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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, 2021

CITY OF COLUMBUS, MISSISSIPPI
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 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, 2021, 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. 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Columbus, Mississippi as of September 30, 2021, and the respective changes in financial position and, where applicable, 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 Relate Ratios, and Fire & Police Plan Schedule of City's Contributions on pages 4-12 and 53, 54, 55,

56, 57, and 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 introductory section, combining and individual nonmajor fund financial statements, and statistical section are 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information and the 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 May 1, 2024, on our consideration of the City of Columbus, Mississippi's internal controls over financial reporting and on our test 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
May 1, 2024

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, 2021

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the City of Columbus (CITY) for the year then ended September 30, 2021. This discussion has been prepared by management and should be read in conjunction with the City of Columbus' financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3,349,079. Of this amount \$8,245,855 may be used to meet the City of Columbus' ongoing obligations to citizens and creditors. The \$(47,166,530) of unassigned net position shown on the statement of net position includes a \$34,503,588 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 plans are 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 \$17,123,192, a decrease of \$732,149 in comparison to the prior year.
- The City of Columbus' total debt is \$32,223,362 (exclusive of compensated absences). Of that total, approximately \$6,809,295 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's finances.

- 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 18-21)

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. (Pages 24-59)

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, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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.

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.

CITY OF COLUMBUS, MISSISSIPPI

Management's Discussion and Analysis For the Year Ended September 30, 2021

- 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.
- 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.

CITY OF COLUMBUS, MISSISSIPPI

Management's Discussion and Analysis For the Year Ended September 30, 2021

- **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.

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 \$3,349,079 at the close of the most recent fiscal year.

A substantial portion 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 decrease of \$1,690,697 (exclusive of unfunded pension liability).
- Capital asset net decrease of \$2,480,879 for Governmental activities.

Table A-1
City of Columbus Net Position

	Governmental Activities		Increase/ (Decrease)
	2021	2020	
Cash and Other Assets	22,419,896	19,780,551	2,639,345
Capital Assets	53,469,367	55,950,246	(2,480,879)
Total Assets	<u>75,889,263</u>	<u>75,730,797</u>	<u>158,466</u>
Deferred Outflows of Resources	2,509,185	2,316,851	192,334
Other Liabilities	5,422,466	2,018,674	3,403,792
Long-term Liabilities	61,231,933	70,238,393	(9,006,460)
Total Liabilities	<u>66,654,399</u>	<u>72,257,067</u>	<u>(5,602,668)</u>
Deferred Inflows of Resources	8,394,970	2,729,979	5,664,991
Net Position:			
Invested in Capital Assets			
Net of Related Debt	40,969,888	42,660,690	(1,690,802)
Restricted	9,545,721	12,084,237	(2,538,516)
Unrestricted	<u>(47,166,530)</u>	<u>(51,684,325)</u>	<u>4,517,795</u>
Total Net Position	<u>3,349,079</u>	<u>3,060,602</u>	<u>288,477</u>

CITY OF COLUMBUS, MISSISSIPPI

Management's Discussion and Analysis For the Year Ended September 30, 2021

Changes in net position. Approximately 36.7 percent of the City of Columbus' revenue comes from property taxes, with 82.0 percent of all revenue coming from some type of tax. (See Table A-2). Another 12.2 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		Increase/ (Decrease)
	2021	2020	
Revenue			
Program Revenues:			
Charges for Services	\$ 4,051,743	\$ 3,922,114	129,629
Operating Grants & Contributions	134,756	830,818	(696,062)
Capital Grants & Contributions	1,300,686	852,355	448,331
General Revenues:			-
Property Taxes	12,138,181	12,053,237	84,944
Other Taxes	15,031,862	13,390,369	1,641,493
Investment Income	68,303	119,803	(51,500)
Other	391,645	437,519	(45,874)
Total Revenue	<u>33,117,176</u>	<u>31,606,215</u>	<u>1,510,961</u>
Expenses			
General Government	4,192,701	6,558,544	(2,365,843)
Public Safety	12,026,507	12,611,431	(584,924)
Public Works	9,630,332	5,886,952	3,743,380
Urban & Economic Development	1,112,630	1,270,442	(157,812)
Cemetery	135,498	139,190	(3,692)
Garage	790,791	740,472	50,319
Agency Appropriations	618,454	695,247	(76,793)
Culture & Recreation	3,053,020	2,997,475	55,545
Interest on Debt	1,064,536	1,014,777	49,759
Other on Long-term Debt	204,230	229,114	(24,884)
Total Expenses	<u>32,828,699</u>	<u>32,143,644</u>	<u>685,055</u>
Increase (Decrease) in Net Position	<u>288,477</u>	<u>(537,429)</u>	<u>825,906</u>
Net Position - Beginning	3,060,602	11,368,465	(8,307,863)
Change in Accounting Standard (GASB 84)		(7,770,434)	7,770,434
Net Position - Beginning As Restated	<u>3,060,602</u>	<u>3,598,031</u>	<u>(537,429)</u>
Net Position - Ending	<u>\$ 3,349,079</u>	<u>\$ 3,060,602</u>	<u>288,477</u>

CITY OF COLUMBUS, MISSISSIPPI

Management's Discussion and Analysis For the Year Ended September 30, 2021

Governmental Activities

Governmental activities increased net assets by \$451,347. 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 (45.4%) and property taxes (36.7%).

The largest expense categories for the City's governmental activities are public safety (36.8%) and public works (27.7%).

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 \$8,245,855. 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 \$2,100,335 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 \$3,398,351, 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 \$93,514.

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 \$2,870,309. The net decrease in the fund balance during the current year in the Capital Projects Fund was \$3,609,888.

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 2020-2021 operating budget charges amounted to \$35,567,583.

The City's total tax millage rate for the 2021 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, 2021

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, 2021, amounted to \$121,195,575, net of accumulated depreciation of \$67,726,208. 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)
	2021	2020	
Land	\$ 6,739,837	\$ 7,832,709	(1,092,872)
Buildings	22,863,109	22,863,109	-
Improv. Other Than Buildings	5,471,051	5,471,051	-
Machinery & Equipment	15,515,453	15,331,457	183,996
Infrastructure	69,034,020	69,034,020	-
Construction-in-Progress	1,572,105	1,019,955	552,150
Accumulated Depreciation	(67,726,208)	(65,602,055)	(2,124,153)
Total	<u>\$ 53,469,367</u>	<u>\$ 55,950,246</u>	<u>(2,480,879)</u>

Long-Term Debt – At year-end, the City had \$32,223,362 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)
	2021	2020	
General Obligation Bonds	\$ 9,321,000	\$ 5,275,000	4,046,000
Special Assessment Bonds	12,870,000	17,872,496	(5,002,496)
TIF Bonds	2,514,075	2,680,599	(166,524)
Notes Payable	708,992	582,823	126,169
Capital Lease Obligations	6,809,295	7,503,141	(693,846)
Total	<u>\$ 32,223,362</u>	<u>\$ 33,914,059</u>	<u>(1,690,697)</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 2021 budget. The total budgeted appropriation for the City operations in the governmental activities is \$35,567,583 (which includes \$24,444,404 in the general fund).

CITY OF COLUMBUS, MISSISSIPPI

Management's Discussion and Analysis For the Year Ended September 30, 2021

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, 2021

	Primary Government	Major Component Units	
	Governmental Activities	Electric Department	Water Department
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 18,374,222	6,495,008	5,130,521
Investments, Restricted	-	-	4,326,399
Receivable, Net	283,106	5,668,765	1,314,438
Landfill Receivable	16,106	-	-
Intergovernmental Receivable	1,492,892	-	-
Fines Receivable	66,440	-	-
Inventory	-	822,615	249,904
Prepaid Expense	-	71,321	180,803
Loans Receivable	2,187,130	-	-
Other Assets	-	1,199,642	192
Capital Assets:			
Land and Construction in Progress	8,311,942	926,930	48,295
Other Capital Assets, Net of Depreciation	45,157,425	26,289,907	45,560,202
Total Assets	<u>75,889,263</u>	<u>41,474,188</u>	<u>56,810,754</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Unamortized Loss on Bond Defeasance	-	298,150	24,264
Deferred Outflows Related to			
- Net Pension Liability	2,509,185	1,055,840	870,601
Total Deferred Outflows of Resources	<u>2,509,185</u>	<u>1,353,990</u>	<u>894,865</u>
<u>LIABILITIES</u>			
Accounts Payable and Accrued Expenses	2,316,504	5,719,936	979,959
Customer Deposits	-	3,504,766	127,265
Accrued Interest Payable	208,308	-	102,159
Other Liabilities	2,897,654	20,321	-
Long-term Liabilities:			
Due Within One Year	2,250,743	112,531	2,102,604
Due in More than One Year	30,363,387	5,331,165	9,935,160
Unfunded Pension Liability	28,617,803	7,269,631	5,823,788
Total Liabilities	<u>66,654,399</u>	<u>21,958,350</u>	<u>19,070,935</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to			
- Net Pension Liability	8,394,970	310,933	1,853,295
Other	-	2,294	-
Total Deferred Inflows of Resources	<u>8,394,970</u>	<u>313,227</u>	<u>1,853,295</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	40,969,888	21,789,561	33,594,997
Restricted for:			
Expendable:			
Capital Improvements	2,707,439	-	-
City-based Activities	3,648,239	-	-
Debt Service	3,190,043	-	3,414,900
Unemployment Benefits	-	-	6,394
Unrestricted - Unassigned	(47,166,530)	(1,232,960)	(234,902)
Total Net Position	<u>\$ 3,349,079</u>	<u>20,556,601</u>	<u>36,781,389</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, 2021

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	\$ 4,192,701	1,359,357	9,220	-	\$ (2,824,124)	-	-
Public Safety	12,026,507	372,871	110,647	-	(11,542,989)	-	-
Public Works	9,630,332	2,047,876	14,889	5,184	(7,562,383)	-	-
Cemetery	135,498	69,035	-	-	(66,463)	-	-
Culture and Recreation	3,053,020	80,177	-	225,000	(2,747,843)	-	-
Conservation, Urban and Economic Development	1,112,630	122,427	-	1,070,502	80,299	-	-
Intergovernmental Garage	790,791	-	-	-	(790,791)	-	-
Agency Appropriations	618,454	-	-	-	(618,454)	-	-
Interest on Long-term Debt	1,064,536	-	-	-	(1,064,536)	-	-
Other on Long-term Debt	204,230	-	-	-	(204,230)	-	-
Total Primary Government	32,828,699	4,051,743	134,756	1,300,686	(27,341,514)	-	-
Major Component Units							
Electric Department	35,896,762	36,986,489	-	-		1,089,727	-
Water Department	10,663,062	10,936,509	-	-		-	273,447
Total Major Component Units	\$ 46,559,824	47,922,998	-	-		1,089,727	273,447
General Revenues							
Taxes							
Property Taxes					12,138,181	-	-
Sales and Use Taxes					10,543,810	-	-
Other Taxes					4,488,052	-	-
Grants and Contributions not Restricted to Specific Programs							
Investment Income					68,303	86,569	56,054
Other					391,645	40,933	18,477
Total General Revenues					27,629,991	127,502	74,531
Change in Net Position					288,477	1,217,229	347,978
Net Position, October 1, 2020					3,060,602	19,339,372	36,433,411
Net Position, September 30, 2021					\$ 3,349,079	20,556,601	36,781,389

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

FUND FINANCIAL STATEMENTS

CITY OF COLUMBUS, MISSISSIPPI
Balance Sheet - Governmental Funds
September 30, 2021

	<u>General</u>	<u>Municipal Fire Protection</u>	<u>American Rescue Plan Act Fund</u>	<u>2020 Bond Paving Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>						
Cash and cash equivalents	\$ 6,647,004	\$ 149,837	\$ 2,897,654	3,164,926	\$ 5,514,801	\$ 18,374,222
Landfill receivable	16,106	-	-	-	-	16,106
Intergovernmental receivables	1,204,910	-	-	-	287,982	1,492,892
Loans receivable	-	-	-	-	2,187,130	2,187,130
Fines receivable	66,440	-	-	-	-	66,440
Other receivables	221,859	-	-	-	61,247	283,106
Due from other funds	3,365,313	901,120	-	-	25,662	4,292,095
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ 11,521,632	\$ 1,050,957	\$ 2,897,654	3,164,926	\$ 8,076,822	\$ 26,711,991
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>LIABILITIES</u>						
Accounts payable	\$ 1,374,669	\$ 610	\$ -	719,199	\$ 221,774	\$ 2,316,252
Intergovernmental Payable	252	-	-	-	-	252
Due to other funds	1,818,310	854,202	-	-	1,619,583	4,292,095
Unearned revenue	-	-	2,897,654	-	-	2,897,654
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	3,193,231	854,812	2,897,654	719,199	1,841,357	9,506,253
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenue - landfill fees	16,106	-	-	-	-	16,106
Unavailable revenue - fines	66,440	-	-	-	-	66,440
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	82,546	-	-	-	-	82,546
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>FUND BALANCES</u>						
Restricted for:						
Capital improvements	-	-	-	2,445,727	261,712	2,707,439
Debt service	-	-	-	-	3,398,351	3,398,351
Other commitments	-	196,145	-	-	3,452,094	3,648,239
Unassigned	8,245,855	-	-	-	(876,692)	7,369,163
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	8,245,855	196,145	-	2,445,727	6,235,465	17,123,192
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,521,632	\$ 1,050,957	\$ 2,897,654	3,164,926	\$ 8,076,822	\$ 26,711,991
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </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, 2021

Fund Balances - Total Governmental Funds	\$	17,123,192
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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	121,195,575	
Less Accumulated Depreciation	<u>(67,726,208)</u>	53,469,367

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

Fines receivable	16,106	
Landfill receivable	<u>66,440</u>	82,546

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	(32,614,130)	
Accrued Interest Payable	(208,308)	(32,822,438)

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

Unfunded Pension Liability	(28,617,803)	
Deferred Outflows of Resources	2,509,185	
Deferred Inflows of Resources	<u>(8,394,970)</u>	<u>(34,503,588)</u>

Net Position of Governmental Activities	\$	<u><u>3,349,079</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, 2021

	General	Municipal Fire Protection	American Rescue Plan Act Fund	2020 Bond Paving Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>REVENUES</u>						
Property Taxes	\$ 10,396,894	-	-	-	1,741,287	12,138,181
Licenses and Permits	581,440	-	-	-	-	581,440
Intergovernmental Revenues	11,174,189	6,476	-	-	4,779,745	15,960,410
Charges for Governmental Services	2,444,616	-	-	-	-	2,444,616
Fines and Forfeits	154,364	-	-	-	535	154,899
Interest Income	62,368	3,794	-	-	1,132	67,294
Other Revenues	1,069,123	-	-	-	707,471	1,776,594
Total Revenues	25,882,994	10,270	-	-	7,230,170	33,123,434
<u>EXPENDITURES</u>						
Current:						
General Government	2,753,287	-	-	-	759,379	3,512,666
Public Safety	11,744,872	60,430	-	329,451	701,384	12,836,137
Public Works	4,846,069	-	-	3,441,961	1,038,697	9,326,727
Cemetery	135,498	-	-	-	-	135,498
Culture and Recreation	1,352,422	-	-	-	1,823,213	3,175,635
Conservation, Urban and Economic Development	734,260	-	-	-	10,266	744,526
Intergovernmental-Garage	826,313	-	-	-	-	826,313
Agency Appropriations	618,454	-	-	-	-	618,454
Debt Service:						
Principal	559,112	18,551	-	-	1,730,801	2,308,464
Interest	121,933	13,923	-	-	928,660	1,064,516
Bond Issue Costs	-	-	-	-	204,230	204,230
Total Expenditures	23,692,220	92,904	-	3,771,412	7,196,630	34,753,166
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,190,774	(82,634)	-	(3,771,412)	33,540	(1,629,732)
<u>OTHER FINANCING SOURCES (USES)</u>						
Proceeds of Capital Related Debt	-	-	-	-	350,787	350,787
Proceeds of Refunding Bonds	-	-	-	-	4,963,000	4,963,000
Sales of Capital Assets	253,796	-	-	-	-	253,796
Payments to Bond Refunding Agent	-	-	-	-	(4,670,000)	(4,670,000)
Transfers from Other Departments	207,600	-	-	-	551,835	759,435
Transfers to Other Departments	(551,835)	-	-	-	(207,600)	(759,435)
Net Other Financing Sources (Uses)	(90,439)	-	-	-	988,022	897,583
Net Change in Fund Balances	2,100,335	(82,634)	-	(3,771,412)	1,021,562	(732,149)
Fund Balances, October 1, 2020,	6,145,520	278,779	-	6,217,139	5,213,903	17,855,341
Fund Balances, September 30, 2021	\$ 8,245,855	196,145	-	2,445,727	6,235,465	17,123,192

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, 2021

Net Change in Fund Balances - Total Governmental Funds \$ (732,149)

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	736,146	
Current Year Retirements	(1,092,872)	
Less Current Year Depreciation	<u>(2,124,153)</u>	(2,480,879)

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	(40,392)	
Fines receivable	<u>34,134</u>	(6,258)

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	(643,787)	
Principal Payments	2,308,464	
Amortization of Bond Premiums	27,496	
Amortization of Bond Discounts	<u>(1,476)</u>	1,690,697

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	1,730,271	
Change in long-term Compensated Absences	112,835	
Change in Accrued Interest Payable	<u>(26,040)</u>	<u>1,817,066</u>

Change in Net Position of Governmental Funds		<u><u>\$ 288,477</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 Fiduciary Net Position
September 30, 2021

	Private- Purpose Trust	Custodial Funds
<u>ASSETS</u>		
Cash	\$ 247,261	818,824
Intergovernmental Receivables		252
	<hr/>	<hr/>
Total Assets	247,261	819,076
	<hr/>	<hr/>
<u>LIABILITIES</u>		
Accounts Payable	-	819,076
	<hr/>	<hr/>
Total Liabilities	-	819,076
	<hr/>	<hr/>
<u>NET POSITION</u>		
Net Position	\$ 247,261	-
	<hr/> <hr/>	<hr/> <hr/>

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

CITY OF COLUMBUS, MISSISSIPPI
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2021

	Private- Purpose Trust
<u>ADDITIONS</u>	
Revenues	
Interest Income	\$ 1,008
Total Revenues	<u>1,008</u>
Total Additions	<u>1,008</u>
Change in Net Position	1,008
Net Position, October 1, 2020	<u>246,253</u>
Net Position, September 30, 2021	\$ <u><u>247,261</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.

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Basic Financial Statements – Government-Wide Statements (Continued)

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.

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Basic Financial Statements – Fund Financial Statements (Continued)

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.

American Rescue Plan Act Fund – This fund is used to account for financial resources from ARPA federal funding that is restricted for Board-determined capital projects.

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).

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.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Financial Statement Amounts (Continued)

4. Capital Assets: (Continued)

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 8 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.

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 8 for additional details.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. Basis of Budgeting: (Continued)

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

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 - \$75,000
Fully-funded excess coverage insurance	\$75,000 +

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.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 2: 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, 2021.

The bank balance of the City's deposits with financial institutions was \$19,579,947 on September 30, 2021, and the carrying amount was \$19,440,307. Of the \$19,440,307 carrying amount, \$18,374,222 is shown on the Statement of Net Position and the remaining \$1,066,085 is shown on the Statement of Net Position – Fiduciary Funds.

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 3: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables at September 30, 2021, are:

A. Due from / to other funds

	Due From Other Funds	Due To Other Funds
General Fund	\$ 3,365,313	\$ 1,818,310
Municipal Fire Protection Fund	901,120	854,202
Non-Major Governmental Funds	25,662	1,619,583
Total	\$ <u>4,292,095</u>	\$ <u>4,292,095</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.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 3: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

B. Inter-fund Transfers

	Transfers In	Transfers Out
General Fund	\$ 207,600	\$ 551,835
Non-Major Governmental Funds	551,835	207,600
Total	<u>\$ 759,435</u>	<u>\$ 759,435</u>

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

NOTE 4: NOTES RECEIVABLE

On the Statement of Net Position, notes receivable from Columbus Light & Water in the amount of \$2,187,130 consists of a \$69,567 receivable from the Electric Division and \$2,117,563 due from the Water Division. As of June 30, 2021, the date of the Electric Division's audited financial statements, the balance was \$112,531.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021, was as follows:

	Balance 9/30/2020	Additions	Retirements	Completed Construction	Adjustments	Balance 9/30/2021
Governmental Activities						
<i>Non-depreciable Capital Assets</i>						
Land	\$ 7,832,709	-	(1,092,872)	-	-	6,739,837
Construction in Progress	1,019,955	552,150	-	-	-	1,572,105
Total Non-depreciable Capital Assets	<u>8,852,664</u>	<u>552,150</u>	<u>(1,092,872)</u>	<u>-</u>	<u>-</u>	<u>8,311,942</u>
<i>Depreciable Capital Assets</i>						
Buildings	22,863,109	-	-	-	-	22,863,109
Equipment	13,700,942	183,996	-	-	-	13,884,938
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>112,699,637</u>	<u>183,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,883,633</u>
<i>Less Accumulated Depreciation for:</i>						
Buildings	9,435,814	411,643	-	-	-	9,847,457
Equipment	10,446,920	687,080	-	-	-	11,134,000
Improvements Other than Buildings	1,304,390	218,842	-	-	-	1,523,232
Infrastructure	43,274,386	806,588	-	-	-	44,080,974
Leased Property Under Capital Lease	1,140,545	-	-	-	-	1,140,545
Total Accumulated Depreciation	<u>65,602,055</u>	<u>2,124,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,726,208</u>
Total Depreciable Capital Assets, Net	<u>47,097,582</u>	<u>(1,940,157)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,157,425</u>
Governmental Activities Capital Assets, Net	<u>\$ 55,950,246</u>	<u>(1,388,007)</u>	<u>(1,092,872)</u>	<u>-</u>	<u>-</u>	<u>53,469,367</u>

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 5: CAPITAL ASSETS (CONTINUED)

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

	<u>Amount</u>
Governmental Activities:	
General Government	\$ 69,175
Public Safety	524,703
Public Works	1,003,278
Culture and Recreation	130,757
Conservation, Urban and Economic Development	396,240
Total Depreciation Expense - Governmental Activities	<u>\$ 2,124,153</u>

Discretely presented component units

Activity for Columbus Light and Water Department–Electric Division for the year ended June 30, 2021, was as follows:

	<u>Balance at</u> <u>6/30/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>6/30/2021</u>
Distribution Plant	\$ 50,235,759	1,053,743	(175,603)	51,113,899
General Plant	6,215,770	750,275	(53,453)	6,912,592
	56,451,529	1,804,018	(229,056)	58,026,491
Construction work in progress	818,501	108,429	-	926,930
	57,270,030	1,912,447	(229,056)	58,953,421
Accumulated depreciation	(29,888,497)	(2,186,004)	337,917	(31,736,584)
Total Net Plant and Equipment	<u>\$ 27,381,533</u>	<u>(273,557)</u>	<u>108,861</u>	<u>27,216,837</u>

Depreciation in the discretely presented component unit, Columbus Light and Water-Electric Division, for the fiscal year June 30, 2021 was \$2,186,004.

Activity for Columbus Light and Water Department-Water Department for the year ended September 30, 2021, was as follows:

	<u>Balance at</u> <u>9/30/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>9/30/2021</u>
Wastewater Treatment Plant	\$ 18,975,768	-	-	18,975,768
Utility Plant in Service	100,124,085	382,085	-	100,506,170
General Plant	2,939,913	97,738	-	3,037,651
	122,039,766	479,823	-	122,519,589
Construction work in Progress	9,487	409,199	(370,391)	48,295
	122,049,253	889,022	(370,391)	122,567,884
Accumulated depreciation	(73,752,309)	(3,207,078)	-	(76,959,387)
Total Net Plant and Equipment	<u>\$ 48,296,944</u>	<u>\$ (2,318,056)</u>	<u>\$ (370,391)</u>	<u>\$ 45,608,497</u>

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 5: CAPITAL ASSETS (CONTINUED)

Depreciation in the discretely presented component unit, Columbus Light and Water-Water Division, for the fiscal year September 30, 2021 was \$3,207,078.

NOTE 6: LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2021, was as follows:

Governmental Activities	Balance 9/30/2020	Additions	Reductions	Adjustments	Balance 9/30/2021	Within One Year
General Obligation Bonds						
General Obligation Note, Series 2014	4,275,000		500,000		3,775,000	500,000
General Obligation Note, Series 2019	1,000,000				1,000,000	
Refunding Bonds, Series 2020			417,000	4,963,000	4,546,000	384,000
Special Assessment Bonds Payable						
Mississippi Development Bank, 2010	4,670,000			(4,670,000)	-	-
Add: Premiums	27,496			(27,496)	-	-
Mississippi Development Bank, 2013	1,475,000		155,000		1,320,000	165,000
Mississippi Development Bank, 2016	5,200,000		150,000		5,050,000	150,000
Mississippi Development Bank, 2020	6,500,000				6,500,000	
Tax Increment Financing Bonds						
Tax Increment Financing Bonds, 2015	1,815,000		100,000		1,715,000	105,000
Less: Discounts	(17,401)			1,476	(15,925)	(1,476)
Tax Increment Financing Bonds, 2016	883,000		68,000		815,000	68,000
Notes Payable						
Mississippi Development Authority, 2009	50,272		5,072		45,200	5,213
Mississippi Development Authority, 2012	31,939		27,198		4,741	4,741
Mississippi Development Authority, 2012	52,423		23,797		28,626	23,832
Mississippi Development Authority, 2018	298,189	350,787	18,551		630,425	17,715
Columbus Light & Water Department	150,000		150,000		-	-
Capital Leases						
Bankfirst, Lease Purchase Note	154,444		68,390		86,054	27,302
Regions Bank, Lease Purchase Note	1,095,152		117,926		977,226	121,746
Regions Bank, Lease Purchase Note	2,340,436		222,873		2,117,563	229,658
Trustmark National Bank	620,197		106,800		513,397	128,882
BancLeasing, Lease Purchase Note	3,292,912		177,857		3,115,055	184,130
Compensated Absences	503,603			(112,835)	390,768	137,000
Total	\$ 34,417,662	350,787	2,308,464	154,145	32,614,130	2,250,743

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 issue of general obligation refunding bonds, series 2020, is due in annual installments ranging from \$417,000 to \$496,000 through 2031 with 1.98% semi-annual interest.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

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%.

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 6: LONG-TERM LIABILITIES (CONTINUED)

Discretely presented component units

Long-term debt for Columbus Light and Water-Electric Division at June 30, 2021, consisted of the following:

	<u>Balance at</u> <u>6/30/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>6/30/2021</u>	<u>Due Within</u> <u>One Year</u>
Notes Payable to City of Columbus for Construction	\$ 280,995	-	(168,464)	\$ 112,531	112,531
Mississippi Development Bank Revenue Refunding Bonds - Series 2017 dated February 9, 2017	<u>5,904,436</u>	<u>-</u>	<u>(573,271)</u>	<u>5,331,165</u>	<u>-</u>
Total Long-term Debt	<u>\$ 6,185,431</u>	<u>-</u>	<u>(741,735)</u>	<u>\$ 5,443,696</u>	<u>112,531</u>

Long-term debt for Columbus Light and Water-Water Division at September 30, 2021, consisted of the following:

	<u>Balance at</u> <u>9/30/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>9/30/2021</u>	<u>Due Within</u> <u>One Year</u>
Special Obligation Bonds 2017 Series	\$ 2,468,298	-	(1,665,352)	802,946	802,946
Total Special Obligation Bonds	<u>2,468,298</u>	<u>-</u>	<u>(1,665,352)</u>	<u>802,946</u>	<u>802,946</u>
Revenue Refunding Bonds					
2015 Series	<u>9,246,379</u>	<u>-</u>	<u>(129,124)</u>	<u>9,117,255</u>	<u>1,070,000</u>
Total Revenue Refunding Bonds	<u>9,246,379</u>	<u>-</u>	<u>(129,124)</u>	<u>9,117,255</u>	<u>1,070,000</u>
Other Long-term Debt					
City of Columbus -					
Water Meter Project	<u>2,340,437</u>	<u>-</u>	<u>(222,874)</u>	<u>2,117,563</u>	<u>229,658</u>
Total Other Long-term Debt					
Total Long-term Debt	<u>14,055,114</u>	<u>-</u>	<u>(2,017,350)</u>	<u>12,037,764</u>	<u>2,102,604</u>

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 7: 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 7: DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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, 2021 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, 2021, 2020, and 2019 were \$1,643,460, \$1,652,044, and \$1,679,907, 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, 2021, the City reported a liability of \$20,996,202 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability 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, 2021 net pension liability was 0.142054 percent, which was based on a measurement date of June 30, 2021. This was a decrease of 0.05330 percent from its proportionate share used to calculate the September 30, 2020 net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended September 30, 2021, the City recognized pension expense of \$359,510. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 336,273	\$ -
Net difference between projected and actual earnings on pension plan investments	-	6,300,424
Changes of assumptions	1,625,802	
Change in proportion percentage	-	1,914,732
City contributions subsequent to the measurement date	449,905	-
	<u>\$ 2,411,980</u>	<u>\$ 8,215,156</u>

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

\$449,905 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	
2022	\$ (1,917,784)
2023	(1,435,269)
2024	(1,015,756)
2025	<u>(1,884,272)</u>
	<u>\$ (6,253,081)</u>

Actuarial assumptions. The total pension liability as of June 30, 2021 was determined by an actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2020 valuation based on the experience investigation for the four-year period ending June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021. The following actuarial assumptions are applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	2.65 - 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of the female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that Employer contributions will be made at the current 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 7.55 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 (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
City's proportionate share of the net pension liability	\$ 29,735,544	20,996,202	13,794,289

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.

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.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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, 2021 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.

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, 2021 (measurement date), the following employees were covered by the plan:

<u>Description</u>	<u>Number</u>
Inactive Members Of Their Beneficiaries	
Currently Receiving Benefits	65
Inactive Members Entitled To But Not Yet	
Receiving Benefits	-
Active Members	-
Total	<u>65</u>

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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, 2021, 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.

During fiscal year 2021, 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 2021. The City's contributions to MMRS for the September 30, 2021, 2020 and 2019 were \$1,125,481, \$1,140,811, and \$1,105,871, 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, 2021, 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, 2021, actuarial valuation was determined using the following actuarial information and assumptions:

<u>Description</u>	<u>Assumptions</u>
Inflation	2.75%
Salary increases	3.00% - 4.50%, including inflation
Investment rate of return	6.25%, net of pension plan investment expense, including inflation

The underlying mortality assumptions used in the June 30, 2021 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 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that 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, 2021 were as follows:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at September 30, 2020	\$ 9,236,237	1,018,692	8,217,545
Changes for the year:			
Interest	674,035	-	674,035
Differences between expected and actual experience	290,651	-	290,651
Change of assumptions	(115,264)		(115,264)
Contributions - employer	-	1,125,481	(1,125,481)
Net investment income	-	342,395	(342,395)
Benefit payments, including refunds of employee contributions	(1,078,033)	(1,078,033)	-
Administrative expense	-	(22,510)	22,510
Net changes	<u>(228,611)</u>	<u>367,333</u>	<u>(595,944)</u>
Balances at September 30, 2021	\$ <u>9,007,626</u>	<u>1,386,025</u>	<u>7,621,601</u>

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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 7.55 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 (6.55 percent) or one percentage point higher (8.55 percent) than the current rate:

Description	1% Discount (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
Columbus Fire and Police	\$ 8,232,522	\$ 7,621,601	\$ 7,080,275

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, 2021, the plan recognized pension expense of \$738,981.

At September 30, 2021, the plan reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Net difference between projected and actual earnings on plan investments	\$ -	179,814

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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, 2022.

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>
2022	\$ (42,071)
2023	(41,962)
2024	(43,285)
2025	(52,496)
Thereafter	-

Summary of Pension Plan Balances

The City's pension related balances presented on the Statement of Net Position as of September 30, 2021, by individual plan are as follows:

	<u>PERS</u>	<u>Fire & Police</u>	<u>Total</u>
Deferred Outflows Related to Net Pension Liability	\$ 2,509,185	-	2,509,185
Net Pension Liability	20,996,202	7,621,601	28,617,803
Deferred Inflows Related to Net Pension Liability	8,215,156	179,814	8,394,970
Pension Expense	359,510	738,981	1,098,491

Defined Benefit Pension Plan – Columbus Light and Water Department Electric Division

General Information about the Pension Plan

Plan Description. The Electric Division contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Defined Benefit Pension Plan – Columbus Light and Water Department Electric Division (Continued)

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.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the employer is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2020 was 17.40% of covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The Electric Division's contributions to PERS for the fiscal years ending June 30, 2021, 2020 and 2019 were

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Defined Benefit Pension Plan – Columbus Light and Water Department Electric Division (Continued)

\$436,897, \$442,399, \$419,167 and, respectively, which equaled the required contributions for each year.

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

At June 30, 2021, the Electric Division reported a liability of \$7,269,631 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 Division's proportion of the net pension liability was based on a projection of the Electric Division's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2020, the Electric Division's proportion was .076481 percent.

For the year ended June 30, 2021, the Division recognized pension expense of \$767,954. At June 30, 2021 the Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 63,101	-
Net difference between projected and actual earnings on pension plan investments	298,609	-
Changes of assumptions	40,666	-
Changes in proportion and differences between contributions and proportionate share of contributions	216,567	310,933
Division contributions subsequent to the measurement date	<u>436,897</u>	<u>-</u>
	\$ <u><u>1,055,840</u></u>	<u><u>310,933</u></u>

\$436,897 reported as deferred outflows of resources related to pensions resulting from Electric Division contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Defined Benefit Pension Plan – Columbus Light and Water Department Electric Division (Continued)

Year ended June 30:	
2022	98,048
2023	49,310
2024	64,430
2025	96,222
2026	-
Thereafter	-

Actuarial assumptions. The total pension liability in the June 30, 2020 actuarial valuation was determined 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

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. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

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:

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Defined Benefit Pension Plan – Columbus Light and Water Department Electric Division (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
Domestic Equity	27	%	4.90	%
International Equity	22		4.75	
Global Equity	12		5.00	
Fixed Income	20		.50	
Real Estate	10		4.00	
Private Equity	8		6.25	
Cash	1		-	
Total	100	%		

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent, the same rate used for the prior measurement date. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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. 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 Division's proportionate share of the net pension liability to changes in the discount rate. The following presents the Division's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Division'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:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Division's proportionate share of the net pension liability	\$ 9,409,644	\$ 7,269,631	\$ 5,503,260

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Defined Benefit Pension Plan – Columbus Light and Water Department Water Division

General Information about the Pension Plan

Plan Description. The Water Division 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 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Defined Benefit Pension Plan – Columbus Light and Water Department Water Division (Continued)

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the Water Division is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2021 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 Water Division's contributions to PERS for the fiscal years ending September 30, 2021, 2020 and 2019 were \$458,167, \$439,666, and \$418,283, 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, 2021, the Water Division reported a liability of \$5,823,788 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Division's proportion of the net pension liability was based on a projection of the Water Division's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2021, the Water Division's proportion was 0.076912 percent.

For the year ended September 30, 2021, the Water Division recognized pension expense of \$501,382. At September 30, 2021 the Water Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 93,123	-
Net difference between projected and actual earnings on pension plan investments	-	1,753,877
Changes of assumptions	448,137	-
Change in proportion percentage	205,644	99,418
Division contributions subsequent to the measurement date	<u>123,697</u>	<u>-</u>
	\$ <u><u>870,601</u></u>	<u><u>1,853,295</u></u>

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Defined Benefit Pension Plan – Columbus Light and Water Department Water Division (Continued)

\$123,697 reported as deferred outflows of resources related to pensions resulting from the Water Division's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	
2022	(165,102)
2023	(191,992)
2024	(226,652)
2025	(522,645)
2026	-

Actuarial assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	2.65 – 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of the female rates up to age 72 and 100% for ages above 76. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

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:

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Defined Benefit Pension Plan – Columbus Light and Water Department Water Division (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27 %	4.60 %
International Equity	22	4.50
Global Equity	12	4.80
Fixed Income	20	(0.25)
Real Estate	10	3.75
Private Equity	8	6.00
Cash	1	(1.00)
Total	<u>100 %</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that Employer contributions will be made at the current 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 Water Division's proportionate share of the net pension liability to changes in the discount rate. The following presents the Water Division's proportionate share of the net pension liability calculated using the discount rate of 7.55 percent, as well as what the Water Division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
Division's proportionate share of the net pension liability	\$ 8,247,849	\$ 5,823,788	\$ 3,826,169

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 8: EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The governmental activities' unrestricted net position amount of \$(47,166,530) 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 \$449,905 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, 2022. The \$2,059,280 balance of the deferred outflow of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next 3 years. The \$8,394,970 balance of the deferred inflow of resources related to pension at September 30, 2021, will be recognized in pension expense over the next 4 years.

NOTE 9: DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS

The following funds reported deficits in fund balances at September 30, 2021:

<u>Fund</u>	<u>Deficit Amount</u>
Drug Court Fund	20,442
Victim Advocate Program Fund	72,022
Fire CAP Loan Fund	259,690
Airport Improvement Program Fund	181,773
Infrastructure Improvements Fund (309)	63,523
Infrastructure Improvements Fund (314)	71,241
TAP Grant Fund	208,001

NOTE 10: 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. |

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 10: JOINT VENTURES AND OTHER (CONTINUED)

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

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 10: JOINT VENTURES AND OTHER (CONTINUED)

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 11: 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, 2021; therefore, no liability has been accrued at this time.

NOTE 12: 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 13: 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.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 13: COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 14: 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 May 1, 2024, and determined that the following subsequent events are required to be disclosed in the notes to the financial statements:

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, with the federal share being \$1,382,788, and Lowndes County participation being \$442,492, 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. On January 31, 2023, the City approved a settlement of \$4,215,097, which was received on February 21, 2023.

On October 26, 2023 the City received the Series 2023 Mississippi Development Bank Special Obligation Bonds for \$3,000,000 issued by Mississippi Development Bank. The bond has an interest rate of 5.350% with annual maturities from \$280,000 to \$369,000 through July 1, 2033.

On October 27, 2023, the City signed a memorandum of agreement with the Mississippi Transportation Commission to receive a grant for emergency road and bridge repairs. The grant was not to exceed \$4,012,900.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COLUMBUS, MISSISSIPPI
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive(Negative)
<u>REVENUES</u>				
Property Taxes	\$ -	11,916,418	10,396,894	(1,519,524)
Licenses and Permits	-	534,915	581,440	46,525
Intergovernmental Revenues	-	10,400,080	11,174,189	774,109
Charges for Services	-	2,268,256	2,444,616	176,360
Fines and Forfeits	-	177,083	154,364	(22,719)
Interest Income	-	114,265	62,368	(51,897)
Miscellaneous Revenues	-	167,002	1,069,123	902,121
Total Revenues	-	25,578,019	25,882,994	304,975
<u>EXPENDITURES</u>				
Current:				
General Government	-	3,973,905	2,753,287	1,220,618
Public Safety	-	10,886,080	11,744,872	(858,792)
Public Works	-	4,670,032	4,846,069	(176,037)
Cemetery	-	149,700	135,498	14,202
Culture and Recreation	-	346,451	1,352,422	(1,005,971)
Conservation, Urban and Economic Development	-	1,075,471	734,260	341,211
Intergovernmental-Garage	-	741,322	826,313	(84,991)
Agency Appropriations	-	683,300	618,454	64,846
Debt Service	-	454,100	681,045	(226,945)
Total Expenditures	-	22,980,361	23,692,220	(711,859)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	2,597,658	2,190,774	(406,884)
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of Capital Assets	-	14,150	253,796	239,646
Transfers from Other Departments	-	207,600	207,600	-
Transfers to Other Departments	-		(551,835)	(551,835)
Net Other Financing Sources (Uses)	-	221,750	(90,439)	(312,189)
Net Change in Fund Balance	-	2,819,408	2,100,335	(719,073)
Fund Balance - Beginning	-	5,237,203	6,145,520	908,317
Fund Balance - Ending	\$ -	8,056,611	8,245,855	189,244

The accompanying notes to required supplementary information are 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, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ -	-	6,476	6,476
Interest income	-	-	3,794	3,794
Total Revenues	<u>-</u>	<u>-</u>	<u>10,270</u>	<u>10,270</u>
EXPENDITURES				
Current:				
Public safety	-	-	60,430	(60,430)
Debt service:				-
Principal	-	-	18,551	(18,551)
Interest	-	-	13,923	(13,923)
Total Expenditures	<u>-</u>	<u>-</u>	<u>92,904</u>	<u>(92,904)</u>
Excess of Revenues over (under) Expenditures	<u>-</u>	<u>-</u>	<u>(82,634)</u>	<u>(82,634)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	(82,634)	(82,634)
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>278,779</u>	<u>278,779</u>
Fund Balances - Ending	<u>\$ -</u>	<u>-</u>	<u>196,145</u>	<u>196,145</u>

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>2021</u>	<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	\$ 20,996,202	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	0.142054%	0.142587%	0.163772%	0.167196%	0.152152%	0.148116%	0.147297%
City's covered-employee payroll	\$ 9,445,172	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	222.30%	290.74%	270.13%	260.46%	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	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 are an integral part of this schedule.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2016</u>
Contractually required contribution	\$ 1,673,652	1,618,880	1,669,730	1,697,735	1,575,411	1,566,462	1,458,235
Contribution in relation to the contractually required contribution	1,673,652	1,618,880	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>	<u>-</u>
City's covered-employee payroll	\$ 9,618,690	9,303,908	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%	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 are 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

	2021	2020	2019	2018	2017	2016	2015
Measurement period fiscal year end	6/30/2021	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	674,035	710,041	734,253	777,517	804,961	829,977	852,517
Difference between expected and actual experience	290,651	(77,681)	134,157	(179,905)	(11,192)	47,935	49,164
Change of assumptions	(115,264)	-	(51,442)	-	31,291	-	349,885
Benefit payments, including refunds of employee contributions	<u>(1,078,033)</u>	<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	(228,611)	(483,533)	(325,881)	(571,268)	(364,402)	(334,032)	50,958
Total pension liability, beginning	<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>	<u>11,264,395</u>
Total pension liability, ending	<u>\$ 9,007,626</u>	<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	\$ 1,125,481	1,140,811	1,105,871	1,080,485	1,043,215	974,649	979,604
Contributions - member	-	-	-	-	-	-	1,439
Net investment income	342,395	30,456	66,889	74,795	129,571	46,661	39,473
Benefit payments, including refunds of employee contributions	(1,078,033)	(1,115,893)	(1,142,849)	(1,168,880)	(1,189,462)	(1,211,944)	(1,215,869)
Administrative expense	(22,510)	(22,816)	(22,117)	(21,610)	(20,864)	(19,493)	(19,592)
Other	<u>-</u>	<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	367,333	32,558	8,192	(35,302)	(34,605)	(193,485)	(437,714)
Plan fiduciary net position, beginning	<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>	<u>1,679,048</u>
Plan fiduciary net position, ending	<u>\$ 1,386,025</u>	<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	15.39%	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	N/A
Net pension liability as a percentage of covered payroll	N/A	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

		2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$	1,125,481	1,140,811	1,105,871	1,080,485	1,043,215	974,649	979,604
Contributions in relation to the actuarially required contribution		1,125,481	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>	<u>-</u>
Covered payroll		N/A	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	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 and Municipal Fire Protection Fund a major special revenue 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, 2021.

Fund		Excess
General Fund	\$	711,859

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, 2021:

<u>Fund</u>	<u>Expenditures</u>
Municipal Fire Protection	\$ 92,904
2% Restaurant, Lounge & Motel Tax Fund	1,776,462
Landfill Fund	227,938
Parks and Recreation Fund	1,047,453
Municipal Resource Fund	45,000
Drug Court Fund - Code 99-19-73 Fund	84,436
Nite Out on Crime & Toys for Tots	2,500
Home Improvement	10,266
Victim Advocate Program Fund	60,883
Series 2010 Refunding Bond	293,000
Auditorium Bond Fund - Motel Tax Fund	207,600
Series 2013 bonds-Trotter Ctr Renovation Debt Fund	224,112
ESCO Project -CL&W Debt Service Fund	153,460
Digital Water Meter Fund	290,821
Moore's Creek Crossing - TIF Fund	227,715
University Mall-TIF Fund	120,712
General Obligation Bonds Debt Service Fund	1,496,144
Urban Renewal Bond Fund	414,966
Storm 2019 Fund	221,834
Fire Cap Loan Fund	417,838
City of Columbus - BEP Program Fund	65,712
Airport Improv Program & Multi-Modal Fund	621,838
Ampitheater/Riverwalk Extension Fund	1,750
TAP Grant Fund	667,178
Bond Paving 2020 Bonds	3,608,543
Police & Fire Disability Retirement Fund	1,133,473

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

2015

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

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

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

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

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

2016

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

2017

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

The wage inflation assumptions 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 more closely.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

2019

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Required Supplementary Information

Pension Schedules - PERS

NOTE 1 – CHANGES OF ASSUMPTIONS (CONTINUED)

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

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

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2021

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.

For females, 84% of female rates up to age 72, 100% for ages above 76.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:

For males, 134% of male rates at all ages.

For females, 121% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B)

Contingent Annuitant Table with the following adjustments:

For males, 97% of male rates at all ages.

For females, 110% of female rates at all ages.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Required Supplementary Information

Pension Schedules - PERS

NOTE 1 – CHANGES OF ASSUMPTIONS (CONTINUED)

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.

The percentage of active member deaths assumed to be in the line of duty was decrease from 6% to 4%.

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.

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, 2019 valuation for the June 30, 2021 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	28.8 years
Asset valuation method	5-year smoothed market
Price inflation	2.75 percent
Salary increase	3.00 percent to 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 Required Supplementary Information

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.

In 2021, the assumed rates of mortality were revised to reflect the results of the experience investigation for the five-year period ended June 30, 2020 and adopted by the PERS board on August 2021. The investment rate of return was reduced from 7.75 to 7.55 percent.

NOTE 2 – CHANGES OF BENEFIT PROVISIONS

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

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, 2019 valuation for the June 30, 2021 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	Entry Age
Amortization method	Level dollar, closed
Remaining amortization period	13 years
Asset valuation method	5-year smoothed market
Price inflation	2.40 percent
Salary increase	2.00 percent to 3.75 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

OTHER SUPPLEMENTAL INFORMATION

CITY OF COLUMBUS, MISSISSIPPI
Schedule of Bonded Indebtedness - Governmental Activities
September 30, 2021

Name and Date	Maturity	Interest	Principal	Transactions		Principal	Interest
	Date	Percent	10/1/20	Issued	Redeemed	9/30/21	9/30/21
General Obligation, Special Obligation, and TIF Bonds							
Governmental Activities:							
Special Obligation Bonds, Series 2013							
	2021	4.55	155,000		155,000	-	-
	2022	4.55	165,000			165,000	60,060
	2023	4.55	170,000			170,000	52,553
	2024	4.55	180,000			180,000	44,818
	2025	4.55	190,000			190,000	36,628
	2026	4.55	195,000			195,000	27,983
	2027-2028	4.55	420,000			420,000	28,892
Total			1,475,000	-	155,000	1,320,000	250,934
General Obligation Note, Series 2014							
	2021	3.25	500,000		500,000	-	-
	2022	3.25	500,000			500,000	122,688
	2023	3.25	500,000			500,000	106,438
	2024	3.25	500,000			500,000	90,188
	2025	3.25	450,000			450,000	73,937
	2026	3.25	450,000			450,000	59,312
	2027-2029	3.25	1,375,000			1,375,000	90,188
Total			4,275,000	-	500,000	3,775,000	542,751
Tax Increment Financing, Series 2015							
	2021	6.00	100,000		100,000	-	-
	2022	6.00	105,000			105,000	119,775
	2023	6.00	110,000			110,000	113,475
	2024	7.125	115,000			115,000	106,875
	2025	7.125	125,000			125,000	98,681
	2026	7.125	135,000			135,000	89,775
	2027-2031	7.125	830,000			830,000	290,344
	2032	7.125	295,000			295,000	21,019
Total			1,815,000	-	100,000	1,715,000	839,944
General Obligation Refunding Bonds, Series 2020							
	2021	1.98		417,000	417,000	-	-
	2022	1.98		384,000		384,000	86,209
	2023	1.98		407,000		407,000	78,378
	2024	1.98		445,000		445,000	69,944
	2025	1.98		453,000		453,000	61,053
	2026	1.98		465,000		465,000	51,965
	2027-2031	1.98		2,392,000		2,392,000	120,127
Total			-	4,963,000	417,000	4,546,000	467,676
Tax Increment Financing, Series 2016							
	2021	5.75	68,000		68,000	-	-
	2022	5.75	72,000			72,000	44,793
	2023	5.75	76,000			76,000	40,538
	2024	5.75	80,000			80,000	36,053
	2025	5.75	85,000			85,000	31,309
	2026	5.75	89,000			89,000	26,306
	2027-2030	5.75	413,000			413,000	49,134
Total			883,000	-	68,000	815,000	228,133

CITY OF COLUMBUS, MISSISSIPPI
Schedule of Bonded Indebtedness - Governmental Activities
September 30, 2021

<u>Name and Date</u>	<u>Maturity Date</u>	<u>Interest Percent</u>	<u>Principal 10/1/20</u>	<u>Transactions</u>		<u>Principal 9/30/21</u>	<u>Interest 9/30/21</u>
				<u>Issued</u>	<u>Redeemed</u>		
Special Obligation Bonds, Series 2016	2021	2.48	150,000		150,000	-	-
	2022	2.48	150,000			150,000	123,380
	2023	2.48	235,000			235,000	118,606
	2024	2.48	275,000			275,000	112,282
	2025	2.48	300,000			300,000	105,152
	2026	2.48	360,000			360,000	96,968
	2027-2031	2.48	3,730,000			3,730,000	330,956
Total			<u>5,200,000</u>	<u>-</u>	<u>150,000</u>	<u>5,050,000</u>	<u>887,344</u>
General Obligation Note, Series 2019	2021	3.34	-			-	-
	2022	3.34	-			-	33,400
	2023	3.34	-			-	33,400
	2024	3.34	-			-	33,400
	2025	3.34	-			-	33,400
	2026	3.34	1,000,000			1,000,000	34,566
			<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>168,166</u>
Total			<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>168,166</u>
Special Obligation Bonds, Series 2020	2021	2.50	-			-	-
	2022	2.50	-			-	162,500
	2023	2.50	429,000			429,000	162,500
	2024	2.50	440,000			440,000	151,775
	2025	2.50	451,000			451,000	140,775
	2026	2.50	462,000			462,000	129,500
	2027-2031	2.50	2,491,000			2,491,000	468,250
	2032-2035	2.50	2,227,000			2,227,000	140,925
			<u>6,500,000</u>	<u>-</u>	<u>-</u>	<u>6,500,000</u>	<u>1,356,225</u>
Total			<u>6,500,000</u>	<u>-</u>	<u>-</u>	<u>6,500,000</u>	<u>1,356,225</u>
Total General Obligation, Special Obligation, and TIF Bonds			<u>\$ 21,148,000</u>	<u>\$ 4,963,000</u>	<u>\$1,390,000</u>	<u>\$ 24,721,000</u>	<u>\$ 4,741,173</u>
Governmental Activities							

CITY OF COLUMBUS, MISSISSIPPI
Schedule of Long-Term Notes - Governmental Activities
September 30, 2021

<u>Payee</u>	<u>Maturity Date</u>	<u>Interest Percent</u>	<u>Principal 10/1/2020</u>	<u>Transactions</u>		<u>Principal 9/30/2021</u>	<u>Interest 9/30/2021</u>
				<u>Issued</u>	<u>Redeemed</u>		
Notes Payable							
Governmental Activities							
Mississippi Development Authority, 2009							
	2021	2.00	5,072		5,072	-	-
	2022	2.00	5,213			5,213	858
	2023	2.00	5,318			5,318	753
	2024	2.00	5,425			5,425	645
	2025	2.00	5,535			5,535	536
	2026	2.00	5,646			5,646	424
	2027-2029	2.00	18,063			18,063	580
Total			<u>50,272</u>	<u>-</u>	<u>5,072</u>	<u>45,200</u>	<u>3,796</u>
Mississippi Development Authority, 2012							
	2021	2.00	27,198		27,198	-	-
	2022	2.00	4,741			4,741	23
Total			<u>31,939</u>	<u>-</u>	<u>27,198</u>	<u>4,741</u>	<u>23</u>
Mississippi Development Authority, 2012							
	2021	2.00	23,797		23,797	-	-
	2022	2.00	23,832			23,832	343
	2023	2.00	4,794			4,794	10
Total			<u>52,423</u>	<u>-</u>	<u>23,797</u>	<u>28,626</u>	<u>353</u>
Columbus Light & Water Department							
	2021	1.25	150,000		150,000	-	-
Total			<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
Mississippi Development Authority, 2018							
	2021	2.00	18,551		18,551	-	-
	2022	2.00	26,181			26,181	12,378
	2023	2.00	27,564			27,564	11,833
	2024	2.00	28,120			28,120	11,277
	2025	2.00	28,688			28,688	10,709
	2026	2.00	29,267			29,267	10,130
	2027-2031	2.00	139,818	15,618		155,436	41,548
	2032-2036	2.00		171,769		171,769	25,215
	2037-2041	2.00		163,400		163,400	7,319
Total			<u>298,189</u>	<u>350,787</u>	<u>18,551</u>	<u>630,425</u>	<u>130,409</u>
Total Notes Payable, Governmental Activities			<u><u>\$ 582,823</u></u>	<u><u>\$ 350,787</u></u>	<u><u>\$ 224,618</u></u>	<u><u>\$ 708,992</u></u>	<u><u>\$ 134,581</u></u>

CITY OF COLUMBUS, MISSISSIPPI
Schedule of Capital Lease Obligations - Governmental Activities
September 30, 2021

<u>Payee</u>	<u>Maturity Date</u>	<u>Interest Percent</u>	<u>Principal 10/1/2020</u>	<u>Transactions</u>		<u>Principal 9/30/2021</u>	<u>Interest 9/30/2021</u>
				<u>Issued</u>	<u>Redeemed</u>		
Regions Equipment Finance Corp	2021	3.00	117,926		117,926	-	-
	2022	3.00	121,746			121,746	29,820
	2023	3.00	125,688			125,688	25,877
	2024	3.00	129,759			129,759	21,807
	2025	3.00	133,961			133,961	17,604
	2026	3.00	138,300			138,300	13,266
	2027-2028	3.00	327,772			327,772	13,250
Total			1,095,152	-	117,926	977,226	121,624
Regions Equipment Finance Corp	2021	3.01	222,873		222,873	-	-
	2022	3.01	229,658			229,658	61,163
	2023	3.01	236,649			236,649	54,171
	2024	3.01	243,853			243,853	46,967
	2025	3.01	251,277			251,277	39,544
	2026	3.01	258,926			258,926	31,895
	2027-2029	3.01	897,200			897,200	47,968
Total			2,340,436	-	222,873	2,117,563	281,708
Trustmark National Bank	2021	2.28	106,800		106,800	-	-
	2022	2.28	128,882			128,882	10,247
	2023	2.28	121,824			121,824	7,504
	2024	2.28	124,631			124,631	4,697
	2025	2.28	127,502			127,502	1,825
	2026	2.28	10,558			10,558	20
Total			620,197	-	106,800	513,397	24,293
Bankfirst Financial Services	2021	2.40	68,390		68,390	-	-
	2022	2.40	64,411			64,411	1,514
	2023	2.40	21,643			21,643	167
Total			154,444	-	68,390	86,054	1,681
BancLeasing	2021	3.49	177,857		177,857	-	-
	2022	3.49	184,130			184,130	107,309
	2023	3.49	190,752			190,752	100,816
	2024	3.49	197,469			197,469	94,093
	2025	3.49	204,421			204,421	87,133
	2026	3.49	211,511			211,511	79,928
	2027-2031	3.49	923,312			923,312	282,351
	2028-2034	3.49	1,203,460			1,203,460	67,740
Total			3,292,912	-	177,857	3,115,055	819,370
Total Capital Lease Obligations, Governmental Activities			<u>\$ 7,503,141</u>	<u>\$ -</u>	<u>\$ 693,846</u>	<u>\$ 6,809,295</u>	<u>1,248,676</u>

CITY OF COLUMBUS, MISSISSIPPI
Summary of Long-Term Debt
September 30, 2021

	<u>Principal</u>	<u>Interest</u>
Governmental Activities		
General Obligation, Special Obligation, and TIF Bonds	\$ 24,721,000	4,741,173
Less: Discounts on TIF Bonds	(15,925)	-
Total General Obligation, Special Obligation, and TIF Bonds	<u>24,705,075</u>	<u>4,741,173</u>
Other Long-Term Notes Payable	708,992	134,581
Capital Lease Obligations	6,809,295	1,248,676
Compensated Absences	390,768	-
Total Long-Term Debt	<u><u>\$ 32,614,130</u></u>	<u><u>6,124,430</u></u>

CITY OF COLUMBUS, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2021

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Robert Smith	Mayor Ending 6/30/21	Western Surety Company	\$ 50,000
Keith Gaskin	Mayor Starting 7/1/21	Travelers Casualty & Surety	\$ 50,000
Ethel Taylor Stewart	Councilman	Western Surety Company	\$100,000
Joseph W. Mickens	Councilman	Western Surety Company	\$100,000
Charles E. Box	Councilman Ending 6/30/21	Western Surety Company	\$100,000
Rusty Greene	Councilman Starting 7/1/21	Travelers Casualty & Surety	\$100,000
Pierre Beard	Councilman	Western Surety Company	\$100,000
Stephen Jones	Councilman	Western Surety Company	\$100,000
William E. Gavin	Councilman Ending 6/30/21	Western Surety Company	\$100,000
Jackie DiCicco	Councilman	Travelers Casualty & Surety	\$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, 2021

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-96116	-	224,917
Department of Justice:				
Passed Through Mississippi Department of Public Safety: STOP Violence Against Women Formula Grants	16.588	N/A	-	38,065
Department of Transportation:				
Passed Through Mississippi Department of Transportation: Highway Planning and Construction	20.205	N/A	-	504,504
Direct Program: Airport Improvement Program	20.106	3-28-0019-021-2020	-	423,418
Total Department of Transportation			-	927,922
Department of Housing and Urban Development:				
Passed Through Mississippi HOME Corporation: Community Development Block Grants/Entitlement Grant	14.218	BER-002A		65,712
Home Investment Partnership Program	14.239	1230-M18-SG-280-152	-	11,541
Total Department of Housing and Urban Development			-	77,253
Total Expenditures of Federal Awards			\$ -	\$ 1,268,157

See accompanying notes to schedule of expenditures of federal awards.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Schedule of Expenditures of Federal Awards
September 30, 2021

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, 2021. 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.

Note 3: Indirect Cost Rate

The City has not elected to use the 10% de minimus indirect cost rate allowed under 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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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, 2021, 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 May 1, 2024.

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 **2021-001, 2021-002, 2021-003, and 2021-004** 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 accompanying schedule of findings and questioned costs as items **2021-005, 2021-006, 2021-007 and 2021-008** 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item **2021-009**.

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 schedule of findings and questioned costs. 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
May 1, 2024

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
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Staggars, CPA
Michael W. McCully, CPA
R. Steve Sinclair, CPA
Marsha L. McDonald, CPA
Wanda S. Holley, CPA
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J. Randy Scrivner, CPA
Kimberly S. Caskey, CPA
Susan M. Lummus, CPA
Stephen D. Flake, CPA
John N. Russell, CPA

Anita L. Goodrum, CPA
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Perry C. Rackley, Jr., CPA
Jerry L. Gammel, CPA
Michael C. Knox, CPA
Clifford P. Stewart, CPA
Edward A. Maxwell, CPA
Bradley L. Harrison, CPA
Justin H. Keller, CPA
Dana R. Estes, CPA
April W. Posey, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR 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 each of the City of Columbus' major federal programs for the year ended September 30, 2021. 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 each of 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' 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 of its major federal programs for the year ended September 30, 2021.

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' 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' 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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
May 1, 2024

Watkins Ward and Stafford, PLLC

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



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA	Anita L. Goodrum, CPA
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John N. Russell, CPA	

**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, 2021, which collectively comprise the City of Columbus, Mississippi's basic financial statements and have issued our report thereon dated May 1, 2024. 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 two of The City's elected officials did not file Economic Interest statements with the Mississippi Ethics Commission as required by state law, and three of the City's elected officials were late in filing.

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

We will comply with Miss Code Section 25-4-29, Miss. Code Ann. (1972) and file Economic Interest statements with the Mississippi Ethics Commission on a timely basis.

2. 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 August 1, 2023. Also, incorrect answers were noted on the questionnaire.

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.

3. The City should follow the Municipal Depository Bid Process

Miss. Code Section 27-105-363, Miss. Code Ann. (1972) requires Municipalities to select depositories for not more than a 2-year term.

During our audit, it was noted that the City had not bid the City depository within the required timeframe.

Recommendation

We recommend the City comply with Miss. Code Section 27-105-363, Miss Code Ann. (1972) and solicit bids for City depository in a timely manner.

Views of Responsible Officials and Planned Corrective Action

We will comply with Miss. Code Section 27-105-363, Miss. Code Ann. (1972) and solicit bids for City deposits in timely manner.

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
May 1, 2024

Watkins Ward and Stafford, PLLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**CITY OF COLUMBUS, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Section 1: Summary of Auditors' Results:

Financial Statements

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

Federal Awards:

- | | |
|--|---------------|
| 4. Type of auditors' report issued on compliance for major federal programs: | Unmodified |
| 5. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 6. Any audit findings disclosed that are required to be reported in accordance with Section 200.511 of the Uniform Guidance? | No |
| 7. Federal programs identified as major programs: | |
| a. Highway Planning and Construction, CFDA 20.205 | |
| b. Airport Improvement Program, CFDA 20.106 | |
| 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: Findings Relating to the Financial Statements

Material Weakness

2021-001 Internal Controls over monthly bank reconciliations should be strengthened (Repeat of Prior Year Finding)

Criteria: Management is responsible for establishing a proper internal control system 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 the 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

2021-002 Internal Controls over transfer between bank accounts should be strengthened (Repeat of Prior Year 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.

Material Weakness

2021-003 Internal Control Over Municipal Court Collections Should Be Strengthened (Repeat of Prior Year 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 Docket and aged fines receivable listed 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 have established a proper internal control system over Municipal Court collections and police fines. This includes 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 also review how duties are

segregated over Municipal Court collections to ensure those 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

2021-004 Internal Control Over City Credit Cards Should Be Strengthened

Criteria: Management is responsible for establishing a proper internal control system to ensure strong financial accountability. This would include obtaining proper documentation for all credit card charges to ensure that all expenditures are valid.

Condition: During our audit procedures over testing of credit card disbursements we noted that the City personnel did not obtain proper documentation for charges related to six hotel stays.

Cause: Condition occurred due to lack of training for inexperienced personnel. The accounts payable clerk was paying the credit card bill without proper documentation.

Effect: Without a proper internal control system over the use of the City's credit cards there is an increased risk of paying for invalid or unapproved expenditures.

Recommendation: We recommend that the City establish a proper internal control system over credit card usage. All charges should be approved and properly documented before payment.

Views of Responsible Officials of the Auditee

We agree with the audit finding and have established a proper internal control system over the City's credit card.

Significant Deficiencies Not Considered to be Material Weaknesses

2021-005 Internal Control Over Capital Assets Should Be Strengthened (Repeat of Prior Year 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 Deficiencies Not Considered to be Material Weaknesses

2021-006 Internal Control Over Landfill Collections Should Be Strengthened (Repeat of Prior Year 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 have implemented significant additional controls over the landfill operations and established a proper internal control 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 Deficiencies Not Considered to be Material Weaknesses

2021-007 Internal Control Over Reconciliation of Interfund Loans Should Be Strengthened (Repeat of Prior Year 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 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.

Significant Deficiencies Not Considered to be Material Weaknesses

2021-008 Internal Controls Over Grant Administration of the Blight Elimination Program Should be Strengthened to Avoid Noncompliance with Treasury Rules

Criteria: Management is responsible for compliance with laws, regulations, contracts, and grant provisions and 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 a property was purchased in the Blight Elimination Program that had recently been owned by the Grant Administrator. After the Blight Partner purchased the property, it was disqualified by Mississippi Home Corporation because of its ownership history. It is a violation of Treasury rules for an administrator of the program to benefit from the program. The City paid expenses in the amount of \$915.09 related to the property, which was later reverted back to the Grant Administrator from the Blight Partner. The Blight Program

Administrator has reimbursed The City for the expenditure.

Cause: Condition occurred due to lack of management oversight over the Blight Elimination Program. Due to a lack of proper internal control over the Blight Elimination Program, City funds were used on a disqualified property which was later reverted back to the Grant Administrator's ownership.

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. The City is in the process of hiring a full-time Grant Administrator to help strengthen internal control.

Material Non-Compliance

2021-009 Budgets Should Be Prepared and Approved as Statutorily Required (Repeat of Prior Year 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 requirements of preparing a budget for each fund, or staying within the sums names 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 did not amend the 2021 budget.

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

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

<u>Fund</u>	<u>Expenditures</u>
Municipal Fire Protection	\$ 92,904
2% Restaurant, Lounge & Motel Tax Fund	1,682,418
Landfill Fund	227,938
Parks and Recreation Fund	1,042,900
Municipal Resource Fund	45,000
Drug Court Fund – Code 99-19-73 Fund	84,436

<u>Fund</u>	<u>Expenditures</u>
Nite Out on Crime & Toys for Tots	2,500
Home Improvement	10,266
Victim Advocate Program Fund	60,883
Series 2010 Refunding Bond	293,000
Auditorium Bond Fund – Motel Tax Fund	207,600
Series 2013 bonds – Trotter Ctr Renovation Debt Fund	224,112
ESCO Project – CL&W Debt Service Fund	153,460
Digital Water Meter Fund	290,821
Moore’s Creek Crossing – TIF Fund	227,715
University Mall – TIF Fund	120,712
General Obligation Bonds Debt Service Fund	1,496,144
Urban Renewal Bond Fund	414,966
Storm 2019 Fund	221,834
Fire Cap Loan Fund	417,838
City of Columbus – BEP Program Fund	65,712
Airport Improv Program & Multi-Modal Fund	621,838
Amphitheater/Riverwalk Extension Fund	1,750
TAP Grant Fund	667,178
Bond Paving 2020 Bonds	3,052,213
Police & Fire Disability Retirement Fund	1,133,473

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 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 names 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 names 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.

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

CITY OF COLUMBUS

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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 PLANNING
AND COMMUNITY DEVELOPMENT**
GEORGE IRBY

May 1, 2024

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 corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ending September 30, 2021.

Finding	Corrective Action Plan Details
2021-001	<p>a. Name of Contact Person Responsible for Corrective Action Keith Gaskin, Mayor and Jim Bringham, CFO</p> <p>b. Corrective Action Planned: We are reconciling the bank accounts to the general ledger monthly.</p> <p>c. Anticipated Completion Date: Immediately</p>
2021-002	<p>a. Name of Contact Person Responsible for Corrective Action Keith Gaskin, Mayor and Jim Bringham, CFO</p> <p>b. 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.</p> <p>c. Anticipated Completion Date: Immediately</p>
2021-003	<p>a. Name of Contact Person Responsible for Corrective Action Keith Gaskin, Mayor and Jim Bringham, CFO</p> <p>b. Corrective Action Planned: We have established proper internal controls and reconciliation procedures to ensure that Municipal Court Collections are properly accounted for.</p> <p>c. Anticipated Completion Date: Immediately</p>
2021-004	<p>a. Name of Contact Person Responsible for Corrective Action Keith Gaskin, Mayor and Jim Bringham, CFO</p> <p>b. Corrective Action Planned: We have established proper internal controls over City credit cards billings monthly.</p> <p>c. Anticipated Completion Date: Immediately</p>
2021-005	<p>a. Name of Contact Person Responsible for Corrective Action Keith Gaskin, Mayor and Jim Bringham, CFO</p> <p>b. Corrective Action Planned: We will implement proper controls over capital assets and do annual inventories</p> <p>c. Anticipated Completion Date: Immediately</p>

- 2021-006
- a. Name of Contact Person Responsible for Corrective Action
Keith Gaskin, Mayor and Jim Brigham, CFO
 - b. 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
- 2021-007
- a. Name of Contact Person Responsible for Corrective Action
Keith Gaskin, Mayor and Jim Brigham, CFO
 - b. Corrective Action Planned:
We will reconcile all interfund loans on a timely basis monthly.
 - c. Anticipated Completion Date:
Immediately
- 2021-008
- a. Name of Contact Person Responsible for Corrective Action
Keith Gaskin, Mayor and Jim Brigham, CFO
 - b. Corrective Action Planned:
We will establish an effective system of internal controls over the Blight Elimination Project. This includes grant guidelines to ensure that grant funds are properly controlled.
 - c. Anticipated Completion Date:
Immediately
- 2021-009
- 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



James Brigham, CFO

MAYOR
KEITH GASKIN.

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CHIEF OPERATIONS OFFICER
JAMMIE GARRETT

CITY OF COLUMBUS

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PATRICIA S. MITCHELL

INTERIM DIRECTOR OF PLANNING
AND COMMUNITY DEVELOPMENT
GEORGE IRBY


May 1, 2024

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 year audit findings as of September 20, 2021..

Finding	Status
2020-01	Not Corrected
2020-02	Not Corrected
2020-03	Corrected
2020-04	Not Corrected
2020-05	Not Corrected
2020-06	Not Corrected
2020-07	Corrected
2020-08	Corrected
2020-09	Not Corrected
2020-10	Not Corrected
2020-11	Corrected


Keith Gaskin, Mayor 