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COLUMBIA SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2021

COLUMBIA SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
Columbia School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbia School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Columbia School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbia School District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB)

on pages 4-12 and 44-48 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 Columbia School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022, on our consideration of the Columbia School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of 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 Columbia School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Columbia School District's internal control over financial reporting and compliance.

Brown CPA, PLLC  
Madison, Mississippi  
October 28, 2022



## MANAGEMENT'S DISCUSSION AND ANALYSIS

COLUMBIA SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021

The following discussion and analysis of Columbia School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

## **FINANCIAL HIGHLIGHTS**

- Total net position for 2021 decreased \$149,417, including a fund reclassification of \$30,461 and a prior period adjustment of (\$7,208), which represents a 3% decrease from fiscal year 2020. Total net position for 2020 decreased \$1,086,934, including a prior period adjustment of \$10,845, which represents a 25% decrease from fiscal year 2019.
- General revenues amounted to \$13,526,615 and \$13,252,504, or 70% and 76% of all revenues for fiscal years 2021 and 2020, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,750,453, or 30% of total revenues for 2021, and \$4,222,083, or 24% of total revenues for 2020.
- The District had \$19,449,738 and \$18,572,366 in expenses for fiscal years 2021 and 2020; only \$5,750,453 for 2021 and \$4,222,083 for 2020 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$13,526,615 for 2021 and \$13,252,504 for 2020 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$12,860,018 in revenues and \$12,432,667 in expenditures for 2021, and \$13,004,313 in revenues and \$13,282,946 in expenditures in 2020. The General Fund's fund balance decreased by \$3,581,545 from 2020 to 2021, including a fund reclassification of \$30,461 and a prior period adjustment of \$78,742, and decreased by \$169,767 from 2019 to 2020, including a prior period adjustment of \$17,460.
- Capital assets, net of accumulated depreciation, increased by \$4,155,295 for 2021 and decreased by \$587,545 for 2020. The increase for 2021 was due to the ongoing construction of school facilities and the addition of improvements other than buildings and furniture and equipment.
- Long-term debt, excluding bond premium, increased by \$2,100,423 for 2021 and decreased by \$444,037 for 2020. The increase for 2021 was due primarily to the issuance of three mill notes in the amount of \$3,000,000. The liability for compensated absences decreased by \$24,577 for 2021 and increased by \$15,963 for 2020.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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



COLUMBIA SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021

**Government-wide Financial Statements**

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

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

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

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

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are currently reported as governmental funds.

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

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

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

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Management's Discussion and Analysis  
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**Reconciliation of Government-wide and Fund Financial Statements**

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

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

Capital outlay spending results in capital assets on government-wide financial statements, but is reported as expenditures on the governmental funds financial statements.

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

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

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

**Notes to the financial statements**

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

**Required Supplementary Information**

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

**Supplementary Information**

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

**Other Information**

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

COLUMBIA SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$5,659,276 as of June 30, 2021.

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

Table 1 presents a summary of the District's net position at June 30, 2021 and June 30, 2020.

**Table 1**  
**Condensed Statement of Net Position**

	June 30, 2021	June 30, 2020	Percentage Change
Current assets	\$ 6,669,980	\$ 2,023,689	229.60 %
Restricted assets	8,037,615	11,706,208	(31.34) %
Capital assets, net	22,096,432	17,941,137	23.16 %
<b>Total assets</b>	<b>36,804,027</b>	<b>31,671,034</b>	<b>16.21 %</b>
<b>Deferred outflows of resources</b>	<b>3,963,346</b>	<b>2,502,813</b>	<b>58.36 %</b>
Current liabilities	2,540,597	209,164	1,114.64 %
Long-term debt outstanding	14,791,415	12,703,019	16.44 %
Net OPEB liability	1,455,239	1,549,349	(6.07) %
Net pension liability	27,052,427	24,260,914	11.51 %
<b>Total liabilities</b>	<b>45,839,678</b>	<b>38,722,446</b>	<b>18.38 %</b>
<b>Deferred inflows of resources</b>	<b>586,971</b>	<b>961,260</b>	<b>(38.94) %</b>
<b>Net position:</b>			
Net investment in capital assets	10,498,995	8,456,673	24.15 %
Restricted	13,749,398	13,619,969	0.95 %
Unrestricted	(29,907,669)	(27,586,501)	(8.41) %
<b>Total net position</b>	<b>\$ (5,659,276)</b>	<b>\$ (5,509,859)</b>	<b>(2.71) %</b>

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (29,907,669)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	25,131,291
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ (4,776,378)</u>

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

- Increase in net capital assets in the amount of \$4,155,295.
- Proceeds from the issuance of three mill notes in the amount of \$3,000,000.
- The principal retirement of \$875,000 of long-term debt.

### Changes in net position

The District's total revenues for the fiscal years ended June 30, 2021 and June 30, 2020 were \$19,277,068 and \$17,474,587, respectively. The total cost of all programs and services was \$19,449,738 for 2021 and \$18,572,366 for 2020.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2021 and June 30, 2020.

**Table 2**  
**Changes in Net Position**

	Year Ended June 30, 2021	Year Ended June 30, 2020	Percentage Change
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 258,573	\$ 564,968	(54.23) %
Operating grants and contributions	5,491,880	3,657,115	50.17 %
General revenues:			
Property taxes	4,886,512	4,808,564	1.62 %
Grants and contributions not restricted	8,429,299	8,123,604	3.76 %
Investment earnings	71,521	174,050	(58.91) %
Sixteenth section sources	44,180	73,184	(39.63) %
Other	95,103	73,102	30.10 %
<b>Total revenues</b>	<b>19,277,068</b>	<b>17,474,587</b>	<b>10.31 %</b>
<b>Expenses:</b>			
Instruction	9,714,238	9,355,285	3.84 %
Support services	5,754,886	5,528,236	4.10 %
Non-instructional	1,108,284	1,154,532	(4.01) %
Pension expense	2,499,732	2,126,918	17.53 %
OPEB expense	47,231	97,811	(51.71) %
Interest on long-term liabilities	325,367	309,584	5.10 %
<b>Total expenses</b>	<b>19,449,738</b>	<b>18,572,366</b>	<b>4.72 %</b>
<b>Increase (Decrease) in net position</b>	<b>(172,670)</b>	<b>(1,097,779)</b>	<b>84.27 %</b>
<b>Net Position, July 1, as previously reported</b>	<b>(5,509,859)</b>	<b>(4,422,925)</b>	<b>(24.58) %</b>
<b>Fund Reclassification</b>	<b>30,461</b>	<b>-</b>	<b>N/A %</b>
<b>Prior Period Adjustment</b>	<b>(7,208)</b>	<b>10,845</b>	<b>(166.46) %</b>
<b>Net Position, July 1, as restated</b>	<b>(5,486,606)</b>	<b>(4,412,080)</b>	<b>(24.35) %</b>
<b>Net Position, June 30</b>	<b>\$ (5,659,276)</b>	<b>\$ (5,509,859)</b>	<b>(2.71) %</b>

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Management's Discussion and Analysis  
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**Governmental activities**

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

**Table 3  
Net Cost of Governmental Activities**

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2021</b>	<b>2020</b>	
Instruction	\$ 9,714,238	\$ 9,355,285	3.84 %
Support services	5,754,886	5,528,236	4.10 %
Non-instructional	1,108,284	1,154,532	(4.01) %
Pension Expense	2,499,732	2,126,918	17.53 %
OPEB Expense	47,231	97,811	(51.71) %
Interest on long-term liabilities	325,367	309,584	5.10 %
<b>Total expenses</b>	<b>\$ 19,449,738</b>	<b>\$ 18,572,366</b>	<b>4.72 %</b>

  

	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2021</b>	<b>2020</b>	
Instruction	\$ (6,679,448)	\$ (6,936,478)	3.71 %
Support services	(4,159,404)	(4,824,186)	13.78 %
Non-instructional	11,897	(55,306)	121.51 %
Pension Expense	(2,499,732)	(2,126,918)	(17.53) %
OPEB Expense	(47,231)	(97,811)	51.71 %
Interest on long-term liabilities	(325,367)	(309,584)	(5.10) %
<b>Total net (expense) revenue</b>	<b>\$ (13,699,285)</b>	<b>\$ (14,350,283)</b>	<b>4.54 %</b>

- Net cost of governmental activities (\$13,699,285 for 2021 and \$14,350,283 for 2020) was financed by general revenue, which is primarily made up of property taxes (\$4,886,512 for 2021 and \$4,808,564 for 2020) and state and federal revenues (\$8,429,299 for 2021 and \$8,123,604 for 2020). In addition, there was \$44,180 and \$73,184 in Sixteenth Section sources for 2021 and 2020, respectively.
- Investment earnings amounted to \$71,521 for 2021 and \$174,050 for 2020.

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

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$12,261,205, a decrease of \$1,351,254, which includes a fund reclassification of \$30,461, a prior period adjustment of (\$7,208), and

COLUMBIA SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021

a decrease in inventory of \$6,707. The unassigned fund balance is (\$3,691,181), which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$15,952,386 is either non-spendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$3,581,545, which includes a fund reclassification of \$30,461, and a prior period adjustment of \$78,742. The fund balance of Other Governmental Funds showed a decrease in the amount of \$105,172, which includes a prior period adjustment of (\$18,050) and a decrease in inventory of \$6,707. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>		<u>Increase (Decrease)</u>
Stadium Rebuild Fund	\$	2,108,781
Stadium Rebuild - 3 Mill Fund		no increase or decrease
QSCB Bond Retirement Fund	\$	209,139
Sixteenth Section Principal Fund	\$	17,543

## BUDGETARY HIGHLIGHTS

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

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** As of June 30, 2021, the District's total capital assets were \$32,220,278, including land, construction in progress, school buildings, building improvements and other improvements, buses, other school vehicles, and furniture and equipment. This amount represents a gross increase of \$4,867,051 from 2020. Total accumulated depreciation as of June 30, 2021, was \$10,123,846, and total depreciation expense for the year was \$711,756, resulting in total net capital assets of \$22,096,432.

**Table 4**  
**Capital Assets, Net of Accumulated Depreciation**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
Land	\$ 826,960	\$ 826,960	0.00 %
Construction in Progress	4,618,029	67,900	6,701.22 %
Buildings	9,716,480	9,988,728	(2.73) %
Building improvements	5,711,874	5,983,868	(4.55) %
Improvements other than buildings	616,480	415,704	48.30 %
Mobile equipment	359,939	427,590	(15.82) %
Furniture and equipment	246,670	230,387	7.07 %
<b>Total</b>	<b>\$ 22,096,432</b>	<b>\$ 17,941,137</b>	<b>23.16 %</b>

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

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

**Debt Administration.** At June 30, 2021, the District had \$14,598,978 in outstanding long-term debt, excluding bond premiums, of which \$440,699 is due within one year. During the fiscal year, the District received proceeds from the issuance of a three mill note in the amount of \$3,000,000. The District made principal payments totaling \$875,000 on outstanding long-term debt. The liability for compensated absences decreased \$24,577 from the prior year.

**Table 5**  
**Outstanding Long-Term Debt**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<b>Percentage Change</b>
General obligation bonds payable	\$ 8,555,000	\$ 8,880,000	(3.66) %
Three mill notes payable	2,850,000	400,000	612.50 %
Qualified school construction bonds payable	3,000,000	3,000,000	0.00 %
Compensated absences payable	193,978	218,555	(11.25) %
<b>Total</b>	<b><u>\$ 14,598,978</u></b>	<b><u>\$ 12,498,555</u></b>	<b>16.81 %</b>
Bond premium	192,437	204,464	(5.88) %
<b>Total</b>	<b><u>\$ 14,791,415</u></b>	<b><u>\$ 12,703,019</u></b>	<b>16.44 %</b>

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

## CURRENT ISSUES

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

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

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

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Columbia School District, 613 Bryan Avenue, Columbia, MS 39429.

## FINANCIAL STATEMENTS



**COLUMBIA SCHOOL DISTRICT**

**Statement of Net Position  
June 30, 2021**

**Exhibit A**

	Governmental Activities
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 5,570,418
Due from other governments	1,080,236
Inventories	19,326
Restricted assets	8,037,615
Capital assets, non-depreciable:	
Land	826,960
Construction in progress	4,618,029
Capital assets, net of accumulated depreciation:	
Buildings	9,716,480
Building improvements	5,711,874
Improvements other than buildings	616,480
Mobile equipment	359,939
Furniture and equipment	246,670
Total Assets	<hr/> 36,804,027 <hr/>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pensions	3,577,246
Deferred outflows - OPEB	386,100
Total Deferred Outflows of Resources	<hr/> 3,963,346 <hr/>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	2,446,390
Interest payable on long-term liabilities	94,207
Long-term liabilities, due within one year:	
Capital related liabilities	431,000
Non-capital related liabilities	9,699
Net OPEB liability	56,208
Long-term liabilities, due beyond one year:	
Capital related liabilities	10,974,000
Capital related bond premiums	192,437
Non-capital related liabilities	3,184,279
Net pension liability	27,052,427
Net OPEB liability	1,399,031
Total Liabilities	<hr/> 45,839,678 <hr/>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	239,009
Deferred inflows - OPEB	347,962
Total Deferred Inflows of Resources	<hr/> 586,971 <hr/>
<b>Net Position</b>	
Net investment in capital assets	10,498,995
Restricted for:	
Expendable:	
School-based activities	94,214
Debt service	2,635,979
Unemployment benefits	40,338
Non-expendable:	
Sixteenth section	10,978,867
Unrestricted	(29,907,669)
Total Net Position (deficit)	<hr/> \$ (5,659,276) <hr/>

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

**COLUMBIA SCHOOL DISTRICT**

**Statement of Activities  
For the Year Ended June 30, 2021**

**Exhibit B**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 9,714,238	\$ 159,910	\$ 2,874,880	\$ -	\$ (6,679,448)
Support services	5,754,886	7,043	1,588,439	-	(4,159,404)
Non-instructional	1,108,284	91,620	1,028,561	-	11,897
Pension expense	2,499,732	-	-	-	(2,499,732)
OPEB expense	47,231	-	-	-	(47,231)
Interest on long-term liabilities	325,367	-	-	-	(325,367)
Total Governmental Activities	<u>\$ 19,449,738</u>	<u>\$ 258,573</u>	<u>\$ 5,491,880</u>	<u>\$ -</u>	<u>\$ (13,699,285)</u>
General Revenues:					
Taxes:					
General purpose levies					4,164,715
Debt purpose levies					721,797
Unrestricted grants and contributions:					
State					8,412,777
Federal					16,522
Unrestricted investment earnings					71,521
Sixteenth section sources					44,180
Other					95,103
Total General Revenues					<u>13,526,615</u>
Change in Net Position					<u>(172,670)</u>
Net Position - Beginning, as previously reported					(5,509,859)
Fund reclassification					30,461
Prior Period Adjustments					<u>(7,208)</u>
Net Position - Beginning, as restated					<u>(5,486,606)</u>
Net Position (deficit) - Ending					<u>\$ (5,659,276)</u>

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

**COLUMBIA SCHOOL DISTRICT**  
**Governmental Funds**

**Balance Sheet**  
**June 30, 2021**

**Exhibit C**

	Major Funds						
	General Fund	Stadium Rebuild Fund	Stadium Rebuild - 3 Mill Fund	QSCB Bond Retirement Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 1,081,313	\$ 3,772,642	\$ -	\$ -	\$ 5,968,848	\$ 716,463	\$ 11,539,266
Cash with fiscal agent	-	-	-	2,068,767	-	-	2,068,767
Due from other governments	361,707	-	-	-	-	718,529	1,080,236
Due from other funds	639,773	-	-	-	-	-	639,773
Advance to other funds	-	-	-	-	5,015,608	-	5,015,608
Inventories	-	-	-	-	-	19,326	19,326
Total assets	\$ 2,082,793	\$ 3,772,642	\$ -	\$ 2,068,767	\$ 10,984,456	\$ 1,454,318	\$ 20,362,976
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 758,366	\$ 1,663,861	\$ -	\$ -	\$ -	\$ 24,163	\$ 2,446,390
Due to other funds	-	-	-	-	5,589	634,184	639,773
Advances from other funds	5,015,608	-	-	-	-	-	5,015,608
Total Liabilities	5,773,974	1,663,861	-	-	5,589	658,347	8,101,771
<b>Fund Balances:</b>							
<b>Nonspendable:</b>							
Inventory	-	-	-	-	-	19,326	19,326
Permanent fund principal	-	-	-	-	5,963,259	-	5,963,259
Advances	-	-	-	-	5,015,608	-	5,015,608
<b>Restricted:</b>							
Debt service	-	-	-	2,068,767	-	661,419	2,730,186
Grant activities	-	-	-	-	-	74,888	74,888
Unemployment benefits	-	-	-	-	-	40,338	40,338
<b>Assigned:</b>							
Capital improvements	-	2,108,781	-	-	-	-	2,108,781
<b>Unassigned</b>	(3,691,181)	-	-	-	-	-	(3,691,181)
Total Fund Balances	(3,691,181)	2,108,781	-	2,068,767	10,978,867	795,971	12,261,205
Total Liabilities and Fund Balances	\$ 2,082,793	\$ 3,772,642	\$ -	\$ 2,068,767	\$ 10,984,456	\$ 1,454,318	\$ 20,362,976

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

**COLUMBIA SCHOOL DISTRICT**  
**Governmental Funds**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2021**

**Exhibit C-1**

**Total fund balances for governmental funds** **\$ 12,261,205**

Amounts reported for governmental activities in the statement of Net Position are different because:

1. Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	\$ 826,960	
Construction in progress	4,618,029	
Buildings	16,239,268	
Building improvements	6,799,850	
Improvements other than buildings	839,720	
Mobile equipment	1,893,182	
Furniture and equipment	1,003,269	
Accumulated depreciation	<u>(10,123,846)</u>	22,096,432

2. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension liability (27,052,427)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	3,577,246	
Deferred inflows of resources related to pensions	<u>(239,009)</u>	(23,714,190)

3. Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net OPEB liability (1,455,239)

Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to OPEB	386,100	
Deferred inflows of resources related to OPEB	<u>(347,962)</u>	(1,417,101)

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

General obligation bonds	(8,555,000)	
Other bonds payable	(3,000,000)	
Notes payable	(2,850,000)	
Compensated absences	(193,978)	
Unamortized premiums	(192,437)	
Accrued interest payable	<u>(94,207)</u>	(14,885,622)

**Net Position of governmental activities**

**\$ (5,659,276)**

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

**COLUMBIA SCHOOL DISTRICT**  
**Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2021**

**Exhibit D**

	Major Funds					Other	Total
	General	Stadium Rebuild	Stadium Rebuild -	QSCB Bond	Sixteenth	Governmental	Governmental
	Fund	Fund	3 Mill Fund	Retirement Fund	Section Principal Fund	Funds	Funds
<b>Revenues:</b>							
Local sources	\$ 4,250,163	\$ -	\$ 2,429	\$ 394	\$ -	\$ 989,561	\$ 5,242,547
State sources	8,500,664	-	-	-	-	843,474	9,344,138
Federal sources	20,433	-	-	-	-	4,556,606	4,577,039
Sixteenth section sources	88,758	-	-	-	17,543	-	106,301
Total Revenues	12,860,018	-	2,429	394	17,543	6,389,641	19,270,025
<b>Expenditures:</b>							
Instruction	7,454,974	-	6,150	-	-	3,078,630	10,539,754
Support services	4,932,829	-	-	-	-	1,112,351	6,045,180
Noninstructional services	-	-	-	-	-	1,068,092	1,068,092
Facilities acquisition and construction	-	1,823,319	2,726,810	-	-	231,800	4,781,929
Debt service:							
Principal	-	-	-	-	-	875,000	875,000
Interest	44,864	-	-	25,200	-	259,141	329,205
Other	-	-	-	4,958	-	750	5,708
Total Expenditures	12,432,667	1,823,319	2,732,960	30,158	-	6,625,764	23,644,868
Excess (Deficiency) of Revenues over (under) Expenditures	427,351	(1,823,319)	(2,730,531)	(29,764)	17,543	(236,123)	(4,374,843)
<b>Other Financing Sources (Uses):</b>							
Bonds and notes issued	-	-	2,730,531	-	-	269,469	3,000,000
Insurance recovery	7,043	-	-	-	-	-	7,043
Payments held by escrow agent	-	-	-	207,570	-	-	207,570
Payment to QSCB debt escrow agent	-	-	-	(207,570)	-	-	(207,570)
Operating transfers in	57,808	4,000,000	-	238,903	-	96,008	4,392,719
Operating transfers out	(4,182,950)	-	-	-	-	(209,769)	(4,392,719)
Total Other Financing Sources (Uses)	(4,118,099)	4,000,000	2,730,531	238,903	-	155,708	3,007,043
Net Change in Fund Balances	(3,690,748)	2,176,681	-	209,139	17,543	(80,415)	(1,367,800)
<b>Fund Balances:</b>							
July 1, 2020, as previously reported	(109,636)	-	-	1,859,628	10,961,324	901,143	13,612,459
Fund reclassification	30,461	-	-	-	-	-	30,461
Prior period adjustments	78,742	(67,900)	-	-	-	(18,050)	(7,208)
July 1, 2020, as restated	(433)	(67,900)	-	1,859,628	10,961,324	883,093	13,635,712
Increase (Decrease) in inventory	-	-	-	-	-	(6,707)	(6,707)
June 30, 2021	\$ (3,691,181)	\$ 2,108,781	\$ -	\$ 2,068,767	\$ 10,978,867	\$ 795,971	\$ 12,261,205

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

**COLUMBIA SCHOOL DISTRICT**  
**Governmental Funds**

**Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures and Changes in Fund Balances to the Statement of Activities  
For the Year Ended June 30, 2021**

**Exhibit D-1**

**Net change in fund balances - total governmental funds** **\$ (1,367,800)**

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

1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$	4,867,051	
Depreciation expense		<u>(711,756)</u>	4,155,295

2. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:

Bonds and notes issued		(3,000,000)	
Payments of debt principal		875,000	
Accrued interest payable		<u>(2,481)</u>	(2,127,481)

3. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:

Pension expense		(2,499,732)	
Contributions subsequent to the measurement date		<u>1,635,897</u>	(863,835)

4. Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:

OPEB expense		(47,231)	
Contributions subsequent to the measurement date		<u>48,485</u>	1,254

5. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:

Change in compensated absences		24,577	
Change in inventory		(6,707)	
Amortization of deferred charges, premiums and discounts		<u>12,027</u>	29,897

**Change in Net Position of governmental activities** **\$ (172,670)**

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

## **Note 1 – Summary of Significant Accounting Policies**

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

### **A. Financial Reporting Entity**

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

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

### **B. Government-wide and Fund Financial Statements**

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

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

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

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

COLUMBIA SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

program revenues are reported instead as general revenues.

**Fund Financial Statements** - Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The school district reports the following major governmental funds:

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

**Stadium Rebuild Fund** - This is a capital projects fund that accounts for transfers from the General Fund and the expenditures incurred related to the stadium rebuilding project.

**Stadium Rebuild - 3 Mill Fund** - This is a capital projects fund that accounts for the proceeds from the issuance of long-term debt and the expenditures incurred related to the stadium rebuilding project.

**QSCB Bond Retirement Fund** - This is a debt service fund that accounts for local sources and transfers received from other funds and expenditures incurred for the sinking fund payment and interest payment related to the Qualified School Construction Bonds.

**Sixteenth Section Principal Fund** - This is a permanent fund used to account for the non-expendable resources generated from the sale of non-renewable resources on sixteenth section lands.

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

Additionally, the school district reports the following fund types:

**GOVERNMENTAL FUNDS**

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

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

**Debt Service Funds** - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

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

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



COLUMBIA SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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

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

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

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

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

**D. Encumbrances**

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

COLUMBIA SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Due from Other Governments

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

4. Inventories and Prepaid Items

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in, first-out basis). The costs of governmental fund type inventories are reported as expenditures when purchased.

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified School Construction Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16<sup>th</sup> Section

COLUMBIA SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

	Capitalization Policy	Estimated Useful Life
Land	\$ 0	0
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years

See Note 5 for details.

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school district has incurred deferred outflows which are presented as deferred outflows related to pensions and deferred outflows related to OPEB. See Note 18 for further 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. The school district has incurred deferred inflows which are presented as deferred inflows related to pensions and deferred inflows related to OPEB. See Note 18 for further details.

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8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

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

11. Postemployment Benefits Other than Pensions (OPEB)

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

12. Fund Balances

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

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

*Non-spendable fund balance* includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes

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receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

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

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

*Assigned fund balance* includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Superintendent and the Business Manager pursuant to authorization established by the District'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 District'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 District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 10% of general revenues. If the unassigned fund balance at fiscal year end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance. Currently, the district has not achieved this goal. However, they plan to work toward this goal by budgeting and reducing cost in an effort to reach that goal within the next few years.

13. Accounting Standards Update

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

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2021. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-

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purpose trust funds, and (4) custodial funds.

## Note 2 – Cash and Cash Equivalents and Cash with Fiscal Agents

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

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

### Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$11,539,266. The carrying amount of deposits reported in the government-wide financial statements included cash and cash equivalents of \$5,570,418 and a portion of restricted assets in the amount of \$5,968,848 (see Note 4).

**Custodial Credit Risk - Deposits.** Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2021, none of the district's bank balance of \$13,297,864 was exposed to custodial credit risk.

### Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$2,068,767.

## Note 3 – Inter-fund Receivables, Payables and Transfers

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

### A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Sixteenth Section Principal Fund	\$ 5,589
	Other governmental funds	634,184
Total		<u>\$ 639,773</u>

The primary purpose of the inter-fund balances is to eliminate deficit cash balances in certain special revenue funds caused by negative federal award program cash flows.

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**B. Advances To/From Other Funds**

Receivable Fund	Payable Fund	Amount
Sixteenth Section Principal Fund	General Fund	\$ 5,015,608
Total		<u>\$ 5,015,608</u>

Sixteenth section principal loans payable

The sixteenth section principal loans payable are not reflected on the Statement of Net Position because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions are reflected on the Statement of Revenues, Expenditures and Changes in Fund Balances. The interest rate on the sixteenth section principal loans payable as of June 30, 2021 is four percent.

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

Year Ending June 30	Principal	Interest	Total
2022	\$ 244,549	\$ 200,624	\$ 445,173
2023	254,331	190,842	445,173
2024	264,504	180,669	445,173
2025	275,084	170,089	445,173
2026	286,088	159,085	445,173
2027 - 2031	1,303,797	620,376	1,924,173
2032 - 2036	1,076,964	394,671	1,471,635
2037 - 2041	1,310,291	161,344	1,471,635
Total	<u>\$ 5,015,608</u>	<u>\$ 2,077,700</u>	<u>\$ 7,093,308</u>

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**C. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Stadium Rebuild Fund	\$ 4,000,000
	QSCB Bond Retirement Fund	182,950
Other governmental funds	General Fund	57,808
	QSCB Bond Retirement Fund	55,953
	Other governmental funds	96,008
Total		<u>\$ 4,392,719</u>

Operating transfers were primarily for the following: indirect cost transfers, capital project transfers, debt service transfers, and other routine operating transfers.

**Note 4 – Restricted Assets**

The restricted assets represent the cash balance totaling \$5,968,848 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent the cash with fiscal agent balance totaling \$2,068,767 of the QSCB Bond Retirement Fund.



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**Note 5 – Capital Assets**

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

	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021
<b>Governmental Activities:</b>				
<u>Non-depreciable capital assets:</u>				
Land	\$ 826,960	\$ -	\$ -	\$ 826,960
Construction-in-progress	67,900	4,550,129	-	4,618,029
Total non-depreciable capital assets	894,860	4,550,129	-	5,444,989
<u>Depreciable capital assets:</u>				
Buildings	16,239,268	-	-	16,239,268
Building improvements	6,799,850	-	-	6,799,850
Improvements other than buildings	607,920	231,800	-	839,720
Mobile equipment	1,893,182	-	-	1,893,182
Furniture and equipment	918,147	85,122	-	1,003,269
Total depreciable capital assets	26,458,367	316,922	-	26,775,289
<u>Less accumulated depreciation for:</u>				
Buildings	6,250,540	272,248	-	6,522,788
Building improvements	815,982	271,994	-	1,087,976
Improvements other than buildings	192,216	31,024	-	223,240
Mobile equipment	1,465,592	67,651	-	1,533,243
Furniture and equipment	687,760	68,839	-	756,599
Total accumulated depreciation	9,412,090	711,756	-	10,123,846
Total depreciable capital assets, net	17,046,277	(394,834)	-	16,651,443
Governmental activities capital assets, net	\$ 17,941,137	\$ 4,155,295	\$ -	\$ 22,096,432

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 455,878
Support services	136,945
Non-instructional	118,933
Total depreciation expense - Governmental activities	\$ 711,756

The details of construction-in-progress are as follows:

	Spent to June 30, 2021	Remaining Commitment
<b>Governmental Activities:</b>		
Stadium project	\$ 4,618,029	\$ 2,479,199
Total construction in progress	\$ 4,618,029	\$ 2,479,199

Construction projects included in governmental activities will be funded with proceeds from a three mill note and a sixteenth section principal loan.

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**Note 6 – Long-term Liabilities**

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

	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021	Amounts due within one year
A. General obligation bonds payable	\$ 8,880,000	\$ -	\$ 325,000	\$ 8,555,000	\$ 315,000
B. Three mill notes payable	400,000	3,000,000	550,000	2,850,000	116,000
C. Qualified school construction bonds payable	3,000,000	-	-	3,000,000	-
D. Compensated absences payable	218,555	-	24,577	193,978	9,699
Total	\$ 12,498,555	\$ 3,000,000	\$ 899,577	\$ 14,598,978	\$ 440,699
Add: Bond Premium	204,464	-	12,027	192,437	
Total	\$ 12,703,019	\$ 3,000,000	\$ 911,604	\$ 14,791,415	

**A. General obligation bonds payable**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation bonds, Series 2016	2.25%-3.0%	8/15/2016	8/1/2036	\$ 9,635,000	\$ 8,555,000
Total				\$ 9,635,000	\$ 8,555,000

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

Year Ending June 30	Principal	Interest	Total
2022	\$ 315,000	\$ 208,369	\$ 523,369
2023	390,000	200,437	590,437
2024	390,000	191,662	581,662
2025	400,000	182,775	582,775
2026	455,000	173,156	628,156
2027 – 2031	2,715,000	693,656	3,408,656
2032 – 2036	3,390,000	322,625	3,712,625
2037	500,000	7,500	507,500
Total	\$ 8,555,000	\$ 1,980,180	\$ 10,535,180

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

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2021, the

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amount of outstanding bonded indebtedness was equal to 11% of property assessments as of October 1, 2020.

**B. Three mill notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill note, Series 2021	2.87%	1/12/2021	6/1/2040	\$ 3,000,000	\$ 2,850,000
Total				<u>\$ 3,000,000</u>	<u>\$ 2,850,000</u>

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

Year Ending June 30	Principal	Interest	Total
2022	\$ 116,000	\$ 81,795	\$ 197,795
2023	119,000	78,466	197,466
2024	123,000	75,051	198,051
2025	126,000	71,520	197,520
2026	130,000	67,904	197,904
2027 – 2031	705,000	281,432	986,432
2032 – 2036	805,000	174,640	979,640
2037 – 2040	726,000	52,808	778,808
Total	<u>\$ 2,850,000</u>	<u>\$ 883,616</u>	<u>\$ 3,733,616</u>

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

**C. Qualified school construction bonds payable**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified school construction bonds, Series 2010	0.84%	1/15/2010	9/15/2024	\$ 3,000,000	\$ 3,000,000
Total				<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>

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

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Year Ending June 30	Principal	Interest	Total
2022	\$ -	\$ 25,200	\$ 25,200
2023	-	25,200	25,200
2024	-	25,200	25,200
2025	3,000,000	25,200	3,025,200
Total	\$ 3,000,000	\$ 100,800	\$ 3,100,800

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

**D. Compensated absences payable**

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

**Note 7 – Defined Benefit Pension Plan**

**General Information about the Pension Plan**

*Plan Description.* The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available at [www.pers.ms.gov](http://www.pers.ms.gov).

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

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2021 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as

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amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2021, 2020 and 2019 were \$1,635,897, \$1,619,089 and \$1,414,616, 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 school district reported a liability of \$27,052,427 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 District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2021 net pension liability was 0.139742 percent, which was based on a measurement date of June 30, 2020. This was an increase of 0.001833 percent from its proportionate share used to calculate the June 30, 2020 net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$2,499,732. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 234,579	\$
Net difference between projected and actual earnings on pension plan investments	1,109,916	
Changes of assumptions	149,346	
Changes in proportion and differences between District contributions and proportionate share of contributions	447,508	239,009
District contributions subsequent to the measurement date	1,635,897	
Total	\$ <u>3,577,246</u>	\$ <u>239,009</u>

\$1,635,897 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 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 Ending June 30:	
2022	\$ 65,059
2023	699,002
2024	580,212
2025	358,067

*Actuarial assumptions.* The total pension liability as of June 30, 2020 was determined by actuarial valuation prepared as of June 30, 2019. The following actuarial assumptions are 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

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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 are projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent 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	%	4.90	%
International Equity	22.00		4.75	
Global Equity	12.00		5.00	
Fixed Income	20.00		0.50	
Real Estate	10.00		4.00	
Private Equity	8.00		6.25	
Cash	1.00		0.00	
Total	100	%		

**Discount rate.** The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current 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 District's proportionate share of the net pension liability to changes in the discount rate.** The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 35,016,043	\$ 27,052,427	\$ 20,479,245

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

## **Note 8 – Other Postemployment Benefits (OPEB)**

### **General Information about the OPEB Plan.**

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

### *Benefits provided.*

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

### *Contributions.*

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$48,485 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$1,455,239 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date

COLUMBIA SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

of June 30, 2020, the District's proportion was 0.18699878 percent. This was an increase of 0.00440907 percent from the proportionate share as of the measurement date of June 30, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$47,231. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,855	\$ 253,251
Changes of assumptions	225,939	61,496
Net difference between projected and actual earnings on OPEB plan investments	47	
Changes in proportion and differences between District contributions and proportionate share of contributions	109,774	33,215
District contributions subsequent to the measurement date	48,485	
Total	\$ <u>386,100</u>	\$ <u>347,962</u>

\$48,485 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:

2022	\$ (5,484)
2023	(5,484)
2024	(4,457)
2025	8,071
2026	(2,993)

*Actuarial assumptions.* The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00-18.25 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	2.19%
Prior Measurement Date	3.50%
Year FNP is projected to be depleted	
Measurement Date	2020
Prior Measurement Date	2019
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	2.19%



COLUMBIA SCHOOL DISTRICT  
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Prior Measurement Date	3.50%
Health Care Cost Trends	
Medicare Supplement Claims	7.00 percent for 2021 decreasing to an
Pre-Medicare	ultimate rate of 4.50% by 2030

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 demographic actuarial assumptions used in the June 30, 2020 valuation were based on the results of the last actuarial experience study, dated April 2, 2019.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

The long-term expected rate of return on OPEB plan investments is 4.50%.

**Discount rate.** The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.19 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.50% to 2.19%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2020, the trust has \$1,037,371. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2019 and the June 30, 2020 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2020 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

**Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate.** The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.19 percent) or 1-percentage-point higher (3.19 percent) than the current discount rate:

	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
Net OPEB liability	\$ 1,608,139	\$ 1,455,239	\$ 1,324,093

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 1,343,691	\$ 1,455,239	\$ 1,581,619

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

COLUMBIA SCHOOL DISTRICT  
Notes to the Financial Statements  
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**Note 9 – Sixteenth Section Lands**

By agreement, the Marion County School Board manages the 16th section lands that are located within the boundaries of the Columbia School District. Sufficient information is not available to disclose future rentals from these lands. However, during the fiscal year the district did not collect any revenue from rents and leases from these lands and does not expect any substantial revenue in future years.

**Note 10 – Deficit Fund Balance of Individual Funds**

The District Maintenance Fund, included in the General Fund for financial reporting purposes, has a deficit fund balance in the amount of (\$3,691,181). The deficit fund balance of the District Maintenance Fund is in violation of Section 37-61-19, Miss. Code Ann. (1972), which imposes personal liability on any school official who knowingly enters into any contract, incurs any liability, or makes any expenditure in excess of the resources available for the fiscal year under certain circumstances.

**Note 11 – Fund Reclassification**

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

Exhibit B - Statement of Activities

Explanation	Amount
To reclassify agency funds as general funds at the governmental fund level per GASB 84	\$ 30,461
Total	<u>\$ 30,461</u>

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

Fund	Explanation	Amount
General Fund	To reclassify agency funds as general funds per GASB 84	\$ 30,461
Total		<u>\$ 30,461</u>

**Note 12 – Prior Period Adjustments**

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

Exhibit B - Statement of Activities

Explanation	Amount
To correct overstatement of prior year revenues/expenditures and correct prior year receivables at the governmental fund level	\$ (7,208)
Total	<u>\$ (7,208)</u>

COLUMBIA SCHOOL DISTRICT  
Notes to the Financial Statements  
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Exhibit D - Statement of Revenues, Expenditures and Changes in Fund Balances

Fund	Explanation	Amount
General Fund	To correct overstatement of prior year expenditures	\$ 78,742
Stadium Rebuild Fund	To correct overstatement of prior year revenues	(67,900)
Other governmental funds	To correct prior year receivables	(18,050)
Total		<u>\$ (7,208)</u>

**Note 13 – Contingencies**

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

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

**Note 14 – Risk Management**

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

**Note 15 – Qualified School Construction Bonds**

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

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2021, the subsidy payments amounted to \$0.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2021 was \$2,068,767.

COLUMBIA SCHOOL DISTRICT  
Notes to the Financial Statements  
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The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2022	\$ 220,798
2023	220,798
2024	220,798
2025	220,797
Total	<u>\$ 883,191</u>

**Note 16 – Vocational School Consortium**

The school district entered into a Vocational Educational Agreement dated April 4, 1991, creating the Columbia-Marion County Career Center. This center was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The center includes the Columbia School District and the Marion County School District.

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

The Marion County School District has been designated as the fiscal agent for the Columbia-Marion County Career Center, and the operations of the consortium are included in its financial statements.

**Note 17 - Insurance loss recoveries**

The Columbia School District received \$7,043 in insurance loss recoveries during the 2020-2021 fiscal year related to damages to property. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and were allocated to the support services expense function.

**Note 18 – Effect of Deferred Amounts on Net Position**

The net investment in capital assets net position amount of \$10,498,995 includes the effect of deferring the recognition of expenditures resulting from deferred bond premiums. The \$192,437 balance of the deferred bond premiums at June 30, 2021, will be recognized as a decrease in an expense and will increase the net investment in capital assets net position over the next 16 years.

The unrestricted net position amount of (\$29,907,669) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$1,635,897 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The \$1,941,349 balance of deferred outflow of resources related to pensions at June 30, 2021, will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

COLUMBIA SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

The unrestricted net position amount of (\$29,907,669) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$239,009 balance of deferred inflow of resources related to pensions at June 30, 2021, will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$29,907,669) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$48,485 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. The \$337,615 balance of deferred outflow of resources related to OPEB at June 30, 2021, will be recognized as an expense and will decrease the unrestricted net position over the next 5 years.

The unrestricted net position amount of (\$29,907,669) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$347,962 balance of deferred inflow of resources related to OPEB at June 30, 2021, will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

#### **Note 19 – Juvenile Detention Center Education Program**

The Columbia School District shares in the cost of a Juvenile Detention Center with the Jones County Juvenile Detention Center. This program was in accordance with Section 43-21-321, Miss. Code Ann. (1972) which states a sponsoring school district must provide educational services to youths detained in juvenile detention centers. It was approved by the Mississippi Department of Education and includes the Columbia School District, East Jasper County School District, George County School District, Greene County School District, Jones County School District, Lamar County School District, Laurel School District, Marion County School District, Wayne County School District, and West Jasper County School District. The school board of the school district designated by the agreement as the lead district will serve as the governing board of the juvenile detention center program. The Laurel School District has been designated as the lead school district for the Jones County Juvenile Detention Center and the operations of the program are included in its financial statements.

#### **Note 20 - Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Columbia School District evaluated the activity of the district through October 28, 2022, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**COLUMBIA SCHOOL DISTRICT**  
**Required Supplementary Information**

**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 4,279,432	\$ 4,319,229	\$ 4,250,163	\$ 39,797	\$ (69,066)
State sources	8,783,404	8,500,664	8,500,664	(282,740)	-
Federal sources	79,000	20,433	20,433	(58,567)	-
Sixteenth section sources	-	88,758	88,758	88,758	-
Total Revenues	13,141,836	12,929,084	12,860,018	(212,752)	(69,066)
<b>Expenditures:</b>					
Instruction	7,707,145	7,454,974	7,454,974	252,171	-
Support services	5,389,092	4,932,829	4,932,829	456,263	-
Debt service:					
Principal	105,982	-	-	105,982	-
Interest	44,864	44,864	44,864	-	-
Total Expenditures	13,247,083	12,432,667	12,432,667	814,416	-
Excess (Deficiency) of Revenues over (under) Expenditures	(105,247)	496,417	427,351	601,664	(69,066)
<b>Other Financing Sources (Uses):</b>					
Insurance recovery	-	7,043	7,043	7,043	-
Operating transfers in	544,149	194,258	57,808	(349,891)	(136,450)
Operating transfers out	(439,286)	(136,450)	(4,182,950)	302,836	(4,046,500)
Total Other Financing Sources (Uses)	104,863	64,851	(4,118,099)	(40,012)	(4,182,950)
Net Change in Fund Balances	(384)	561,268	(3,690,748)	561,652	(4,252,016)
<b>Fund Balances:</b>					
July 1, 2020, as previously reported	-	401,563	(109,636)	401,563	(511,199)
Fund reclassification	-	-	30,461	-	30,461
Prior period adjustments	-	-	78,742	-	78,742
July 1, 2020, as restated	-	401,563	(433)	401,563	(401,996)
June 30, 2021	\$ (384)	\$ 962,831	\$ (3,691,181)	\$ 963,215	\$ (4,654,012)

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

**Columbia School District**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**

**PERS**

**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>
District's proportion of the net pension liability	0.139742%	0.137909%	0.134897%	0.141027%	0.141987%	0.143957%	0.141459%
District's proportionate share of the net pension liability	\$ 27,052,427	\$ 24,260,914	\$ 22,437,379	\$ 23,443,474	\$ 25,362,424	\$ 22,252,913	\$ 17,170,532
District's covered payroll	\$ 9,305,109	\$ 8,981,689	\$ 8,614,451	\$ 9,046,940	\$ 9,083,283	\$ 8,993,613	\$ 8,643,867
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	290.7266%	270.1153%	260.4621%	259.1315%	279.2209%	247.4302%	198.6441%
Plan fiduciary net position as a percentage of the total pension liability	58.974%	61.588%	62.535%	61.490%	57.468%	61.704%	67.208%

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

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

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



**Columbia School District  
Required Supplementary Information**

**Schedule of District Contributions**

**PERS**

**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>
Contractually required contribution	\$ 1,635,897	\$ 1,619,089	\$ 1,414,616	\$ 1,356,776	\$ 1,424,893	\$ 1,430,617	\$ 1,416,494
Contributions in relation to the contractually required contribution	1,635,897	1,619,089	1,414,616	1,356,776	1,424,893	1,430,617	1,416,494
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 9,401,707	\$ 9,305,109	\$ 8,981,689	\$ 8,614,451	\$ 9,046,940	\$ 9,083,283	\$ 8,993,613
Contributions as a percentage of covered payroll	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

**Columbia School District  
Required Supplementary Information**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**

**OPEB**

**Last 10 Fiscal Years\***

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
District's proportion of the net OPEB liability	0.18699878%	0.18258971%	0.17331152%	0.18089387%
District's proportionate share of the net OPEB liability	\$ 1,455,239	\$ 1,549,349	\$ 1,340,651	\$ 1,419,310
District's covered-employee payroll	\$ 9,012,137	\$ 8,361,561	\$ 7,838,762	\$ 8,127,064
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.13%	0.12%	0.13%	0.00%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**COLUMBIA SCHOOL DISTRICT**  
**Required Supplementary Information**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**OPEB**  
**Last 10 Fiscal Years**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Actuarially determined contribution	\$ 48,485	58,035	\$ 62,103	\$ 60,507
Contributions in relation to the actuarially determined contribution	48,485	58,035	62,103	60,507
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	\$ <u>0</u>	<u>0</u>
District's covered-employee payroll	9,401,707	9,305,109	8,981,689	8,614,451
Contributions as a percentage of covered-employee payroll	0.52%	0.62%	0.69%	0.70%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No.75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in the prior year audit report.

COLUMBIA SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2021

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

2019:

COLUMBIA SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2021

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

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; and 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%.

(2) *Changes in benefit provisions*

2016:

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2018 valuation for the June 30, 2020 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OPEB Schedules

(1) *Changes of assumptions*

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

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

2019: The discount rate was changed from 3.89% for the prior Measurement Date to 3.50% for the current Measurement Date.

COLUMBIA SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2021

2020: The discount rate was changed from 3.50% for prior Measurement Date to 2.19% for the current Measurement Date.

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

2020: The schedule of monthly retiree contributions was increased as of January 1, 2021. In addition, the deductibles and coinsurance maximums were increased for the Select coverage and the coinsurance maximums were increased for the Base Coverage beginning January 1, 2021.

(3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2019 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2020:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	2.75%
Salary increases, including wage inflation	3.00% to 18.25%
Initial health care cost trend rates	
Medicare Supplement Claims	7.00%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	4.75%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2028
Pre-Medicare	
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.50%

## SUPPLEMENTARY INFORMATION

**COLUMBIA SCHOOL DISTRICT**  
**Supplementary Information**

**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2021**

Federal Grantor/Pass-through Grantor/Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
National school lunch program	10.555	215MS326N1099	67,602
COVID-19 Summer Food Service Program for Children	10.559	215MS326N1099	844,915
Total child nutrition cluster			912,517
Total passed-through Mississippi Department of Education			912,517
<b>Total U.S. Department of Agriculture</b>			912,517
<b><u>U.S. Department of the Treasury</u></b>			
Passed-through the Mississippi Department of Education:			
COVID-19 - Coronavirus Relief Fund:			
Equity in Distance Learning Act	21.019	21/120101115/8491/EDLA	484,391
Mississippi Pandemic Response Broadband Availability Act	21.019	21/1201021785/8499/PRBAA	136,653
COVID-19 - Coronavirus Relief Fund Subtotal			621,044
Total passed-through Mississippi Department of Education			621,044
<b>Total U.S. Department of the Treasury</b>			621,044
<b><u>U.S. Department of Education</u></b>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	S010A200024	941,640
21st Century Community Learning Centers	84.287	S287C200024	205,630
Rural Education	84.358	S358B200024	31,042
Supporting Effective Instruction state grants	84.367	S367A200023	117,266
Student Support and Academic Enrichment program	84.424	S424A200025	44,874
Subtotal			1,340,452
Special education cluster:			
Special education - grants to states	84.027	H027A200108	503,643
Special education - preschool grants	84.173	H173A200113	26,519
Total special education cluster			530,162
Elementary & Secondary School Emergency Relief Fund I	84.425D	S425D200031	662,354
Elementary & Secondary School Emergency Relief Fund II	84.425D	S425D210031	388,430
PreK - ESSER Grant	84.425D	S425D200031	13,339
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			1,064,123
Total passed-through Mississippi Department of Education			2,934,737
<b>Total U.S. Department of Education</b>			2,934,737
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed-through the Mississippi Department of Education:			
Medical assistance program	93.778	2005MS5ADM	8,692
Total passed-through Mississippi Department of Education			8,692
<b>Total U.S. Department of Health and Human Services</b>			8,692
<b><u>U.S. Department of Social Security Administration</u></b>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social Security Disability Insurance	96.001	04-19-04MSD100	406
Total passed-through Mississippi Department of Rehabilitation Services			406
<b>Total U.S. Department of Social Security Administration</b>			406
Total for All Federal Awards			\$ 4,477,396

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



COLUMBIA SCHOOL DISTRICT  
Notes to the Supplementary Information  
For the Year Ended June 30, 2021

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Columbia School District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Columbia School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Columbia School District.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements; however, the expenditures include transfers out. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) Indirect Cost Rate

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

(4) Other Items

Donated commodities are included in the National School Lunch Program.

E-rate funds have not been included on this schedule due to the fact the FCC considers the support to be in the form of providing a discount to the schools and libraries and does not consider the assistance to be direct financial support.

Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds

(1) Basis of Accounting

This schedule is presented on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements.

**Columbia School District**  
**Supplementary Information**  
**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds**  
**For the Year Ended June 30, 2021**

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 13,062,796	10,342,634	719,518	839,670	1,160,974
Other	10,582,072	2,481,171	95,764	7,315	7,997,822
Total	<u>\$ 23,644,868</u>	<u>12,823,805</u>	<u>815,282</u>	<u>846,985</u>	<u>9,158,796</u>
Total number of students *	<u>1,612</u>				
Cost per student	<u>\$ 14,668</u>	<u>7,955</u>	<u>506</u>	<u>525</u>	<u>5,682</u>

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

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

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

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

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

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

## OTHER INFORMATION

**COLUMBIA SCHOOL DISTRICT**  
**Other Information**

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**General Fund**  
**Last Four Years**  
**UNAUDITED**

	2021	2020*	2019*	2018*
<b>Revenues:</b>				
Local sources	\$ 4,250,163	\$ 4,359,109	\$ 4,321,439	\$ 4,119,372
State sources	8,500,664	8,463,935	8,748,959	8,270,024
Federal sources	20,433	60,882	75,801	75,693
Sixteenth Section sources	88,758	120,387	183,389	248,984
Total Revenues	12,860,018	13,004,313	13,329,588	12,714,073
<b>Expenditures:</b>				
Instruction	7,454,974	7,925,482	7,717,093	7,331,770
Support services	4,932,829	5,308,188	5,286,118	5,111,236
Debt Service:				
Interest	44,864	49,276	59,310	68,959
Total Expenditures	12,432,667	13,282,946	13,062,521	12,511,965
Excess (Deficiency) of Revenues over (under) Expenditures	427,351	(278,633)	267,067	202,108
<b>Other Financing Sources (Uses):</b>				
Insurance recovery	7,043	46,168	-	-
Operating transfers in	57,808	282,364	159,986	232,374
Operating transfers out	(4,182,950)	(237,126)	(213,371)	(204,185)
Total Other Financing Sources (Uses)	(4,118,099)	91,406	(53,385)	28,189
Net Change in Fund Balances	(3,690,748)	(187,227)	213,682	230,297
<b>Fund Balances:</b>				
Beginning of period, as previously reported	(109,636)	60,131	(153,551)	(383,848)
'Fund Reclassification	30,461	-	-	-
Prior period adjustments	78,742	17,460	-	-
Beginning of period, as restated	(433)	77,591	(153,551)	(383,848)
End of Period	\$ (3,691,181)	\$ (109,636)	\$ 60,131	\$ (153,551)

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**COLUMBIA SCHOOL DISTRICT**

**Other Information**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**All Governmental Funds**

**Last Four Years**

**UNAUDITED**

	2021	2020*	2019*	2018*
<b>Revenues:</b>				
Local sources	\$ 5,242,547	\$ 5,435,836	\$ 5,449,094	\$ 5,284,121
State sources	9,344,138	8,959,646	9,418,740	8,925,424
Federal sources	4,577,039	2,825,087	2,569,987	2,516,005
Sixteenth section sources	106,301	207,850	287,675	382,494
Total Revenues	19,270,025	17,428,419	17,725,496	17,108,044
<b>Expenditures:</b>				
Instruction	10,539,754	10,119,998	9,574,769	9,024,229
Support services	6,045,180	5,808,991	6,188,512	5,851,254
Noninstructional services	1,068,092	1,107,899	1,027,916	1,241,793
Facilities acquisition and construction	4,781,929	67,900		4,865,227
Debt service:				
Principal	875,000	460,000	439,000	638,000
Interest	329,205	318,985	341,621	477,298
Other	5,708	5,707	5,708	9,710
Total Expenditures	23,644,868	17,889,480	17,577,526	22,107,511
Excess (Deficiency) of Revenues over (under) Expenditures	(4,374,843)	(461,061)	147,970	(4,999,467)
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued	3,000,000	-	-	-
Insurance recovery	7,043	46,168	-	-
Payment held by escrow agent	207,570	173,978	190,917	203,408
Payment to QSCB debt escrow agent	(207,570)	(173,978)	(190,917)	(203,408)
Operating transfers in	4,392,719	751,256	518,248	492,475
Operating transfers out	(4,392,719)	(751,256)	(518,248)	(492,475)
Total Other Financing Sources (Uses)	3,007,043	46,168	0	0
Net Change in Fund Balances	(1,367,800)	(414,893)	147,970	(4,999,467)
<b>Fund Balances:</b>				
Beginning of period, as previously reported	13,612,459	14,023,388	13,885,748	18,883,955
Fund Reclassification	30,461	-	-	-
Prior period adjustments	(7,208)	10,845	1,789	(5,100)
Beginning of period, as restated	13,635,712	14,034,233	13,887,537	18,878,855
Increase (Decrease) in reserve for inventory	(6,707)	(6,881)	(12,119)	6,360
End of Period	\$ 12,261,205	\$ 13,612,459	\$ 14,023,388	\$ 13,885,748

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

Superintendent and School Board  
Columbia School District

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, each major fund, and the aggregate remaining fund information of Columbia School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Columbia School District's basic financial statements, and have issued our report thereon dated October 28, 2022.

### Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control described in the accompanying schedule of findings and questioned costs that we consider to be material weakness, as item **2021-001**.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Columbia School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government*

*Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Cost. We consider finding **2021-001** to be an instance of material non-compliance.

### **Columbia School District's Responses to Findings**

Columbia School District's response to the finding identified in our audit is described in the accompanying auditee's corrective action plan. Columbia School District'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.

Brown CPA, PLLC  
Madison, Mississippi  
October 28, 2022

A handwritten signature in dark ink that reads "Brown CPA, PLLC". The signature is written in a cursive, flowing style.



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**Independent Auditor's Report  
on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance  
Required by the Uniform Guidance**

Superintendent and School Board  
Columbia School District

**Report on Compliance for Each Major Federal Program**

We have audited Columbia School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Columbia School District's major federal programs for the year ended June 30, 2021. Columbia School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Columbia School District'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 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 Columbia School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, Columbia School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

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

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

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown CPA, PLLC  
Madison, Mississippi  
October 28, 2022



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

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

Superintendent and School Board  
Columbia School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbia School District as of and for the year ended June 30, 2021, which collectively comprise Columbia School District's basic financial statements and have issued our report thereon dated October 28, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

The results of 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 other state laws and regulations:

### **State Legal Finding 01:**

#### Criteria:

Management is responsible for establishing a proper internal control system to ensure financial accountability and safeguarding of assets. A critical aspect of financial management is maintenance of accurate accounting records, which includes ensuring all school related activities are properly recorded on the financial statements of the School District. *Attorney General Opinion No. 1988 WL 250239*, states, "The term 'activity funds' shall not include any funds raised and/or expended by any organization unless commingled in a bank account with existing activity funds, regardless of whether the funds were raised using school facilities. Organizations shall not be required to make any payment to any school for the use of any school facility if, in the discretion of the local school governing board, the organization's function shall

be deemed to be beneficial to the official or extracurricular programs of the school. For the purposes of this provision, the term "organization" shall not include any organization subject to the control of the local school governing board. If the organizations' funds are not commingled in a bank account with existing activity funds, it is the opinion of this office that the organizations' funds are private funds..."

Condition:

During our review of cash and the school district's public depositor annual report, the auditor noted an open bank account, the Flower Fund, under the district's federal tax identification number. These are private funds that are not reported within the school district's accounting records and financial statements. The district was in the process of closing the account, and it was officially closed in fiscal year 2022.

Cause:

The district did not have the controls in place to ensure that all bank accounts are authorized to use the district's federal tax identification number. The district also lacked the controls to ensure that all accounts under the district's federal tax identification numbers are being reconciled and reported in the accounting records.

Effect:

Failure to implement these controls could allow further unauthorized use of the district's federal tax identification number and could allow employees to divert public funds to outside organizations or individuals.

Recommendation:

We recommend the district strengthen these controls to ensure compliance by reviewing all bank accounts periodically to confirm all accounts are authorized to use the district's federal tax identification number.

Response:

The district will ensure that all accounts are authorized, and no other organizations or individuals are using our federal tax identification number for any reason.

Repeat Finding:

Yes

**State Legal Finding 02:**

Criteria:

The school district should ensure compliance with state laws over reemployment of retired public employees. *Section 25-11-127(4), Mississippi Code Annotated. (1972)*, states, "Notice shall be given in writing to the executive director, setting forth the facts upon which the employment is being made, and the notice shall be given within five (5) days from the date of employment and also from the date of termination of the employment." *Mississippi Public Employment Retirement System (PERS) Board Regulation 34, Section 105*, states, "The lawfully employ a PERS service retiree under Section 103, the employer must notify PERS in writing of the terms of the eligible employment within five (5) days from the date of employment and also from the date of termination on a form prescribed by the Board. Failure by the employer to timely notify PERS may result in the assessment of \$300 penalty per occurrence payable by the employer."

Condition:

During our review of the PERS 4B forms filed by the district, the auditor noted the following exceptions, out of eight tested:

1. Five forms did not have the completed retirement date listed on the form.
2. Seven forms did not have evidence of being filed within the five-day requirement.

Cause:

The district did not have the controls in place to ensure the PERS 4B forms are being properly completed including the retirement date and evidence of the date the form is submitted to PERS.

Effect:

Failure to file the Form 4B as required by PERS could result in an employee getting overpaid or penalties being assessed by PERS.

Recommendation:

We recommend the district ensure compliance by properly completing the 4B form and showing evidence the form is being filed with PERS within five days of rehire.

Response:

The district will ensure all PERS 4B forms are properly completed and filed within the five-day requirement.

Repeat Finding:

Yes

**State Legal Finding 03:**

Criteria:

The School District Should Ensure Compliance with State Laws over Statement of Economic Interest. *Section 25-4-25, Mississippi Code Annotated (1972)*, provides that "Each of the following individuals shall file a statement of economic interest with the commission in accordance with the provisions of this chapter: a) Persons elected by popular vote..." *Section 25-4-29, Mississippi Code Annotated (1972)*, provides that "1) Required statements hereunder shall be filed as follows: a) Every incumbent public official required....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, regardless of duration.....2) Any person who fails to file a statement of economic interest within thirty (30) days of the date of the statement is due shall be deemed delinquent by the commission...a fine of Fifty Dollars (\$50) per day, not to exceed a total fine of One Thousand Dollars (\$1,000) shall be assessed against the delinquent filer for each day thereafter in which the statement of economic interest is not properly filed. The commission shall enroll such assessment as a civil judgment with the Circuit Clerk in the delinquent filer's county of residence..."

Condition:

During the review of the school district's economic interest statements filed by the board members, the auditor noted that three of the five board members did not file by the May 1<sup>st</sup> deadline of 2021. The auditor did note that all board members filed on time in FY22.

Cause:

Three of the board members did not adhere to the May 1<sup>st</sup> deadline for FY21.

Effect:

Failure to file the economic interest statements could result in non-compliance with the applicable law and could result in fines being assessed and a civil judgement being enrolled against the delinquent filers.

Recommendation:

We recommend the district implement procedures to ensure the board members are aware of the requirement to file the economic interest statement and the deadline to complete the form by May 1<sup>st</sup> of each year.

Response:

The district will ensure all board members are aware of the deadline going forward. All board members did meet the deadline for May 1<sup>st</sup>, 2022.

Repeat Finding:

Yes

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

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

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

Brown CPA, PLLC  
Madison, Mississippi  
October 28, 2022

A handwritten signature in dark ink that reads "Brown CPA, PLLC". The signature is written in a cursive, flowing style.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS



COLUMBIA SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

Section I: Summary of Auditor's Results

Financial Statements:

- |    |   |               |
|----|---|---------------|
| 1. | Type of auditor's report issued:                      | Unmodified    |
| 2. | Internal control over financial reporting:            |               |
| a. | Material weaknesses identified?                       | Yes           |
| b. | Significant deficiencies identified?                  | None reported |
| 3. | Noncompliance material to financial statements noted? | Yes           |

Federal Awards:

- |    |  |               |
|----|--|---------------|
| 4. | Internal control over major programs:  |               |
| a. | Material weakness identified?  | No            |
| b. | Significant deficiency identified?   | None reported |
| 5. | Type of auditor's report issued on compliance for major programs:                                  | Unmodified    |
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No            |

7. Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.010

Title I grants to local educational agencies

84.425D

COVID-19 – Elementary & Secondary School  
Emergency Relief I and II (ESSER)  
PreK – ESSER Grant

21.019

COVID-19 Coronavirus Relief Fund:  
Equity in Distance Learning Act  
Mississippi Pandemic Response Broadband  
Availability Act

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

COLUMBIA SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

Section II: Financial Statement Findings

**Material Weakness/Material Non-compliance**

**2021-001 Finding**

**Repeat Finding from 2020-001**

**Deficit cash balance in the District Maintenance Fund and Bank Reconciliations**

Criteria:

Management is responsible for ensuring that all funds are correctly recorded and reconciled by the district to ensure the district maintains adequate resources to fund daily operations. Section 37-61-19, Miss. Code Ann. (1972), states, "It shall be the duty of the superintendent of schools and the school boards of all school districts to limit the expenditure of school funds during the fiscal year to the resources available. It shall be unlawful for any school district to budget expenditures from a fund in excess of the resources available within that fund. Furthermore, it shall be unlawful for any contract to be entered into or any obligation incurred or expenditure made in excess of the resources available for such fiscal year."

Condition:

While reviewing the district's balance sheet accounts, we noted the following:

1. The district maintenance account had a negative cash balance after interfund loans were done during year end closing of the fiscal year to cover negative balances for other funds. The district did not have enough funds in the main operating account to cover the amount of the loan to other funds that had negative cash balances. The district's negative cash balance in the district maintenance fund was (\$213,653). The negative cash balance was due to loans to other funds to reconcile beginning fund balances and to properly show the payment to the QSCB fund.
2. It was also noted that the cash balances in the general ledger did not agree to some of the bank reconciliations. The district did not revise bank reconciliations after all final adjustments were made and one bank reconciliation transposed the bank statement balance in error causing the difference.
3. The general fund has a negative fund balance, in the amount of \$3,691,181, The unassigned portion of the fund balance does not meet the district's minimum fund balance policy of 10% of general revenues. The negative fund balance is mainly due to the loan balance to the 16<sup>th</sup> section principal fund.

Cause:

The district did not have the controls in place with budgeting of the district maintenance fund and reconciliation of beginning fund balances, including transfers to other funds, to ensure adequate funds were available.

Effect:

The lack of budgeting and expenditure controls surrounding the district maintenance account could cause the district to spend more than the resources available for the district.

Recommendation

We recommend the district review upcoming expenditures and budgets to put together a plan to increase the available resources within the district maintenance account.

Response:

Please refer to the Auditee's Corrective Action Plan beginning on page 73.

COLUMBIA SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

Section III: Federal Award Findings and Questioned Costs

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

**Columbia School District  
613 Bryan Avenue  
Columbia, Mississippi 39429  
Jason Harris, Superintendent  
Kimberly Rogers, Business Manager**

**AUDITEE'S CORRECTIVE ACTION PLAN**

As required by the Uniform Guidance, the Columbia School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2021:

Finding	Corrective Action Plan Details
<b>2021-001</b>	Deficit cash balance in the District Maintenance Fund and Bank Reconciliations
A.	Name of contact person responsible for corrective action: Name: Kimberly Rogers Title: Business Manager
B.	Corrective action planned:  The district will plan budgetarily to increase the cash balance and fund balance of the district maintenance fund to help prevent a negative balance from occurring in the future. The district will also review and revise bank reconciliations after all year-end adjustments to prevent errors and ensure general ledger balances still agree.
C.	Anticipated completion date:  June 30, 2023

**Columbia School District  
613 Bryan Avenue  
Columbia, Mississippi 39429  
Jason Harris, Superintendent  
Kimberly Rogers, Business Manager**

**AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

As required by Uniform Guidance, the Columbia School District has prepared and hereby submits the following summary of prior year audit findings as of June 30, 2021:

<u>Findings</u>	<u>Status</u>
2020-001	See 2021-001