Information

Pension Schedules - PERS

NOTE 1 – CHANGES OF ASSUMPTIONS

In 2015 and later, 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. In 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. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

In 2016, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

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

In 2019 the expectation of retired life mortality was changed to the PUBS.H-2010(B) Retiree Table with the following small adjustments. For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% from ages 75 to 119. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally. The expectation of disabled mortality was changed to Pub T.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments. For males, 137% of male rates at all ages, and for females, 155% of female rates at all ages. The price inflation assumption was reduced from 3.00% to 2.75% and the wage inflation assumption was reduced from 3.25% to 3.00%. Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience. The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

NOTE 2 – CHANGES OF BENEFIT PROVISIONS

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.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Required Supplementary Information

NOTE 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, 2015 valuation for the June 30, 2017 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	30.9 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Pension Schedules - MMRS

NOTE 1 – CHANGES OF ASSUMPTIONS

In 2015 and later, the post-retirement mortality tables were changed. The price inflation assumption was reduced from 3.50% to 3.00%. The real rate of return net of investment expenses changed from 4.50% to 4.75%. Due to this change and the change in price inflation, the investment return assumption was reduced from 8.00% to 7.75%.

In 2017 and later, the assumed rates of mortality were revised to reflect the results of the experience investigation for the five-year period ended June 30, 2016 and adopted by the PERS Board on April 25, 2017.

In 2019 and later, the assumed rates of mortality were revised to reflect the results of the experience investigation for the five-year period ended June 30, 2018 and adopted by the PERS Board on August 27, 2019.

NOTE 2 – CHANGES OF BENEFIT PROVISIONS

There were no changes to benefit provisions since the last valuation.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Required Supplementary Information

NOTE 3 – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates in the schedule of the City's contributions are calculated as of June 30, two years prior to the end of the plan year in which the contributions are reported (June 30, 2018 valuation for the June 30, 2020 plan year-end.)

The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Ultimate Asset Reserve
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market value of assets
Price inflation	3.00 percent
Salary increase	3.25 percent to 4.75 percent, including inflation
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

OTHER SUPPLEMENTAL INFORMATION

CITY OF COLUMBUS, MISSISSIPPI
Schedule of Bonded Indebtedness - Governmental Activities
September 30, 2020

<u>Name and Date</u>	<u>Maturity</u>	<u>Interest</u>	<u>Balance</u>	<u>Transactions</u>		<u>Balance</u>
	<u>Date</u>	<u>Percent</u>	<u>10/1/19</u>	<u>Issued</u>	<u>Redeemed</u>	<u>9/30/20</u>
General Obligation, Special Obligation, and TIF Bonds						
Governmental Activities:						
Special Obligation Bonds, Series 2010	2020	3.75	515,000		515,000	-
	2021	4.00	530,000			530,000
	2022	4.25	350,000			350,000
	2023	4.25	360,000			360,000
	2024	4.25	375,000			375,000
	2025	4.125	390,000			390,000
	Thereafter	4.125-4.50	2,665,000			2,665,000
Total			5,185,000	-	515,000	4,670,000
Special Obligation Bonds, Series 2013	2020	4.55	150,000		150,000	-
	2021	4.55	155,000			155,000
	2022	4.55	165,000			165,000
	2023	4.55	170,000			170,000
	2024	4.55	180,000			180,000
	2025	4.55	190,000			190,000
	Thereafter	4.55	615,000			615,000
Total			1,625,000	-	150,000	1,475,000
General Obligation Note, Series 2014	2020	3.25	400,000		400,000	-
	2021	3.25	500,000			500,000
	2022	3.25	500,000			500,000
	2023	3.25	500,000			500,000
	2024	3.25	500,000			500,000
	2025	3.25	450,000			450,000
	Thereafter	3.25	1,825,000			1,825,000
Total			4,675,000	-	400,000	4,275,000
Tax Increment Financing, Series 2015	2020	6.00	30,000		30,000	-
	2021	6.00	100,000			100,000
	2022	6.00	105,000			105,000
	2023	6.00	110,000			110,000
	2024	7.125	115,000			115,000
	2025	7.125	125,000			125,000
	Thereafter	7.125	1,260,000			1,260,000
Total			1,845,000	-	30,000	1,815,000
Tax Increment Financing, Series 2016	2020	5.75	124,000		124,000	-
	2021	5.75	64,000			64,000
	2022	5.75	68,000			68,000
	2023	5.75	72,000			72,000
	2024	5.75	76,000			76,000
	2025	5.75	80,000			80,000
	Thereafter	5.75	523,000			523,000
Total			1,007,000	-	124,000	883,000

CITY OF COLUMBUS, MISSISSIPPI
Schedule of Bonded Indebtedness - Governmental Activities
September 30, 2020

<u>Name and Date</u>	<u>Maturity Date</u>	<u>Interest Percent</u>	<u>Balance 10/1/19</u>	<u>Transactions</u>		<u>Balance 9/30/20</u>
				<u>Issued</u>	<u>Redeemed</u>	
Special Obligation Bonds, Series 2016	2020	2.48	150,000		150,000	-
	2021	2.48	150,000			150,000
	2022	2.48	150,000			150,000
	2023	2.48	235,000			235,000
	2024	2.48	275,000			275,000
	2025	2.48	300,000			300,000
	Thereafter	2.48	4,090,000			4,090,000
Total			<u>5,350,000</u>	<u>-</u>	<u>150,000</u>	<u>5,200,000</u>
General Obligation Note, Series 2019	2020	3.34	-			-
	2021	3.34	-			-
	2022	3.34	-			-
	2023	3.34	-			-
	2024	3.34	-			-
	2025	3.34	-			-
	Thereafter	3.34	800,000	200,000		1,000,000
Total			<u>800,000</u>	<u>200,000</u>	<u>-</u>	<u>1,000,000</u>
Special Obligation Bonds, Series 2020	2020	2.50	-			-
	2021	2.50	-			-
	2022	2.50	-			-
	2023	2.50	-	429,000		429,000
	2024	2.50	-	440,000		440,000
	2025	2.50	-	451,000		451,000
	Thereafter	2.50	-	5,180,000		5,180,000
			<u>-</u>	<u>6,500,000</u>	<u>-</u>	<u>6,500,000</u>
Total General Obligation, Special Obligation, and TIF Bonds			<u><u>\$ 20,487,000</u></u>	<u><u>\$ 6,700,000</u></u>	<u><u>\$ 1,369,000</u></u>	<u><u>\$ 25,818,000</u></u>
Governmental Activities						

CITY OF COLUMBUS, MISSISSIPPI
Schedule of Long-Term Notes - Governmental Activities
September 30, 2020

<u>Pavee</u>	<u>Maturity Date</u>	<u>Interest Percent</u>	<u>Balance 10/1/2019</u>	<u>Transactions</u>		<u>Balance 9/30/2020</u>
				<u>Issued</u>	<u>Redeemed</u>	
Notes Payable						
Governmental Activities:						
Mississippi Development Authority, 2009	2020	2.00	4,998		4,998	-
	2021	2.00	5,110			5,110
	2022	2.00	5,213			5,213
	2023	2.00	5,318			5,318
	2024	2.00	5,425			5,425
	2025	2.00	5,535			5,535
	Thereafter	2.00	23,671			23,671
Total			<u>55,270</u>	<u>-</u>	<u>4,998</u>	<u>50,272</u>
Mississippi Development Authority, 2012	2020	2.00	26,662		26,662	-
	2021	2.00	27,171			27,171
	2022	2.00	4,768			4,768
Total			<u>58,601</u>	<u>-</u>	<u>26,662</u>	<u>31,939</u>
Mississippi Development Authority, 2012	2020	2.00	23,340		23,340	-
	2021	2.00	23,832			23,832
	2022	2.00	24,313			24,313
	2023	2.00	4,278			4,278
Total			<u>75,763</u>	<u>-</u>	<u>23,340</u>	<u>52,423</u>
Columbus Light & Water Department	2020	0.04	150,000		150,000	-
	2021	1.25	150,000			150,000
Total			<u>300,000</u>	<u>-</u>	<u>150,000</u>	<u>150,000</u>
Mississippi Development Authority, 2018	2020	2.00	-			-
	2021	2.00		17,715		17,715
	2022	2.00		27,018		27,018
	2023	2.00		27,564		27,564
	2024	2.00		28,120		28,120
	2025	2.00		28,688		28,688
	Thereafter	2.00		169,084		169,084
Total			<u>-</u>	<u>298,189</u>	<u>-</u>	<u>298,189</u>
Total Notes Payable, Governmental Activities			<u>\$ 489,634</u>	<u>\$ 298,189</u>	<u>\$ 205,000</u>	<u>\$ 582,823</u>

CITY OF COLUMBUS, MISSISSIPPI
Schedule of Capital Lease Obligations - Governmental Activities
September 30, 2020

<u>Payee</u>	<u>Maturity Date</u>	<u>Interest Percent</u>	<u>Balance 10/1/2019</u>	<u>Transactions</u>		<u>Balance 9/30/2020</u>
				<u>Issued</u>	<u>Redeemed</u>	
Regions Equipment Finance Corp	2020	3.00	114,227		114,227	-
	2021	3.00	117,926			117,926
	2022	3.00	121,746			121,746
	2023	3.00	125,688			125,688
	2024	3.00	129,759			129,759
	Thereafter	3.00	600,033			600,033
Total			1,209,379	-	114,227	1,095,152
Regions Equipment Finance Corp	2020	3.01	162,824		162,824	-
	2021	3.01	222,874			222,874
	2022	3.01	229,658			229,658
	2023	3.01	236,649			236,649
	2024	3.01	243,853			243,853
	2025	3.01	258,926			258,926
	Thereafter	3.01	1,148,476			1,148,476
Total			2,503,260	-	162,824	2,340,436
Regions Equipment Finance Corp	2020	1.99	4,443		4,443	-
Total			4,443	-	4,443	-
Regions Equipment Finance Corp	2020	1.99	15,254		15,254	-
Total			15,254	-	15,254	-
Trustmark National Bank	2020	2.28	113,772		113,772	-
	2021	2.28	116,399			116,399
	2022	2.28	119,080			119,080
	2023	2.28	121,824			121,824
	2024	2.28	124,631			124,631
	2025	2.28	127,502			127,502
	Thereafter	2.28	10,761			10,761
Total			733,969	-	113,772	620,197
Bankfirst Financial Services	2020	2.40	61,140		61,140	-
	2021	2.40	62,864			62,864
	2022	2.40	64,411			64,411
	2023	2.40	27,169			27,169
Total			215,584	-	61,140	154,444
BancLeasing	2020	3.49	-	107,088	107,088	-
	2021	3.49		177,998		177,998
	2022	3.49		184,265		184,265
	2023	3.49		190,752		190,752
	2024	3.49		197,469		197,469
	2025	3.49		204,421		204,421
	Thereafter	3.49		2,338,007		2,338,007
Total			-	3,400,000	107,088	3,292,912
Total Capital Lease Obligations, Governmental Activities			<u>\$ 4,681,889</u>	<u>\$ 3,400,000</u>	<u>\$ 578,748</u>	<u>\$ 7,503,141</u>

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

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Robert Smith	Mayor	Western Surety Company	\$ 50,000
Ethel Taylor Stewart	Councilman	Western Surety Company	\$100,000
Joseph W. Mickens	Councilman	Western Surety Company	\$100,000
Charles E. Box	Councilman	Western Surety Company	\$100,000
Pierre Beard	Councilman	Western Surety Company	\$100,000
Stephen Jones	Councilman	Western Surety Company	\$100,000
William E. Gavin	Councilman	Western Surety Company	\$100,000
Deliah Vaughn	CFO	Western Surety Company	\$100,000
Fred Shelton	Chief of Police	Travelers	\$ 50,000
All departments under jurisdiction of Mayor and City Council	Blanket Bond All Employees	State Auto Property and Insurance Company	\$100,000
Proprietary Fund – Electric & Water Department	Blanket Bond Covering All Employees	State Auto Property and Insurance Company	\$ 50,000

CITY OF COLUMBUS, MISSISSIPPI
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Sub-Recipients	Federal Expenditures
Department of Homeland Security:				
Passed Through Mississippi Emergency Management Agency:				
Disaster Grants - Public Assistance	97.036	PW-969478	\$ -	\$ 45,666
Disaster Grants - Public Assistance	97.036	PW-96116	-	29,323
Total Disaster Grants - Public Assistance			-	74,989
Direct Program:				
Assistance to Firefighters	97.044	EMW-2017-FV-02275	-	318,183
Assistance to Firefighters	97.044	EMW-2017-FO-06754	-	161,987
Total Assistance to Firefighters			-	480,170
Total Department of Homeland Security			-	555,159
Department of Justice:				
Passed Through Mississippi Department of Public Safety:				
STOP Violence Against Women Formula Grants	16.588	N/A	-	38,065
Direct Program:				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1036	-	37,133
Total Department of Justice			-	75,198
Department of Transportation:				
Passed Through Mississippi Department of Transportation:				
Highway Planning and Construction	20.205	N/A	-	138,700
Direct Program:				
Airport Improvement Program	20.106	3-28-019-020-2019		90,357
Airport Improvement Program	20.106	3-28-0019-021-2020	-	23,434
Total Direct Programs				113,791
Total Department of Transportation			-	252,491
Department of Housing and Urban Development:				
Passed Through Mississippi HOME Corporation:				
Community Development Block Grants/Entitlement Grant	14.218	BER-002A		135,116
Home Investment Partnership Program	14.239	1230-M18-SG-280-152	-	5,000
Total Department of Housing and Urban Development			-	140,116
Department of Treasury:				
Passed Through Mississippi Emergency Management Agency:				
Coronavirus Relief Fund	21.019	44-104	-	553,696
Total Department of Treasury			-	553,696
Total Expenditures of Federal Awards			\$ -	\$ 1,576,660

See accompanying notes to schedule of expenditures of federal awards.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Schedule of Expenditures of Federal Awards
September 30, 2020

Note 1: Basis of Presentation

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

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited to reimbursement.

The City has no indirect cost allocations and has not made an election to adopt the rate allowed by the uniform guidance.

Pass-through grantor identifying numbers are presented where available.

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



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Professional Limited Liability Company
Certified Public Accountants

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

Honorable Mayor and Members of the City Council
The City of Columbus
Columbus, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Columbus, Mississippi as of and for the year ended September 30, 2020, and the related notes to financial statements, which collectively comprise the City of Columbus, Mississippi's basic financial statements and have issued our report thereon dated January 30, 2023.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items **2020-001, 2020-002, 2020-006, 2020-007 and 2020-008** to be material weaknesses.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs as items **2020-003, 2020-004, 2020-005 and 2020-010** to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Columbus, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items **2020-009**

City of Columbus, Mississippi's Response to Findings

City of Columbus, Mississippi's response to the findings identified in our audit is described in the accompanying Auditee's Corrective Action Plan. City of Columbus, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Watkins, Ward and Stafford, PLLC

Columbus, Mississippi
January 30, 2023

Watkins Ward and Stafford, PLLC

**Independent Auditors' Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**



WATKINS, WARD and STAFFORD
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**Independent Auditors' Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Honorable Mayor and Members of the City Council
The City of Columbus
Columbus, Mississippi

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance 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 have not been identified. We did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items **2020-011**, that we consider to be a material weaknesses.

City of Columbus, Mississippi's Response to Finding

City of Columbus, Mississippi's response to the internal control over compliance finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. City of Columbus, Mississippi's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Watkins, Ward and Stafford, PLLC

Columbus, Mississippi
January 30, 2023

Watkins Ward and Stafford, PLLC

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



WATKINS, WARD and STAFFORD

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

The Honorable Mayor and Members of the City Council
The City of Columbus
Columbus, Mississippi

We have audited the financial statements of governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City of Columbus, Mississippi, as of and for the year ended September 30, 2020, which collectively comprise the City of Columbus, Mississippi's basic financial statements and have issued our report thereon dated January 30, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with these requirements. Accordingly, we do not express such an opinion.

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following instances of noncompliance with state laws and regulations. Our findings and recommendations, and your responses are as follows:

1. Economic Interest Statements for elected officials should be filed in a timely manner

Finding

Miss. Code Section 25-4-29, Miss. Code Ann. (1972) states "Every incumbent public official required by paragraphs (a),(b), (d) and (e) of Section 25-4-25 to file a statement of economic interest shall file such statement with the commission on or before May 1 of each year that such official holds office" and "Any person who fails to file a statement of economic interest within thirty (30) days of the date the statement is due shall be deemed delinquent by the commission. The commission shall give written notice of the delinquency to the person by United States mail or by personal service of process. If within fifteen (15) days of receiving written notice of delinquency the delinquent filer has not filed the statement of economic interest, a fine of Fifty Dollars (\$50.00) per day, not to exceed a total fine of One Thousand Dollars (\$1,000.00), shall be assessed against the delinquent filer for each day thereafter in which the statement of economic interest is not properly filed.

During our audit, it was noted that all of The City's elected officials were not current in their filing of Economic Interest statements with the Mississippi Ethics Commission as required by state law.

Recommendation

We recommend the elected officials comply with Miss. Code Section 25-4-29, Miss. Code Ann. (1972) and file the Economic Interest statements with the Mississippi Ethics Commission as required by state law.

Views of Responsible Officials and Planned Corrective Actions

Two of The City's elected officials have not filed their delinquent Economic Interest Statements as of the audit report date.

2. The City should follow state purchasing laws

Finding

Miss. Code Section 31-7-13 Miss. Code Ann. (1972) requires municipal purchases over \$50,000 require solicitation of bids by advertisement. On one construction project The City circumvented State Purchasing Law by dividing the project into smaller purchase orders to keep the checks written to the contractor under the \$50,000 threshold.

Recommendation

We recommend the City comply with Miss. Code Section 31-7-13, Miss. Code Ann. (1972) and solicit bids by advertisement for purchases over \$50,000.

Views of Responsible Officials and Planned Corrective Actions

We will comply with Miss. Code Section 31-7-13, Miss. Code Ann. (1972) and solicit bids by advertisement for purchases over \$50,000.

3. The City should complete the Municipal Compliance Questionnaire on a timely basis

Per the Municipal Audit and Accounting Guide published by the Mississippi Office of the State Auditors a Municipal Compliance Questionnaire must be completed at the end of the municipality's fiscal year and entered into the official minutes of the governing authorities at their next regular meeting.

Per our audit procedures we noted the City's Municipal Compliance Questionnaire was not approved until the second meeting after the end of the fiscal year.

Recommendation

We recommend the City comply with guidelines established in the Municipal Audit and Accounting Guide and complete the Municipal Compliance Questionnaire and enter it into the official minutes of the governing authorities at their next regular meeting.

Views of Responsible Officials and Planned Corrective Actions

We will comply with guidelines established in the Municipal Audit and Accounting Guide and complete the Municipal Compliance Questionnaire and enter it into the official minutes of the governing authorities at their next regular meeting.

This report is intended solely for the information of the City Council, management and other within the entity, 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.

Watkins, Ward and Stafford, PLLC

Columbus, Mississippi
January 30, 2023

Watkins Ward and Stafford, PLLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**CITY OF COLUMBUS, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Section1: Summary of Auditors Results

Financial Statements:

- | | | |
|----|---|------------|
| 1. | Type of auditors' report issued on the financial statements | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness(es) identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | Yes |
| 3 | Noncompliance material to the financial statements noted? | Yes |

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Internal control over major programs: | |
| | a. Material weakness(es) identified? | Yes |
| | b. Significant deficiency(ies) identified that (is/are) not considered to be a material weakness(es) | None Reported |
| 5. | Type of auditors' report issued on compliance for major federal programs: | Unmodified |
| 6. | Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 7. | Federal programs identified as major programs: | |
| | a. Coronavirus Relief Fund
CFDA #21.019 | |
| | b. Assistance to Firefighters
CFDA #97.044 | |
| 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 |

Section 2: Financial Statement Findings

Material Weakness

Internal Controls over monthly bank reconciliations should be strengthened

2020-001 Finding :

Criteria: Management is responsible for establishing a proper internal control system to ensure strong financial accountability and safeguarding the City's assets. This would include the proper preparation and authorization of bank reconciliations that reconcile the general ledger cash accounts to applicable bank statements on a routine basis.

Condition: Per our audit procedures we noted the bank accounts were not reconciled to the City general ledger.

Cause: Condition occurred due to lack of training for inexperienced personnel.

Effect: Without a proper internal control system established over bank reconciliations there is an increased risk of misappropriation of City assets as well as an increased risk of material misstatements in the City's financial statements.

Recommendation: We recommend that the city establish a proper internal control system over bank reconciliation procedures to ensure that all City bank accounts are reconciled on a monthly basis and properly approved by management prior to the presentation of financial statements to the City Council for approval.

Views of Responsible Officials of the Auditee

We will establish a proper internal control system over bank reconciliation procedures to ensure that all City bank accounts are reconciled on a monthly basis and properly approved by management prior to the presentation of financial statements to the City Council for approval.

Material Weakness

Internal Controls over transfer between bank accounts should be strengthened

2020-002: Finding

Criteria: Management is responsible for establishing proper internal controls to ensure strong financial accountability and safeguarding of assets. This would include proper authorization of transfers between City bank accounts.

Condition: We noted during our audit procedures that the City did not follow policies and procedures they had implemented to ensure that all transfers between City bank accounts were approved and that each electronic transfer of funds out of a City bank account had a corresponding electronic transfer of funds into another City bank account.

Cause: Condition occurred due to lack of management oversight regarding transfers between bank accounts.

Effect: Without a proper internal control system established over bank transfers there is an increased risk of misappropriation of City assets as well as an increased risk of material misstatements in the City's financial statements.

Recommendation: We recommend that the city establish a proper internal control system over bank transfer procedures to ensure that all bank transfers are properly authorized and reviewed and each one has a corresponding transfer into another City bank account.

Views of Responsible Officials of the Auditee

We will establish a proper internal control system over bank transfer procedures to ensure that all bank transfers are properly authorized and reviewed and each one has a corresponding transfer into another City bank account.

Significant Deficiency Not Considered To Be A Material Weakness

Internal Control Over Capital Assets Should Be Strengthened

2020-003: Finding (Repeat Finding)

Criteria: Management is responsible for establishing proper internal controls to ensure strong financial accountability and safeguarding of assets. This would include proper maintenance of capital asset records.

Condition: We noted during our audit procedures that the City of Columbus does not maintain adequate records for fixed assets. The City does not maintain a subsidiary ledger, nor does it perform an annual physical inventory.

Cause: Condition occurred due to lack of management oversight over maintenance of capital assets subsidiary records.

Effect: Without a proper internal control system established over capital asset records there is an increased risk of misappropriation of City assets as well as an increased risk of material misstatements in the City's financial statements.

Recommendation: We recommend that the city establish a proper internal control system over the maintenance of capital asset records to include maintenance of a subsidiary ledger that reconciles to the financial statements and the performance of an annual physical inventory.

Views of Responsible Officials of the Auditee

We will establish a proper internal control system over the maintenance of capital asset records to include maintenance of a subsidiary ledger that reconciles to the financial statements and the performance of an annual physical inventory.

Significant Deficiency Not Considered To Be A Material Weakness

Internal Control Over Landfill Collections Should Be Strengthened

2020-004: Finding (Repeat Finding)

Criteria: Management is responsible for establishing proper internal controls to ensure strong financial accountability and safeguarding of assets. This would include a system of internal control that reconciles landfill gate receipts monthly and monitors landfill customers' balances owed to the City.

Condition: We noted during our audit procedures that the City of Columbus does not maintain an adequate internal control system over landfill gate receipts that accounts for landfill billings and collections and reconciles these to amounts remitted to the City.

Cause: Condition occurred due to lack of management oversight at the landfill.

Effect: Without a proper internal control system established over landfill billing and collections there is an increased risk of misappropriation of City assets as well as an increased risk of material misstatements in the City's financial statements.

Recommendation: We recommend that the city establish a proper internal control system over landfill billing and collections to include monthly reconciliation of landfill billings and collections to City records as well as monitoring landfill customer receipt balances.

Views of Responsible Officials of the Auditee

We will establish a proper internal control system over landfill billing and collections to include monthly reconciliation of landfill billings and collections to City records as well as monitoring landfill customer receipt balances.

Significant Deficiency Not Considered To Be A Material Weakness

Internal Control Over Reconciliation of Interfund Loans Should Be Strengthened

2020-005: Finding

Criteria: Management is responsible for establishing proper internal controls to ensure strong financial accountability and safeguarding of assets. This would include a system of internal control that reconciles loans between City bookkeeping funds.

Condition: We noted during our audit procedures that the City personnel could not readily determine the amounts that individual bookkeeping funds owed other bookkeeping funds. These amounts were corrected through audit adjustments approved by City management.

Cause: Condition occurred due to lack of training for inexperienced personnel.

Effect: Without a proper internal control system over accounting of loans between City bookkeeping funds there is an increased risk of material misstatements in the City's financial statements.

Recommendation: We recommend that the city establish a proper internal control system over accounting of loans between City bookkeeping funds to ensure that these are properly recorded in the individual bookkeeping funds.

Views of Responsible Officials of the Auditee

We will establish a proper internal control system over accounting of loans between City bookkeeping funds to ensure that these are properly recorded in the individual bookkeeping funds.

Material Weakness

Internal Controls over Municipal Court Collections should be strengthened

2020-006: Finding

Criteria: Management is responsible for establishing a proper internal control system to ensure strong financial accountability and safeguarding of assets. This would include the proper internal controls over Municipal Court collections.

Condition: We noted during our audit procedures that the City personnel did not reconcile the reports submitted by the Municipal Court Clerk to the general ledger. There was also no review of amounts reported on the Municipal Court Docket and aged fines receivable listing by City management.

Cause: Condition occurred due to lack of management oversight over police fines and Municipal Court collections.

Effect: Without a proper internal control system over Municipal Court collections and police fines there is an increased risk of misappropriation of City assets and material misstatements in the City's financial statements. This also resulted in an understatement of amounts owed to the appropriate State agencies for various State fees that are added to fines.

Recommendation: We recommend that the City establish a proper internal control system over Municipal Court collections and police fines. This would include a management review of the monthly docket and collection of court fines and reconciliation to amount remitted to the City for deposit. Also a monthly review of the monthly aged receivables should be completed by City management. The City should also review how duties are segregated over Municipal Court collections to ensure that personnel who are collecting and depositing these fines are not the same individual who is posting payments received to the court docket and fines receivable listing.

Views of Responsible Officials of the Auditee

We will establish a proper internal control system over Municipal Court collections and police fines. This will include a management review of the monthly docket and collection of court fines and reconciliation to amount remitted to the City for deposit. We will review on a monthly basis the monthly aged receivables report. We will also review how duties are segregated over Municipal Court collections to ensure that personnel who are collecting and depositing these fines are not the same individual who is posting payments received to the court docket and fines receivable listing.

Material Weakness

Internal Controls over Year End Accounts Payable Accrual should be strengthened

2020-007: Finding

Criteria: Management is responsible for establishing a proper internal control system to ensure strong financial accountability. This would include a proper review of year end disbursement cut-off to ensure that all expenditures incurred at year end are properly accrued in the financials.

Condition: During our audit procedures over testing of claims payable we noted that the City personnel did not accrue all accounts payable at fiscal year-end.

Cause: Condition occurred due to lack of training for inexperienced personnel. The Accounts payable clerk was not entering all invoices received into the software on a timely basis.

Effect: Without a proper internal control system over the year end accrual of account payable there is an increased risk of material misstatements in the City's financial statements.

Recommendation: We recommend that the city establish a proper internal control system over the year end accrual of accounts payable. Invoices should be matched to applicable receiving and purchasing documents and they should be entered into the claims docket on a timely basis. Management should perform a review of the year end and subsequent claims docket to ensure that all accounts payable are reported in the proper accounting period.

Views of Responsible Officials of the Auditee

We will establish a proper internal control system over the year end accrual of accounts payable. Invoices will be matched to applicable receiving and purchasing documents and they will be entered into the claims docket on a timely basis. We will perform a review of the year end and subsequent claims docket to ensure that all accounts payable are reported in the proper accounting period.

Material Weakness

Internal Controls over Preparation of Schedule of Expenditures of Federal Awards should be strengthened

2020-008: Finding

Criteria: Management is responsible for establishing a proper internal control system to ensure strong financial accountability. This would include a proper system of control that grant expenditures are reported in easily identifiable funds and accounts to ensure that the Schedule of Expenditures of Federal Awards can be prepared accurately.

Condition: During our audit procedures over the review of internal controls over the preparation of Schedule of Expenditures of Federal Awards we noted numerous coding and bookkeeping errors over expenditures from federal programs that required significant adjustment to ensure that information reported on the Schedule of Expenditures of Federal Awards was accurate.

Cause: Condition occurred due to lack of training for inexperienced employees and lack of oversight over federal expenditures.

Effect: Without a proper internal control system over the preparation of the Schedule of Expenditures of Federal Awards. This schedule could present inaccurate information. This could also cause the improper federal grants being selected or not selected for testing under the Uniform Guidance which in turn could affect future funding for various City projects.

Recommendation: We recommend that the city establish a proper internal control system over the preparation of the Schedule of Expenditures of Federal Awards. This would include proper segregation of federal expenditures by CFDA number and pass through entity number (if applicable). This schedule should be reviewed by management after preparation and reconciled to City financial records.

Views of Responsible Officials of the Auditee

We will establish a proper internal control system over the preparation of the Schedule of Expenditures of Federal Awards. This will include proper segregation of federal expenditures by CFDA number and pass through entity number (if applicable). This schedule will be reviewed by management after preparation and reconciled to City financial records.

Material Non-Compliance

Budgets Should Be Prepared and Approved As Statutorily Required

2020-009: Finding

Criteria: Miss. Code Section 21-35-5, Miss Code Ann. (1972) requires that the governing authorities of each municipality of the State of Mississippi prepare, and when necessary, revise a fiscal year budget that reflects all of the revenues, expenses and working cash balances estimated for the next fiscal year, for each fund. Section 21-35-15 of the Mississippi Code states that the governing authorities shall at all times keep within the sums named in their budget.

Condition: During our compliance testing we noted that the City did not meet the requirement of preparing a budget for each fund, or staying within the sums named in their budget. The City only prepared a budget for the general fund. Section 21-35-25 requires that the budget be amended if needed, by October of the next fiscal year. The City amended their 2020 budget on November 3, 2020. Management was not able to provide a detailed amended budget that matched the summary amended budget approved by the City Council on November 3, 2020.

Cause: Condition occurred due to lack of training for inexperienced employees and also a lack of management oversight over the budgeting process.

Effect: This resulted in noncompliance with Miss. Code Section 21-35-5, Miss Code Ann. (1972) The following fund had an excess of actual expenditures over budget for the year ended September 30, 2020.

Fund		Excess
General Fund	\$	3,270,439

The following funds were unbudgeted and the related expenditures were unbudgeted.

Fund	Expenditures
Municipal Fire Protection	\$ 761,907
2% Restaurant, Lounge & Motel Tax Fund	1,394,000
Landfill Fund	240,728
Parks and Recreation Fund	1,089,507
Municipal Resource Fund	15,000
Drug Court Fund - Code 99-19-73 Fund	70,711
Victim Advocate Program Fund	55,714
Auditorium Bond Fund - Motel Tax Fund	207,600
Series 2013 bonds-Trotter Ctr Renovation Debt Fund	225,938
ESCO Project -CL&W Debt Service Fund	153,460
Digital Water Meter Fund	218,116
Moore's Creek Crossing - TIF Fund	224,618
University Mall-TIF Fund	120,393
LED Street Light Project Fund	3,326,310
General Obligation Bonds Debt Service Fund	724,247
Urban Renewal Bond Fund	65,817
Storm 2019 Fund	82,631
Fire Cap Loan Fund	355,164
City of Columbus - BEP Program Fund	136,918
MDOT Summer Program 2000 Fund	2,225
Airport Improv Program & Multi-Modal Fund	200,100
Ampitheater/Riverwalk Extension Fund	501,867
Infrastructure Improvements 2016 Bonds Fund	68,826
TAP Grant Fund	128,020
Police & Fire Disability Retirement Fund	1,150,192

Recommendation: We recommend that the city comply with Miss. Code Section 21-35-5, Miss Code Ann. (1972) and prepare, and when necessary, revise a fiscal year budget that reflects all of the revenues, expenses and working cash balances estimated for the next fiscal year, for each fund. Section 21-35-15 of the Mississippi Code states that the governing authorities shall at all times keep within the sums named in their budget. The City should also prepare and approve in the board minutes a final amended budget by fund within 30 days after fiscal year-end.

Views of Responsible Officials of the Auditee

We will comply with Miss. Code Section 21-35-5, Miss Code Ann. (1972) and prepare, and when necessary, revise a fiscal year budget that reflects all of the revenues, expenses and working cash balances estimated for the next fiscal year, for each fund. We will at all times keep within the sums named in their budget. We will also prepare and approve in the board minutes a final amended budget by fund within 30 days after fiscal year-end.

Significant Deficiency Not Considered To Be A Material Weakness

Internal Controls over Grant Administration of the Blight Elimination Program should be strengthened

2020-010: Finding

Criteria: Management is responsible for establishing a proper internal control system to ensure that grants are administered following applicable grant guidelines. This would include a proper system of control that grant expenditures are accounted for correctly to ensure all costs are properly paid, kept within the eligible amounts, and also properly reimbursed.

Condition: During our audit procedures we noted that some properties purchased in the Blight Elimination Program were purchased with City funds rather than the Blight Partner depositing the funds into the City bank account, and the City using those funds at closing to purchase the property. It was also noted that on one occasion the City paid an amount for demolition that was in excess of the approved reimbursement amount.

Cause: Condition occurred due to lack of management oversight over the Blight Elimination Program.

Effect: Due to a lack of proper internal control over the Blight Elimination Program, the City purchased properties with City funds that were deeded in the Blight Partner's name. This constitutes an improper loan to the Blight Partner until the purchase price is reimbursed by Mississippi Home Corporation. At 9/30/20 the amount owed to the City by the Blight Partner for the purchase of properties was \$21,000.

Recommendation: We recommend that the City establish a proper system of internal control over the Blight Elimination Program. This would include following grant guidelines and ensuring that City funds are not used improperly.

Views of Responsible Officials of the Auditee

We will establish a proper system of internal control over the Blight Elimination Program. This would include following grant guidelines and ensuring that City funds are not used improperly.

Section 3: Federal Award Findings and Questioned Costs

Compliance Requirement: Reporting

Material Weakness

Internal Controls over Preparation of Schedule of Expenditures of Federal Awards should be strengthened

2020-011: Finding

CFDA Number

Coronavirus Relief Fund

CFDA #21.019

Assistance to Firefighters

CFDA #97.044

Criteria: Management is responsible for establishing a proper internal control system to ensure strong financial accountability. This would include a proper system of control that grant expenditures are reported in easily identifiable funds and accounts to ensure that the Schedule of Expenditures of Federal Awards can be prepared accurately.

Condition: During our audit procedures over the review of internal controls over the preparation of Schedule of Expenditures of Federal Awards we noted numerous coding and bookkeeping errors over expenditures from federal programs that required significant adjustment to ensure that information reported on the Schedule of Expenditures of Federal Awards was accurate.

Cause: Condition occurred due to lack of training for inexperienced employees and lack of management oversight regarding federal expenditures.

Effect: Without a proper internal control system over the preparation of the Schedule of Expenditures of Federal Awards. This schedule could present inaccurate information. This could also cause the improper federal grants being selected or not selected for testing under the Uniform Guidance which in turn could affect future funding for various City projects.

Recommendation: We recommend that the city establish a proper internal control system over the preparation of the Schedule of Expenditures of Federal Awards. This would include proper segregation of federal expenditures by CFDA number and pass through entity number (if applicable). This schedule should be reviewed by management after preparation and reconciled to City financial records.

Views of Responsible Officials of the Auditee

We will establish a proper internal control system over the preparation of the Schedule of Expenditures of Federal Awards. This will include proper segregation of federal expenditures by CFDA number and pass through entity number (if applicable). This schedule will be reviewed by management after preparation and reconciled to City financial records.

MAYOR
KEITH GASKIN.

CITY COUNCIL
ETHEL STEWART, WARD 1
JOSEPH W. MICKENS, SR., WARD 2
RUSSELL GREENE, WARD 3
PIERRE D. BEARD, SR., WARD 4
STEPHEN JONES, WARD 5
JACQUELINE DICICCO, WARD 6

CHIEF OPERATIONS OFFICER
JAMMIE GARRETT

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**CFO/SECRETARY-
TREASURER**
JAMES "JIM" BRIGHAM

POLICE CHIEF
JOSEPH M. DAUGHTRY, SR

FIRE CHIEF
DUANE HUGHES

**HUMAN RESOURCES
DIRECTOR**
PATRICIA S. MITCHELL

INTERIM DIRECTOR OF

January 30, 2023

As required by Section _2 CFR 200.516(a) of the Uniform Circular, the City of Columbus Mississippi 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 ending September 30, 2020.

Finding	Corrective Action Plan Details
2020-01	<ul style="list-style-type: none">a. Name of Contact Person Responsible for Corrective Action Keith Gaskin, Mayor and Jim Brigham, CFOb. Corrective Action Planned: We have begun reconciling the bank accounts to the general ledger monthlyc. Anticipated Completion Date: Immediately
2020-02	<ul style="list-style-type: none">a. Name of Contact Person Responsible for Corrective Action Keith Gaskin, Mayor and Jim Brigham, CFOb. Corrective Action Planned: We will implement proper internal control procedures to ensure that all electronic transfers of funds between City bank accounts have been approved and have corresponding entries.c. Anticipated Completion Date: Immediately
2020-03	<ul style="list-style-type: none">a. Name of Contact Person Responsible for Corrective Action Keith Gaskin, Mayor and Jim Brigham, CFOb. Corrective Action Planned: We have already tagged all of the assets and we will implement proper year-end procedures to insure that all capital assets are added to the capital asset inventory.c. Anticipated Completion Date: Immediately
2020-04	<ul style="list-style-type: none">a. Name of Contact Person Responsible for Corrective Action Keith Gaskin, Mayor and Jim Brigham, CFOb. Corrective Action Planned: We will implement proper control procedures and reconciliations to ensure accurate accounting over the Landfill receipts and receivables.c. Anticipated Completion Date: Immediately
2020-05	<ul style="list-style-type: none">a. Name of Contact Person Responsible for Corrective Action Keith Gaskin, Mayor and Jim Brigham, CFOb. Corrective Action Planned: We will reconcile all interfund loans on a timely basis monthlyc. Anticipated Completion Date: Immediately

- 2020-06
- a. Name of Contact Person Responsible for Corrective Action
Keith Gaskin, Mayor and Jim Brigham, CFO
 - b. Corrective Action Planned:
We will establish a proper internal control system over Municipal Court collections to include management review of the docket and monthly reconciliation of amounts collected to the general ledger.
 - c. Anticipated Completion Date:
Immediately
- 2020-07
- a. Name of Contact Person Responsible for Corrective Action
Keith Gaskin, Mayor and Jim Brigham, CFO
 - b. Corrective Action Planned:
We will implement proper procedures over accounts payable to ensure that all expenditures incurred at year end are properly accrued.
 - c. Anticipated Completion Date:
Immediately
- 2020-08
- a. Name of Contact Person Responsible for Corrective Action
Keith Gaskin, Mayor and Jim Brigham, CFO
 - b. Corrective Action Planned:
We will implement a proper system of control to ensure that grant expenditures are recorded in easily identifiable funds and accounts and to ensure the Schedule of Federal Awards is completely accurately.
 - c. Anticipated Completion Date:
Immediately
- 2020-09
- a. Name of Contact Person Responsible for Corrective Action
Keith Gaskin, Mayor and Jim Brigham, CFO
 - b. Corrective Action Planned:
We will implement procedures that ensure that the City's budget is prepared and amended timely according to State statute. We will also prepare a budget for each fund and monitor to ensure that the City is staying within the amounts budgeted.
 - c. Anticipated Completion Date:
Immediately
- 2020-10
- a. Name of Contact Person Responsible for Corrective Action
Keith Gaskin, Mayor and Jim Brigham, CFO
 - b. Corrective Action Planned:
We will establish proper internal controls to ensure that grants are administered according to grant guidelines, and to ensure that expenditures are accounted for properly, and that costs are within eligible amounts, and properly reimbursed.
 - c. Anticipated Completion Date:
Immediately
- 2020-11
- a. Name of Contact Person Responsible for Corrective Action
Keith Gaskin, Mayor and Jim Brigham, CFO
 - b. Corrective Action Planned:
We will implement a proper system of internal control to ensure that grant expenditures are recorded in easily identifiable funds and accounts and to ensure that the Schedule of Federal Awards is completely accurate.
 - c. Anticipated Completion Date:
Immediately

James Brigham, CFO

MAYOR
KEITH GASKIN.

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PATRICIA S. MITCHELL

**INTERIM DIRECTOR OF PLANNING
AND COMMUNITY DEVELOPMENT**
GEORGE IRBY

January 30, 2023

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Financial and Compliance Audit Division

As required by Section __2 CFR 200.516(a) of the Uniform Guidance, the City of Columbus, Mississippi has prepared and hereby submits the following summary schedule of prior audit findings as of September 30, 2020:

Finding	Status
2019-001	Not Corrected
2019-002	Not Corrected
2019-003	Not Corrected

Sincerely,



Keith Gaskin, Mayor