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COLUMBUS MUNICIPAL SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2021

St. Clair CPA, PLLC
Carriere, MS

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TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT.....	1
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	7
BASIC FINANCIAL STATEMENTS.....	17
Government-wide Financial Statements	
Exhibit A Statement of Net Position.....	19
Exhibit B Statement of Activities.....	20
Governmental Funds Financial Statements	
Exhibit C Balance Sheet	21
Exhibit C-1 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position.....	22
Exhibit D Statement of Revenues, Expenditures and Changes in Fund Balances.....	23
Exhibit D-1 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	24
Fiduciary Funds Financial Statements	
Exhibit E Statement of Fiduciary Net Position.....	25
Exhibit F Statement of Changes in Fiduciary Net Position.....	26
Notes to the Financial Statements.....	27
REQUIRED SUPPLEMENTARY INFORMATION.....	51
Budgetary Comparison Schedule for the General Fund.....	53
Budgetary Comparison Schedule for the Major Special Revenue Fund – Title I Fund.....	54
Budgetary Comparison Schedule for the Major Special Revenue Fund – ESSER Fund.....	55
Schedule of the District’s Proportionate Share of the Net Pension Liability.....	56
Schedule of District Contributions (PERS).....	57
Schedule of the District’s Proportionate Share of the Net OPEB Liability.....	58
Schedule of District Contributions (OPEB).....	59
Notes to the Required Supplementary Information.....	60
SUPPLEMENTARY INFORMATION.....	65
Schedule of Expenditures of Federal Awards.....	67
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds	69
OTHER INFORMATION.....	71
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years.....	73
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years	74
REPORTS ON INTERNAL CONTROLS AND COMPLIANCE.....	75
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 <i>Government Auditing Standards</i> ...	77
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	79
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	81
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	87
AUDITEE’S CORRECTIVE ACTION PLAN	91

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INDEPENDENT AUDITOR'S REPORT

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ST. CLAIR CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Columbus Municipal School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information

of the Columbus Municipal School District, as of June 30, 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, 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) on pages 9-16, 53-55, 56, 57, 58 and 59, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated August 26, 2022, on my consideration of the Columbus Municipal School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Columbus Municipal School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Columbus Municipal School District's internal control over financial reporting and compliance.

St. Clair CPA, PLLC

St. Clair CPA, PLLC
Carriere, MS
August 26, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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COLUMBUS MUNICIPAL SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

The following discussion and analysis of Columbus Municipal School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 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 increased \$768,071, including a fund reclassification for GASB 84 of \$6,646 and a prior period adjustment of \$281,975, which represents a 6% increase from fiscal year 2020. Total net position for 2020 increased \$1,053,021, including a prior period adjustment of \$65,101, which represents an 8% increase from fiscal year 2019.
- General revenues amounted to \$30,334,803 and \$30,676,844, or 71% and 72% 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 \$12,138,045, or 29% of total revenues for 2021, and \$11,905,735, or 28% of total revenues for 2020.
- The District had \$41,993,398 and \$41,594,659 in expenses for fiscal years 2021 and 2020; only \$12,138,045 for 2021 and \$11,905,735 for 2020 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$30,334,803 for 2021 and \$30,676,844 for 2020 were adequate to provide for these programs.
- Among major funds, the General Fund had \$28,113,776 in revenues and \$25,207,054 in expenditures for 2021, and \$29,235,206 in revenues and \$28,570,854 in expenditures in 2020. The General Fund's fund balance increased by \$2,435,106 from 2020 to 2021, including a fund reclassification for GASB 84 of \$6,646 and a prior period adjustment of \$532, and increased by \$252,289 from 2019 to 2020, including a prior period adjustment of \$47,654.
- Capital assets, net of accumulated depreciation, increased by \$64,449 for 2021 and decreased by \$912,171 for 2020. The increase for 2021 was due to a prior period adjustment of \$280,964 to construction-in-progress and mobile equipment coupled with the increase in construction-in-progress and accumulated depreciation in the current year.
- Long-term debt decreased by \$2,337,808 for 2021 and decreased by \$3,874,565 for 2020. The decrease for 2021 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences increased by \$14,969 for 2021 and decreased by \$69,442 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.

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

The Columbus Municipal School District implemented the provisions of Statement No. 84 of the Governmental Accounting Standards Board – Fiduciary Activities pertaining to a private purpose trust fund. The district reclassified the balance of \$6,646 in the McKeller Scholarship Fund to the General Fund.

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$11,861,715 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	\$ 14,013,847	\$ 12,867,120	8.91 %
Restricted assets	2,666,170	2,980,031	(10.53) %
Capital assets, net	43,231,932	43,167,483	0.15 %
Total assets	59,911,949	59,014,634	1.52 %
Deferred outflows of resources	6,979,300	4,561,404	53.01 %
Current liabilities	2,497,466	2,570,017	(2.82) %
Long-term debt outstanding	10,755,836	13,093,644	(17.85) %
Net OPEB liability	3,255,018	3,418,900	(4.79) %
Net pension liability	60,428,419	52,357,582	15.41 %
Total liabilities	76,936,739	71,440,143	7.69 %
Deferred inflows of resources	1,816,225	4,765,681	(61.89) %
Net position:			
Net investment in capital assets	32,990,076	30,871,096	6.86 %
Restricted	2,434,447	2,809,697	(13.36) %
Unrestricted	(47,286,238)	(46,310,579)	(2.11) %
Total net position	\$ (11,861,715)	\$ (12,629,786)	6.08 %

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)	\$ (47,286,238)
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	58,622,631
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 11,336,393</u>

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 \$64,449.
- The principal retirement of \$2,289,118 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 \$42,472,848 and \$42,582,579, respectively. The total cost of all programs and services was \$41,993,398 for 2021 and \$41,594,659 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
Revenues:			
Program revenues:			
Charges for services	\$ 119,996	\$ 508,955	(76.42) %
Operating grants and contributions	12,018,049	11,396,780	5.45 %
General revenues:			
Property taxes	12,873,190	12,741,929	1.03 %
Grants and contributions not restricted	17,278,598	17,693,536	(2.35) %
Investment earnings	88,163	184,839	(52.30) %
Sixteenth section sources	17,179	14,176	21.18 %
Other	77,673	42,364	83.35 %
Total revenues	42,472,848	42,582,579	(0.26) %
Expenses:			
Instruction	19,805,545	19,341,641	2.40 %
Support services	13,139,156	15,683,591	(16.22) %
Non-instructional	2,636,622	2,547,239	3.51 %
Sixteenth section	7,775	550	1,313.64 %
Pension expense	6,094,935	3,532,416	72.54 %
OPEB expense	44,027	146,888	(70.03) %
Interest on long-term liabilities	265,338	342,334	(22.49) %
Total expenses	41,993,398	41,594,659	0.96 %
Increase (Decrease) in net position	479,450	987,920	(51.47) %
Net Position, July 1, as previously reported	(12,629,786)	(13,682,807)	7.70 %
Fund Reclassification	6,646	0	N/A %
Prior Period Adjustment	281,975	65,101	333.13 %
Net Position, July 1, as restated	(12,341,165)	(13,617,706)	9.37 %
Net Position, June 30	\$ (11,861,715)	\$ (12,629,786)	6.08 %

Governmental activities

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2021	2020	
Instruction	\$ 19,805,545	\$ 19,341,641	2.40 %
Support services	13,139,156	15,683,591	(16.22) %
Non-instructional	2,636,622	2,547,239	3.51 %
Sixteenth section	7,775	550	1,313.64 %
Pension Expense	6,094,935	3,532,416	72.54 %
OPEB Expense	44,027	146,888	(70.03) %
Interest on long-term liabilities	265,338	342,334	(22.49) %
Total expenses	\$ 41,993,398	\$ 41,594,659	0.96 %

	Net (Expense) Revenue		Percentage Change
	2021	2020	
Instruction	\$ (13,447,366)	\$ (13,813,386)	2.65 %
Support services	(9,907,715)	(12,368,858)	19.90 %
Non-instructional	(88,197)	515,508	(117.11) %
Sixteenth section	(7,775)	(550)	(1,313.64) %
Pension Expense	(6,094,935)	(3,532,416)	(72.54) %
OPEB Expense	(44,027)	(146,888)	70.03 %
Interest on long-term liabilities	(265,338)	(342,334)	22.49 %
Total net (expense) revenue	\$ (29,855,353)	\$ (29,688,924)	(0.56) %

- Net cost of governmental activities (\$29,855,353 for 2021 and \$29,688,924 for 2020) was financed by general revenue, which is primarily made up of property taxes (\$12,873,190 for 2021 and \$12,741,929 for 2020) and state and federal revenues (\$17,278,598 for 2021 and \$17,693,536 for 2020). In addition, there was \$17,179 and \$14,176 in Sixteenth Section sources for 2021 and 2020, respectively.
- Investment earnings amounted to \$88,163 for 2021 and \$184,839 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 \$14,258,259, an increase of \$889,059, which includes a fund reclassification of \$6,646, a prior period adjustment of \$1,011, and an increase in inventory of \$2,322. \$10,306,479, or 72% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$3,951,780, or 28% is either nonspendable,

restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$2,435,106, which includes a fund reclassification of \$6,646 and a prior period adjustment of \$532. The fund balance of Other Governmental Funds showed a decrease in the amount of \$1,546,047, which includes a prior period adjustment of \$479 and an increase in inventory of \$2,322. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I Fund	no increase or decrease
ESSER Fund	no increase or decrease

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2021, the District's total capital assets were \$73,343,135, including land, construction in progress, school buildings, building improvements and other improvements, buses, other school vehicles, furniture and equipment, and leased property under capital leases. This amount represents an increase of \$211,732 from 2020. Total accumulated depreciation as of June 30, 2021, was \$30,111,203, and total depreciation expense for the year was \$1,491,842, resulting in total net capital assets of \$43,231,932.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
Land	\$ 3,210,988	\$ 3,210,988	0.00 %
Construction in Progress	1,365,144	0	N/A %
Buildings	33,921,683	34,922,607	(2.87) %
Building improvements	1,249,017	1,311,468	(4.76) %
Improvements other than buildings	1,190,776	1,245,830	(4.42) %
Mobile equipment	1,397,306	1,647,246	(15.17) %
Furniture and equipment	326,138	178,184	83.03 %
Leased property under capital leases	570,880	651,160	(12.33) %
Total	\$ 43,231,932	\$ 43,167,483	0.15 %

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

Debt Administration. At June 30, 2021, the District had \$10,755,836 in outstanding long-term debt, of which \$2,260,361 is due within one year. During the fiscal year, the District made principal payments totaling \$2,289,118 on outstanding long-term debt. The liability for compensated absences increased \$14,969 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 6,595,000	\$ 8,535,000	(22.73) %
Obligations under capital leases	820,082	1,169,200	(29.86) %
Qualified school construction bonds payable	3,000,000	3,000,000	0.00 %
Compensated absences payable	149,780	134,811	11.10 %
Total	<u>\$ 10,564,862</u>	<u>\$ 12,839,011</u>	(17.71) %
Bond premiums	190,974	254,633	(25.00) %
Total	<u>\$ 10,755,836</u>	<u>\$ 13,093,644</u>	(17.85) %

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

CURRENT ISSUES

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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COLUMBUS MUNICIPAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 10,733,690
Cash with fiscal agent	595
Due from other governments	3,206,088
Inventories	73,474
Restricted assets (Note 4)	2,666,170
Non-depreciable capital assets (Note 5)	4,576,132
Depreciable capital assets, net (Note 5)	38,655,800
Total Assets	<u>59,911,949</u>
Deferred Outflows of Resources	
Deferred outflow - pensions (Note 9)	6,135,297
Deferred outflow - OPEB (Note 10)	741,734
Deferred outflow - advance refunding on bonds	102,269
Total Deferred Outflows of Resources	<u>6,979,300</u>
Liabilities	
Accounts payable and accrued liabilities	2,421,758
Interest payable on long-term liabilities	75,708
Long-term liabilities (Due within one year)	
Capital related liabilities (Note 6)	2,072,167
Non-capital related liabilities (Note 6)	188,194
Net OPEB liability (Note 10)	125,876
Long-term liabilities (Due beyond one year)	
Capital related liabilities (Note 6)	8,080,984
Bond premiums (discounts) (Note 6)	190,974
Non-capital related liabilities (Note 6)	223,517
Net OPEB liability (Note 10)	3,129,142
Net pension liability (Note 9)	60,428,419
Total Liabilities	<u>76,936,739</u>
Deferred Inflows of Resources	
Deferred inflow - pensions (Note 9)	933,571
Deferred inflow - OPEB (Note 10)	882,654
Total Deferred Inflows of Resources	<u>1,816,225</u>
Net Position	
Net investment in capital assets	32,990,076
Restricted net position	
Expendable	
School-based activities	1,493,082
Debt service	881,912
Unemployment benefits	59,453
Unrestricted	<u>(47,286,238)</u>
Total Net Position	<u>\$ (11,861,715)</u>

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

COLUMBUS MUNICIPAL 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	Governmental Activities
Governmental Activities				
Instruction	\$ 19,805,545	100,830	6,257,349	(13,447,366)
Support services	13,139,156	14,500	3,216,941	(9,907,715)
Non-instructional	2,636,622	4,666	2,543,759	(88,197)
Sixteenth section	7,775			(7,775)
Pension expense	6,094,935			(6,094,935)
OPEB expense	44,027			(44,027)
Interest on long-term liabilities	265,338			(265,338)
Total Governmental Activities	<u>41,993,398</u>	<u>119,996</u>	<u>12,018,049</u>	<u>(29,855,353)</u>
General Revenues				
Taxes				
General purpose levies				10,408,508
Debt purpose levies				2,464,682
Unrestricted grants and contributions				
State				16,721,701
Federal				556,897
Unrestricted investment earnings				88,163
Sixteenth section sources				17,179
Other				77,673
Total General Revenues				<u>30,334,803</u>
Changes in Net Position				<u>479,450</u>
Net Position - Beginning, as previously reported				(12,629,786)
Fund reclassification - GASB No. 84 (Note 17)				6,646
Prior Period Adjustments (Note 12)				281,975
Net Position - Beginning - as restated				<u>(12,341,165)</u>
Net Position - Ending				<u>\$ (11,861,715)</u>

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2021

Exhibit C

	<u>Major Funds</u>			<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Title I</u>	<u>ESSER</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Assets					
Cash and cash equivalents (Note 2)	\$ 9,476,704			2,984,509	12,461,213
Cash with fiscal agent (Note 2)	595			20	615
Investments (Note 2)				938,627	938,627
Due from other governments	496,030	898,376	857,902	953,780	3,206,088
Due from other funds (Note 3)	2,676,512	358		8,100	2,684,970
Inventories				73,474	73,474
Total Assets	<u>12,649,841</u>	<u>898,734</u>	<u>857,902</u>	<u>4,958,510</u>	<u>19,364,987</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable & accrued liabilities	2,150,623	10,424	91,469	169,242	2,421,758
Due to other funds (Note 3)	8,100	888,310	766,433	1,022,127	2,684,970
Total Liabilities	<u>2,158,723</u>	<u>898,734</u>	<u>857,902</u>	<u>1,191,369</u>	<u>5,106,728</u>
Fund Balances					
Nonspendable					
Inventory				73,474	73,474
Restricted					
Debt service				957,620	957,620
Unemployment benefits				59,453	59,453
Grant activities				1,419,608	1,419,608
Assigned					
School activities	184,639				184,639
Repairs to damaged facilities				1,256,986	1,256,986
Unassigned	10,306,479				10,306,479
Total Fund Balances	<u>10,491,118</u>	<u>0</u>	<u>0</u>	<u>3,767,141</u>	<u>14,258,259</u>
Total Liabilities and Fund Balances	<u>\$ 12,649,841</u>	<u>898,734</u>	<u>857,902</u>	<u>4,958,510</u>	<u>19,364,987</u>

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Exhibit C-1

		<u>Amount</u>
Total Fund Balance - Governmental Funds		\$ 14,258,259
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	3,210,988	
Construction in progress	1,365,144	
Buildings	57,663,564	
Building improvements	1,561,272	
Improvement other than buildings	1,881,550	
Mobile equipment	4,954,384	
Furniture and equipment	1,814,233	
Leased properly under capital leases	892,000	
Accumulated depreciation	<u>(30,111,203)</u>	43,231,932
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		(60,428,419)
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	6,135,297	
Deferred inflows of resources related to pensions	<u>(933,571)</u>	5,201,726
Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net OPEB liability		(3,255,018)
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	741,734	
Deferred inflows of resources related to OPEB	<u>(882,654)</u>	(140,920)
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	(6,595,000)	
Qualified school construction bonds payable	(3,000,000)	
Capital lease obligations	(820,082)	
Compensated absences	(149,780)	
Unamortized charges	102,269	
Unamortized premiums	(190,974)	
Accrued interest payable	<u>(75,708)</u>	<u>(10,729,275)</u>
Total Net Position - Governmental Activities		<u><u>\$(11,861,715)</u></u>

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT

Exhibit D

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

For the Year Ended June 30, 2021

	Major Funds			Other	Total
	General	Title I	ESSER	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
Revenues					
Local sources	\$ 10,613,683			2,520,688	13,134,371
State sources	16,917,784			940,157	17,857,941
Federal sources	565,130	2,747,369	1,611,476	6,524,882	11,448,857
Sixteenth section sources	17,179				17,179
Total Revenues	<u>28,113,776</u>	<u>2,747,369</u>	<u>1,611,476</u>	<u>9,985,727</u>	<u>42,458,348</u>
Expenditures					
Instruction	14,278,372	1,722,624	802,077	4,112,545	20,915,618
Support services	10,550,728	1,052,904	689,388	1,619,099	13,912,119
Noninstructional services		28,412		3,040,943	3,069,355
Sixteenth section	7,775				7,775
Facilities acquisition and construction				1,088,611	1,088,611
Debt service					
Principal (Note 6)	349,118			1,940,000	2,289,118
Interest	21,061			286,412	307,473
Other				3,793	3,793
Total Expenditures	<u>25,207,054</u>	<u>2,803,940</u>	<u>1,491,465</u>	<u>12,091,403</u>	<u>41,593,862</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,906,722</u>	<u>(56,571)</u>	<u>120,011</u>	<u>(2,105,676)</u>	<u>864,486</u>
Other Financing Sources (Uses)					
Sale of transportation equipment	14,594				14,594
Operating transfers in (Note 3)	617,252	219,025		3,438,547	4,274,824
Operating transfers out (Note 3)	(1,110,640)	(162,454)	(120,011)	(2,881,719)	(4,274,824)
Payment to QSCB escrow agent				(519,794)	(519,794)
Payment held by QSCB escrow agent				519,794	519,794
Total Other Financing Sources (Uses)	<u>(478,794)</u>	<u>56,571</u>	<u>(120,011)</u>	<u>556,828</u>	<u>14,594</u>
Net Change in Fund Balances	<u>2,427,928</u>	<u>0</u>	<u>0</u>	<u>(1,548,848)</u>	<u>879,080</u>
Fund Balances					
July 1, 2020, as previously reported	8,056,012			5,313,188	13,369,200
Fund reclassification - GASB No. 84 (Note 17)	6,646				6,646
Prior period adjustments (Note 12)	532			479	1,011
July 1, 2020, as restated	<u>8,063,190</u>	<u>0</u>	<u>0</u>	<u>5,313,667</u>	<u>13,376,857</u>
Increase in reserve for inventory				2,322	2,322
June 30, 2021	<u>\$ 10,491,118</u>	<u>0</u>	<u>0</u>	<u>3,767,141</u>	<u>14,258,259</u>

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

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

Exhibit D-1

	<u>Amount</u>
Net Change in Fund Balance - Governmental Funds	\$ 879,080

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

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

Capital outlay	1,411,038	
Depreciation expense	<u>(1,491,842)</u>	(80,804)

In the Statement of Activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.

(135,711)

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:

Payments of debt principal	2,289,118	
Accrued interest payable	<u>16,358</u>	2,305,476

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

Pension expense	(6,094,935)	
Contributions made subsequent to the measurement date	<u>3,522,671</u>	(2,572,264)

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

OPEB expense	(44,027)	
Contributions made subsequent to the measurement date	<u>110,777</u>	66,750

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

Change in compensated absences	(14,969)	
Change in inventory reserve	2,322	
Amortization of deferred charges, premiums and discounts	<u>29,570</u>	<u>16,923</u>

Changes in Net Position of Governmental Activities	<u><u>\$ 479,450</u></u>
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The notes to the financial statements are an integral part of this statement.

COLUMBUS MUNICIPAL SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2021

Exhibit E

	<u>Private-Purpose Trust Funds</u>
Assets	
Cash and cash equivalents	\$ 0
Total Assets	<u>0</u>
Liabilities	
Accounts payable and accrued liabilities	<u>0</u>
Total Liabilities	<u>0</u>
Net Position	
Reserved for endowments	<u>0</u>
Total Net Position	<u>\$ 0</u>

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

Exhibit F

	<u>Private-Purpose Trust Funds</u>
Additions	
Interest on investments	\$ 0
Contributions and donations from private sources	0
Total Additions	<u>0</u>
Deductions	
Administrative expense	<u>0</u>
Total Deductions	<u>0</u>
Changes in Net Position	<u>0</u>
Net Position	
July 1, 2020, as previously reported	6,646
Fund Reclassification - GASB No. 84 (Note 17)	(6,646)
July 1, 2020, as restated	<u>0</u>
June 30, 2021	<u><u>\$ 0</u></u>

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

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

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

The school district reports the following major governmental funds:

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

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

ESSER Fund - This special revenue fund is federally funded and is used to provide additional funds for the prevention and protection from the COVID 19 pandemic.

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

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

The District's fiduciary funds include the following:

McKeller Scholarship Fund – This private purpose fund was used to provide scholarships for selective student each year. Since the district can no longer issue scholarships, during the current fiscal year the balance in the fund was transferred to the General Fund.

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.

FIDUCIARY FUNDS

Private-purpose Trust Funds - Private-purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which the principal and income benefit individuals, private organizations or other governments.

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

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

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

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

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

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

Ad valorem property taxes are levied by the governing 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.

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

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

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

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 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

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

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents

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

a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows are directly related to pension reporting, OPEB reporting and advance refunding of general obligations bonds.

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

See Notes 9, 10 and 18 for further details.

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

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

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

fair value as determined by the state.

12. Fund Balances

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

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

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

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

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

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

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

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use 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 12% of total revenues of the school district.

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

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

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

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

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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$12,461,213.

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

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

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$615.

Investments

As of June 30, 2021, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
QSCB Construction Bond Common Trust	Aaa	< 1 year	<u>\$ 938,627</u>

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

The district has the following recurring fair value measurements as of June 30, 2021:

- The listed investments of \$938,627 are valued using quoted market prices (Level 1 inputs)

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2021, the district did not have any investments to which this would apply.

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Major Fund - Title I Fund	\$ 888,310
	Major Fund - ESSER Fund	766,433
	Other governmental funds	1,021,769
Major fund - Title I Fund	Other governmental funds	358
Other governmental funds	General Fund	<u>8,100</u>
Total		<u>\$ 2,684,970</u>

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

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

normal year end closing adjustments.

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 1,110,640
Major fund - Title I Fund	General Fund	76,471
	Other governmental funds	85,983
Major fund - ESSER Fund	General Fund	120,011
Other governmental funds	General Fund	420,770
	Major Fund - Title I Fund	219,025
	Other governmental funds	2,241,924
Total		<u>\$ 4,274,824</u>

The transfer out of the General Fund was for the purpose of funding the vocational program (Fund 2711) and unemployment compensation (Fund 2820) in the Other Governmental Funds. The transfers from the Major Funds and the Other Governmental Funds to the General Fund were for indirect costs. The transfer from the Major Fund – Title I Fund to the Other Governmental Funds was to the Consolidated Administrative Cost Pool. The transfer from the Other Governmental Funds to the Major Fund – Title I Fund was for transferability of other title funds as approved in the grant application. The transfers within the Other Governmental Funds were to fund capital projects and debt service.

Note 4 – Restricted Assets

The restricted assets represent the cash balance, cash with fiscal agent and investment balance, totaling \$1,727,523, \$20 and \$938,627, respectively, of the QSCB Bond Retirement Fund and the assets of various state and federal programs which are legally restricted and may not be used for purposes that support the district's programs.

Note 5 – Capital Assets

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2021

	Balance 7/1/2020	Increases	Decreases	Adjustments	Balance 6/30/2021
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 3,210,988				3,210,988
Construction-in-progress		1,088,611		276,533	1,365,144
Total non-depreciable capital assets	3,210,988	1,088,611	0	276,533	4,576,132
<u>Depreciable capital assets:</u>					
Buildings	57,663,564				57,663,564
Building improvements	1,561,272				1,561,272
Improvements other than buildings	1,881,550				1,881,550
Mobile equipment	6,236,887	61,458	(1,343,961)		4,954,384
Furniture and equipment	1,685,142	260,969	(131,878)		1,814,233
Leased property under capital leases	892,000				892,000
Total depreciable capital assets	69,920,415	322,427	(1,475,839)	0	68,767,003
<u>Less accumulated depreciation for:</u>					
Buildings	22,740,957	1,000,924			23,741,881
Building improvements	249,804	62,451			312,255
Improvements other than buildings	635,720	55,054			690,774
Mobile equipment	4,589,641	181,436	(1,209,568)	(4,431)	3,557,078
Furniture and equipment	1,506,958	111,697	(130,560)		1,488,095
Leased property under capital leases	240,840	80,280			321,120
Total accumulated depreciation	29,963,920	1,491,842	(1,340,128)	(4,431)	30,111,203
Total depreciable capital assets, net	39,956,495	(1,169,415)	(135,711)	4,431	38,655,800
Governmental activities capital assets, net	\$ 43,167,483	(80,804)	(135,711)	280,964	43,231,932

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 1,083,897
Support services	305,203
Non-instructional	102,742
Total depreciation expense - Governmental activities	\$ 1,491,842

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

	Spent to June 30, 2021	Remaining Commitment
Governmental Activities:		
Hunt Building	\$ 1,365,144	43,251
Total governmental activities	\$ 1,365,144	43,251

Construction projects included in governmental activities are funded with local funds.

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

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	\$ 8,535,000		1,940,000	6,595,000	1,985,000
Premiums	254,633		63,659	190,974	0
B. Obligations under capital leases	1,169,200		349,118	820,082	267,872
C. Qualified school construction bonds payable	3,000,000			3,000,000	0
D. Compensated absences payable	134,811	14,969		149,780	7,489
Total	\$ 13,093,644	14,969	2,352,777	10,755,836	2,260,361

A. General obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. General obligation bonds, 2009A	3.1 - 4.4	03/01/09	03/01/22	\$ 9,950,000	345,000
2. General obligation bonds, 2017	3.0	09/01/17	04/01/24	8,205,000	6,250,000
Total				\$ 18,155,000	6,595,000

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

1. General obligation bond issue of 2009A:

Year Ending	Principal	Interest	Total
June 30			
2022	\$ 345,000	11,212	356,212

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

2. General obligation bond issue of 2017:

Year Ending	Principal	Interest	Total
June 30			
2022	\$ 1,640,000	187,500	1,827,500
2023	2,235,000	138,300	2,373,300
2024	2,375,000	71,250	2,446,250
Total	\$ 6,250,000	397,050	6,647,050

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

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

Total general obligation bond payments for all issues:

Year Ending June 30	Principal	Interest	Total
2022	\$ 1,985,000	198,712	2,183,712
2023	2,235,000	138,300	2,373,300
2024	2,375,000	71,250	2,446,250
Total	\$ 6,595,000	\$ 408,262	\$ 7,003,262

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 amount of outstanding bonded indebtedness was equal to 3.1% of property assessments as of October 1, 2020.

See note 7 for further details.

B Obligations under capital leases

The school district has entered into a lease agreement as lessee for financing the acquisition of Apple computers at a cost of \$1,085,204. The district entered into a lease agreement as lessee for financing the acquisition of Lenova computers at a cost of \$324,902. Both leases qualify as capital leases for accounting purposes. The assets acquired were not capitalized since the cost of the individual assets were below the capitalization threshold amount. The school district entered into a lease agreement for financing the acquisition of school buses at a cost of \$892,000. This lease qualifies as a capital lease for accounting purposes and the assets will be capitalized.

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Master Lease - Apple Computers	1.90%	07/15/16	03/18/22	\$ 1,085,024	\$ 99,480
2. Master Lease - Lenova Computers	0.13%	08/12/19	08/12/22	324,902	162,451
3. Master Lease - School Buses	2.58%	04/24/17	04/10/27	892,000	558,151
Total				<u>\$ 2,301,926</u>	<u>\$ 820,082</u>

1. Master Lease – Apple Computers:

Year Ending June 30	Principal	Interest	Total
2022	<u>\$ 99,480</u>	<u>1,890</u>	<u>101,370</u>

This debt will be retired from the General Fund.

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

2. Master Lease – Lenova Computers:

Year Ending June 30	Principal	Interest	Total
2022	\$ 81,225	210	81,435
2023	81,226	209	81,435
Total	<u>\$ 162,451</u>	<u>419</u>	<u>162,870</u>

This debt will be retired from the General Fund.

3. Master Lease – School Buses:

Year Ending June 30	Principal	Interest	Total
2022	\$ 87,167	13,842	101,009
2023	89,431	11,579	101,010
2024	91,752	9,256	101,008
2025	94,135	6,873	101,008
2026	96,579	3,429	100,008
2027	99,087	1,921	101,008
Total	<u>\$ 558,151</u>	<u>46,900</u>	<u>605,051</u>

This debt will be retired from the General Fund.

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

Year Ending June 30	Principal	Interest	Total
2022	\$ 267,872	15,942	283,814
2023	170,657	11,788	182,445
2024	91,752	9,256	101,008
2025	94,135	6,873	101,008
2026	96,579	3,429	100,008
2027	99,087	1,921	101,008
Total	<u>\$ 820,082</u>	<u>49,209</u>	<u>869,291</u>

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

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

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

Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified school construction bonds	0.94	11/01/09	11/01/24	<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:

Year Ending June 30	Principal	Interest	Total
2022	\$	28,200	28,200
2023		28,200	28,200
2024		28,200	28,200
2025	<u>3,000,000</u>	<u>28,200</u>	<u>3,028,200</u>
Total	<u>\$ 3,000,000</u>	<u>112,800</u>	<u>3,112,800</u>

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

This debt is partially secured by an irrevocable pledge of building and bus fund revenues (\$188,104) the district receives from the State of Mississippi pursuant to the Education Enhancement Funds authorization, Section 37-61-33, Miss. Code Ann. (1972).

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 – Prior Year Defeasance of Debt

In prior years, the Columbus Municipal School District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the district's financial statements. On June 30, 2021, \$345,000 of bonds outstanding are defeased.

Note 8 – Other Commitments

Commitments under construction contracts are described in Note 5.

Note 9 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2021

financial statements and required supplementary information. That report is available at www.pers.ms.gov.

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 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 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 \$3,522,671, \$3,616,637 and \$3,052,878, 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 \$60,428,419 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 0.312149 percent, which was based on a measurement date of June 30, 2020. This was an increase of 0.014527 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 \$6,094,935. 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	\$ 381,213	\$ 0
Net difference between projected and actual earnings on pension plan investments	1,985,735	0
Changes of assumptions	245,678	0
Changes in proportion and differences between District contributions and proportionate share of contributions	0	933,571

COLUMBUS MUNICIPAL SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2021

District contributions subsequent to the measurement date	3,522,671	0
Total	\$ <u>6,135,297</u>	\$ <u>933,571</u>

\$3,522,671 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	\$ 355,667
2023	355,667
2024	471,287
2025	496,434

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

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	<u>100</u>	<u>%</u>		

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows

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

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:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 78,217,613	\$ 60,428,419	\$ 45,745,558

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

Note 10 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

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

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

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 \$110,777 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 \$3,255,018 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 of June 30, 2020, the District's proportion was 0.41827095 percent. This was an increase of 0.01535583 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 \$44,027. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,419	\$ 566,460
Changes of assumptions	505,372	137,553
Net difference between projected and actual earnings on OPEB plan investments	105	0
Changes in proportion and differences between District contributions and proportionate share of contributions	121,331	178,641
District contributions subsequent to the measurement date	110,777	0
Total	\$ 741,734	\$ 882,654

\$110,777 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	\$ (73,882)
2023	(73,882)
2024	(66,629)
2025	(21,133)
2026	(16,171)

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

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%
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:

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

		1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
Net OPEB liability	\$	3,597,017	\$ 3,255,018	\$ 2,961,676

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	\$	3,005,511	\$ 3,255,018	\$ 3,537,698

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

Note 11 – Sixteenth Section Lands

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

Year Ending June 30	Amount
2022	\$ 6,350
2023	6,350
2024	6,350
2025	6,350
2026	6,350
2027 – 2031	31,750
2032 - 2036	31,750
2037 – 2041	17,150
2042 – 2046	39,350
Total	\$ 151,750

Note 12 – Prior Period Adjustments

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

Exhibit B - Statement of Activities

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

Explanation	Amount
1. Error correction - restatement of prior year asset/liability	\$ 1,011
2. Correctly state construction-in-progress and depreciation of capital assets	280,964
Total	<u>\$ 281,975</u>

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

Fund	Explanation	Amount
General Fund	Error correction - restatement of prior year asset/liability	\$ 532
Other Governmental Funds	Error correction - restatement of prior year asset/liability	479
	Total	<u>\$ 1,011</u>

Note 13 – Contingencies

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

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

Note 14 – Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 57 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

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

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.

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 \$938,647. 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	\$ 520,000
2023	520,000
2024	520,000
2025	520,000
Total	<u>\$ 2,080,000</u>

Note 16 – Juvenile Detention Center Education Program

The Columbus Municipal School District entered into a Juvenile Detention Center agreement creating the Lowndes County Juvenile Detention Center Education Program to be housed at the Lowndes County Juvenile Detention Center. This contract was in full force and effect for the fiscal year ended June 30, 2021. This program was in accordance with Section 43-21-321, Miss. Code Ann. (1972) which states a sponsoring school district must provide educational services to youths detained in juvenile detention centers. It was approved by the Mississippi Department of Education and includes the Chickasaw County School District, Choctaw County School District, Houston School District, Kemper County School District, Louisville School District, Lowndes County School District, Noxubee County School District, Okolona School District, Webster County School District and West Point Consolidated School District. The Columbus Municipal School District has been designated as the sponsoring school district and the operations of the program are included in its financial statements under the General Fund.

Note 17 – Fund Reclassification

The Columbus Municipal School District implemented the provisions of Statement No. 84 of the Governmental Accounting Standards Board – Fiduciary Activities pertaining to a private purpose trust fund. This Statement should

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

be applied retroactively by restating the statements for the current period. The Columbus Municipal School District reclassified the balance of the private purpose trust fund in the amount of \$6,646 to the General Fund.

Note 18 – Effect of Deferred Amounts on Net Position

The net investment in capital assets net position amount of \$32,990,076 includes the effect of deferring the recognition of expenditures resulting from a deferred outflow from advance refunding of school district debt. The \$102,269 balance of deferred outflow of resources at June 30, 2021, will be recognized as an expense and will decrease the net investment in capital assets net position over the next 3 years.

The unrestricted net position amount of (\$47,286,238) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$3,522,671 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The \$2,612,626 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.

The unrestricted net position amount of (\$47,286,238) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$933,571 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 year.

The unrestricted net position amount of (\$47,286,238) 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 \$110,777 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. The \$630,957 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 (\$47,286,238) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$882,654 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 - 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 Columbus Municipal School District evaluated the activity of the district through August 26, 2022, (the date the financial statements were available to be issued), and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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COLUMBUS MUNICIPAL SCHOOL DISTRICT
 Budgetary Comparison Schedule for the 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
Revenues					
Local sources	\$ 10,733,725	10,613,666	10,613,683	(120,059)	17
State sources	16,708,111	16,917,784	16,917,784	209,673	0
Federal sources	508,707	484,265	565,130	(24,442)	80,865
Sixteenth section sources	14,145	17,179	17,179	3,034	0
Total Revenues	<u>27,964,688</u>	<u>28,032,894</u>	<u>28,113,776</u>	<u>68,206</u>	<u>80,882</u>
Expenditures					
Instruction	15,278,118	14,278,372	14,278,372	999,746	0
Support services	12,208,247	10,469,863	10,550,728	1,738,384	(80,865)
Sixteenth section	14,300	7,775	7,775	6,525	0
Debt service					
Principal	346,967	349,118	349,118	(2,151)	0
Interest	23,772	21,061	21,061	2,711	0
Total Expenditures	<u>27,871,404</u>	<u>25,126,189</u>	<u>25,207,054</u>	<u>2,745,215</u>	<u>(80,865)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>93,284</u>	<u>2,906,705</u>	<u>2,906,722</u>	<u>2,813,421</u>	<u>17</u>
Other Financing Sources (Uses)					
Insurance loss recoveries	0	14,500	0	14,500	(14,500)
Sale of transportation equipment	0	94	14,594	94	14,500
Operating transfers in	4,808,155	4,205,490	617,252	(602,665)	(3,588,238)
Operating transfers out	(5,444,212)	(4,687,855)	(1,110,640)	756,357	3,577,215
Total Other Financing Sources (Uses)	<u>(636,057)</u>	<u>(467,771)</u>	<u>(478,794)</u>	<u>168,286</u>	<u>(11,023)</u>
Net Change in Fund Balances			<u>2,427,928</u>		
Fund Balances					
July 1, 2020, as previously reported			8,056,012		
Fund Reclassification (GASB No. 84)			6,646		
Prior period adjustments			532		
July 1, 2020, as restated			<u>8,063,190</u>		
June 30, 2021			<u>\$ 10,491,118</u>		

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT

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

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Federal sources	\$ 3,457,582	3,433,439	2,747,369	(24,143)	(686,070)
Total Revenues	<u>3,457,582</u>	<u>3,433,439</u>	<u>2,747,369</u>	<u>(24,143)</u>	<u>(686,070)</u>
Expenditures					
Instruction	2,239,753	2,231,615	1,722,624	8,138	508,991
Support services	1,176,027	1,176,549	1,052,904	(522)	123,645
Noninstructional services	53,962	54,892	28,412	(930)	26,480
Total Expenditures	<u>3,469,742</u>	<u>3,463,056</u>	<u>2,803,940</u>	<u>6,686</u>	<u>659,116</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,160)</u>	<u>(29,617)</u>	<u>(56,571)</u>	<u>(17,457)</u>	<u>(26,954)</u>
Other Financing Sources (Uses)					
Operating transfers in	211,405	211,405	219,025	0	7,620
Operating transfers out	(199,245)	(196,228)	(162,454)	3,017	33,774
Total Other Financing Sources (Uses)	<u>12,160</u>	<u>15,177</u>	<u>56,571</u>	<u>3,017</u>	<u>41,394</u>
Net Change in Fund Balances			<u>0</u>		
Fund Balances					
July 1, 2020			<u>0</u>		
June 30, 2021			<u>\$ 0</u>		

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT

Budgetary Comparison Schedule for the Major Special Revenue Fund - ESSER Fund

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Federal sources	\$ 2,600,545	2,813,595	1,611,476	213,050	(1,202,119)
Total Revenues	<u>2,600,545</u>	<u>2,813,595</u>	<u>1,611,476</u>	<u>213,050</u>	<u>(1,202,119)</u>
Expenditures					
Instruction	700,545	1,069,734	802,077	(369,189)	267,657
Support services	1,800,000	1,419,729	689,388	380,271	730,341
Total Expenditures	<u>2,500,545</u>	<u>2,489,463</u>	<u>1,491,465</u>	<u>11,082</u>	<u>997,998</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>100,000</u>	<u>324,132</u>	<u>120,011</u>	<u>224,132</u>	<u>(204,121)</u>
Other Financing Sources (Uses)					
Operating transfers out	(100,000)	(324,132)	(120,011)	(224,132)	204,121
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(324,132)</u>	<u>(120,011)</u>	<u>(224,132)</u>	<u>204,121</u>
Net Change in Fund Balances			<u>0</u>		
Fund Balances					
July 1, 2020			<u>0</u>		
June 30, 2021			<u>\$ 0</u>		

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT

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

PERS

Last 10 Fiscal Years *

	<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	0.312149%	0.297622%	0.289568%	0.327652%	0.333704%	0.337688%	0.335614%
District's proportionate share of the net pension liability	\$ 60,428,419	52,357,582	48,163,761	54,466,833	59,607,867	52,199,905	40,737,394
District's covered payroll	\$ 20,785,270	19,383,352	18,491,663	21,019,086	21,347,873	21,096,813	20,507,765
District's proportionate share of the net pension liability as a percentage of its covered payroll	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,522,671	3,616,637	3,052,878	2,912,437	3,310,506	3,362,290	3,322,748
Contributions in relation to the contractually required contribution	3,522,671	3,616,637	3,052,878	2,912,437	3,310,506	3,362,290	3,322,748
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
District's covered payroll	20,245,236	20,785,270	19,383,352	18,491,663	21,019,086	21,347,873	21,096,813
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 Statement 68 was implemented in the FYE 6-30-15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

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

	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.41827095%	0.40291512%	0.41539389%	0.43997629%
District's proportionate share of the net OPEB liability	\$ 3,255,018	3,418,900	3,213,279	3,452,094
Covered employee payroll	\$ 20,785,270	19,383,352	18,491,663	21,019,086
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	15.66%	17.64%	17.38%	16.42%
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 75 was implemented in the FYE 6-30-18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 110,777	129,810	137,040	147,168
Contributions in relation to the actuarially determined contribution	110,777	129,810	137,040	147,168
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered employee payroll	\$ 20,245,236	20,785,270	19,383,352	18,491,663
Contributions as a percentage of covered employee payroll	0.55%	0.62%	0.71%	0.80%

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

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 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 and each major Special Revenue Fund consistent with accounting principles generally accepted in the United States of America.

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

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

2019:

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: for males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119; for females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119; 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.

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

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.

2020: The discount rate was changed from 3.50% for the 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

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

Pre-Medicare

Long-term investment rate of return, net of
OPEB plan investment expense, including 3.50%
price inflation

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SUPPLEMENTARY INFORMATION

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COLUMBUS MUNICIPAL SCHOOL DISTRICT
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
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
COVID-19 - Summer food service program for children	10.559	195MS326N1099	\$ 3,008,514
Total child nutrition cluster			3,008,514
Total passed-through Mississippi Department of Education			3,008,514
Total U.S. Department of Agriculture			3,008,514
<u>Department of the Treasury</u>			
Passed-through Mississippi Department of Education:			
COVID-19 - Coronavirus relief fund	21.019	Not Available	1,264,250
COVID-19 - MS Pandemic Response Broadband Availability Act HB1788	21.019	Not Available	351,359
Total passed-through the Mississippi Department of Education			1,615,609
Total Department of the Treasury			1,615,609
<u>U.S. Department of Defense</u>			
Direct program:			
Reserve officers' training corps	12.xxx	Not Available	48,036
Total U.S. Department of Defense			48,036
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I - grants to local educational agencies	84.010	S010A200024	3,306,211
Career and technical education - basic grants to states	84.048	V048A200024	59,423
Rural education	84.358	S358B200024	64,209
Supporting effective instruction - state grants	84.367	S367A200023	232,150
Student support and academic enrichment program	84.424	S424A200025	186,646
Total			3,848,639
Education stabilization funds:			
COVID-19 - Education stabilization fund (ESSER) I	84.425D	S425D200031	1,611,476
COVID-19 - Education stabilization fund (ESSER) II	84.425D	S425D210031	35,008
Total education stabilization funds			1,646,484
Special education cluster:			
Special education - grants to states	84.027	H027A200108	1,175,467
Special education - preschool grants	84.173	H173A200113	35,836
Total special education cluster			1,211,303
Total passed-through Mississippi Department of Education			6,706,426
Total U.S. Department of Education			6,706,426
Total for All Federal Awards			\$ 11,378,585

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

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

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Noncash Awards

Donated commodities of \$247,162 are included in the COVID-19 – summer food service program for children.

(5) Other Items

As allowed by federal regulations, the school district elected to transfer program funds. The district expended \$211,417 from Student Support and Academic Enrichment Program CFDA # 84.424 on allowable activities of the Title I - Grants to Local Educational Agencies CFDA # 84.010. This amount is reflected in the expenditures of Title I - Grants to Local Educational Agencies.

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2021

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 27,767,887	20,159,631	1,134,610	1,868,018	4,605,628
Other	13,825,975	4,582,623	326,525	16,604	8,900,223
Total	<u>41,593,862</u>	<u>24,742,254</u>	<u>1,461,135</u>	<u>1,884,622</u>	<u>13,505,851</u>
Total number of students	<u>3,106</u>				
Cost per student	<u>\$ 13,391</u>	<u>7,966</u>	<u>470</u>	<u>607</u>	<u>4,348</u>

Notes to the schedule.

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.

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

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OTHER INFORMATION

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

	UNAUDITED			
	2021	2020*	2019*	2018*
Revenues				
Local sources	\$ 10,613,683	10,617,621	10,648,576	10,623,038
State sources	16,917,784	18,146,151	17,927,222	18,778,668
Federal sources	565,130	457,258	483,941	482,550
Sixteenth section sources	17,179	14,176	11,807	17,326
Total Revenues	<u>28,113,776</u>	<u>29,235,206</u>	<u>29,071,546</u>	<u>29,901,582</u>
Expenditures				
Instruction	14,278,372	15,034,419	14,295,638	15,273,158
Support services	10,550,728	13,066,593	12,959,314	13,742,610
Noninstructional services	0	5,135	8,051	9,300
Sixteenth section	7,775	550	691	0
Debt service				
Principal	349,118	435,783	469,845	373,838
Interest	21,061	28,374	34,628	29,825
Total Expenditures	<u>25,207,054</u>	<u>28,570,854</u>	<u>27,768,167</u>	<u>29,428,731</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,906,722</u>	<u>664,352</u>	<u>1,303,379</u>	<u>472,851</u>
Other Financing Sources (Uses)				
Proceeds of refunding bonds	0	0	0	3,968
Inception of capital leases	0	324,902	389,895	1,225,585
Insurance loss recoveries	0	83,015	0	7,125
Sale of transportation equipment	14,594	874	0	0
Operating transfers in	617,252	488,111	461,482	404,118
Operating transfers out	(1,110,640)	(1,356,619)	(1,326,776)	(1,262,058)
Other financing uses	0	0	0	(12,228)
Total Other Financing Sources (Uses)	<u>(478,794)</u>	<u>(459,717)</u>	<u>(475,399)</u>	<u>366,510</u>
Net Change in Fund Balances	<u>2,427,928</u>	<u>204,635</u>	<u>827,980</u>	<u>839,361</u>
Fund Balances				
Beginning of period, as previously reported	8,056,012	7,803,723	6,899,525	6,154,456
Fund reclassification - GASB No. 84	6,646	0	0	0
Prior period adjustments	532	47,654	76,218	(94,292)
Beginning of period, as restated	<u>8,063,190</u>	<u>7,851,377</u>	<u>6,975,743</u>	<u>6,060,164</u>
End of period	<u>\$ 10,491,118</u>	<u>8,056,012</u>	<u>7,803,723</u>	<u>6,899,525</u>

* Source - Prior year audit reports.

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

	UNAUDITED			
	2021	2020*	2019*	2018*
Revenues				
Local sources	\$ 13,134,371	13,195,862	13,000,096	12,933,583
State sources	17,857,941	19,005,476	18,667,351	19,531,337
Federal sources	11,448,857	10,085,943	8,788,532	8,056,346
Sixteenth section sources	17,179	14,176	11,807	17,326
Total Revenues	<u>42,458,348</u>	<u>42,301,457</u>	<u>40,467,786</u>	<u>40,538,592</u>
Expenditures				
Instruction	20,915,618	20,549,747	18,623,231	19,336,084
Support services	13,912,119	17,088,907	14,906,211	15,404,795
Noninstructional services	3,069,355	2,891,908	2,946,239	2,996,412
Sixteenth section	7,775	550	691	0
Facilities acquisition and construction	1,088,611	0	0	0
Debt service				
Principal	2,289,118	4,066,366	2,569,845	2,323,838
Interest	307,473	1,403,760	461,321	499,662
Other	3,793	7,113	18,084	115,273
Total Expenditures	<u>41,593,862</u>	<u>46,008,351</u>	<u>39,525,622</u>	<u>40,676,064</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>864,486</u>	<u>(3,706,894)</u>	<u>942,164</u>	<u>(137,472)</u>
Other Financing Sources (Uses)				
Proceeds of refunding bonds	0	0	0	8,205,000
Premium on bonds	0	0	0	445,610
Inception of capital leases	0	324,902	389,895	1,225,585
Insurance loss recoveries	0	281,122	3,408,332	7,125
Sale of transportation equipment	14,594	874	0	0
Operating transfers in	4,274,824	3,548,552	1,976,362	1,855,136
Operating transfers out	(4,274,824)	(3,548,552)	(1,976,362)	(1,855,136)
Payment to refunded bond escrow agent	0	0	0	(8,543,625)
Payment to QSCB escrow agent	(519,794)	189,966	0	0
Payment held by QSCB escrow agent	519,794	(189,966)	0	0
Other financing uses	0	0	0	(12,228)
Total Other Financing Sources (Uses)	<u>14,594</u>	<u>606,898</u>	<u>3,798,227</u>	<u>1,327,467</u>
Net Change in Fund Balances	<u>879,080</u>	<u>(3,099,996)</u>	<u>4,740,391</u>	<u>1,189,995</u>
Fund Balances				
Beginning of period, as previously reported	13,369,200	16,350,596	11,530,168	10,450,881
Fund reclassification - GASB No. 84	6,646	0	0	0
Prior period adjustments	1,011	65,101	76,218	(108,074)
Beginning of period, as restated	<u>13,376,857</u>	<u>16,415,697</u>	<u>11,606,386</u>	<u>10,342,807</u>
Increase (Decrease) in reserve for inventory	<u>2,322</u>	<u>53,499</u>	<u>3,819</u>	<u>(2,634)</u>
End of period	<u>\$ 14,258,259</u>	<u>13,369,200</u>	<u>16,350,596</u>	<u>11,530,168</u>

* Source - Prior year audit reports.

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

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ST. CLAIR CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

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

Independent Auditor's Report

Superintendent and School Board
Columbus Municipal School District

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Columbus Municipal School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Columbus Municipal School District's basic financial statements, and have issued my report thereon dated August 26, 2022.

Internal Control Over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item [2021-001] that I consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Columbus Municipal School District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Columbus Municipal School District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of 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.

St. Clair CPA, PLLC

St. Clair CPA, PLLC
Carriere, MS
August 26, 2022



ST. CLAIR CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

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

Independent Auditor's Report

Superintendent and School Board
Columbus Municipal School District

Report on Compliance for Each Major Federal Program

I have audited Columbus Municipal School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Columbus Municipal School District's major federal programs for the year ended June 30, 2021. Columbus Municipal School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, I identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item [2021-002], that I consider to be a significant deficiency.

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

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

St. Clair CPA, PLLC

St. Clair CPA, PLLC
Carriere, MS
August 26, 2022

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

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ST. CLAIR CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

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

Superintendent and School Board
Columbus Municipal School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbus Municipal School District as of and for the year ended June 30, 2021, which collectively comprise Columbus Municipal School District's basic financial statements and have issued my report thereon dated August 26, 2022. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of my procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed the following instance of noncompliance. The noncompliance is reported in finding number No. 2 below.

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

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

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

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

State Finding No. 1 – Related Party

CRITERIA: *Section 25-4-105(1), Miss. Code of 1972*, states “No public servant shall use his official position to obtain, or attempt to obtain, pecuniary benefit for himself other than that compensation provided by law, or to obtain pecuniary benefit for any relative or any business with which he is associated.”

CONDITION: During the review of the School District’s related party questionnaires and Board minutes, the auditor noted one (1) school board member did not recuse himself in the appointment of a relative within the third degree.

CAUSE: The cause of the condition is an apparent oversight by the school board member.

EFFECT: Failure of the board member from recusing himself during the vote for a relative resulted in the violation of *Mississippi Code Section 25-4-105(1), Miss. Code of 1972*.

RECOMMENDATION: It is recommended that school board members do not vote for employment of family members that are related within the third degree.

DISTRICT’S RESPONSE: The District will supply Board Members with a list of family member positions that fall into the third-degree category to ensure they are aware of who they may not participate in voting for employment.

State Finding No. 2 – EEF Procurement Cards

CRITERIA: *Section 37-61-33(3)(iii), Mississippi Code Annotated (1972)*, authorizes an eligible teacher or “cardholder” may receive a procurement card to provide access to the Education Enhancement Funds (EEF). By signing for and using the EEF procurement card, the teacher agrees to abide by the terms and policies outlined in the Teacher cardholder agreement. Each teacher is responsible for all purchases and must not allow anyone else to make purchases. Additionally, the EEF procurement card and account numbers are unique and registered to each teacher.

CONDITION: During the testing of the School District’s Education Enhancement Fund (EEF) procurement cards, the auditor noted that one (1) teacher out of the sample of eighteen (18) teachers was not eligible to receive an EEF procurement card. The employee was not a licensed teacher and was a computer lab technician.

CAUSE: The cause of the condition is an apparent oversight by management.

EFFECT: The district was not in compliance with *Section 37-61-33(3)(iii), Mississippi Code Annotated (1972)*.

Recommendation: We recommend the school district strengthen controls and ensure compliance by establishing policies and procedures to ensure the EEF procurement cards are only issued to eligible teachers.

DISTRICT’S RESPONSE: The District has identified and verified which employees are licensed and eligible to receive the EEF procurement card.

State Finding No. 3- Travel

CRITERIA: *Section 25-1-79, Mississippi Code Annotated (1972)*, states, “it shall be unlawful for any such officer or employee to be paid or to receive any sums whatsoever for travel expense until the expenses for which payment is made, and each item thereof, have been actually incurred by such officer or employee, and then only upon the presentation of an itemized expense account which shall be approved in writing by the head of the department, agency or institution on whose behalf such travel is performed.”

CONDITION: During my testing of travel vouchers, I noted the following:

- Five (5) instances where the district reimbursed an employee \$0.58 per mile instead of the federal reimbursement rate of \$0.575.
- Two (2) instances where an employee claimed reimbursement for mileage when according to the employee’s time records, that employee was either on sick leave or personal leave.

CAUSE OF CONDITION: The cause of the condition is the result of an oversight by management.

POTENTIAL EFFECT OF CONDITION: The district is not in compliance with *Section 25-1-79, Miss. Code Ann (1972)*. Lack of controls could result in fraud, loss, or misappropriation of assets.

RECOMMENDATION: It is recommended that the school district strengthen controls over and compliance with travel reimbursements by ensuring there are adequate policies and procedures surrounding reimbursements for professional travel expenses.

DISTRICT'S RESPONSE: The school district will strengthen controls over and compliance with travel reimbursements by ensuring that there are adequate policies and procedures surrounding reimbursements for professional travel expenses.

State Finding No. 4 – Reemployment of PERS Retirees

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

CONDITION: During the testing of employment of retired personnel, there was no documentation to demonstrate if the PERS Form 4Bs were submitted to PERS within the required five (5) days. Additionally, I noted one (1) instance out of a sample of three (3) in which a re-hired employee was paid \$1,143 more than allowed by that employee's PERS Form 4B.

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

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

RECOMMENDATION: It is recommended that the district strengthen controls to ensure compliance with *Section 25-11-127(4), Mississippi Code Annotated (1972)*, by properly completing and filing the Form 4B within five (5) days of employment and making sure PERS Retirees are not paid more than allowed on their Form 4B.

DISTRICT'S RESPONSE: The District will strengthen controls over submission procedures and documentation maintenance.

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

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

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

St. Clair CPA, PLLC

St. Clair CPA, PLLC
Carriere, MS
August 26, 2022

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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COLUMBUS MUNICIPAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 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 weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | Yes |
| 3. Noncompliance material to the financial statements? | No |

Federal Awards:

- | | |
|---|------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | Yes |
| 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)? | Yes |
| 7. Federal program identified as major program: | |

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.559	COVID-19 – Summer Food Service Program for Children
21.019	COVID-19 – Coronavirus Relief Fund
21.019	COVID-19 – MS Pandemic Response Broadband Availability Act HB 1788
84.425D	COVID-19 – Education Stabilization Fund (ESSER) I
84.425D	COVID-19 – Education Stabilization Fund (ESSER) II

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

Section II: Financial Statement Findings

Significant deficiency identified that is not considered to be a material weakness.

Finding 2021-001

CRITERIA: Management is responsible for establishing an internal control system that ensures strong financial accountability and compliance with all laws, regulations and district policies and procedures.

CONDITION: During testing of procurement transactions, there were three (3) instances out of a sample size of ninety-eight (98) where the district could not provide documentation of a second quote as required by state purchasing laws and the district's purchasing policy.

CAUSE: The cause of the condition is the result of an oversight by management.

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

EFFECT: Lack of adequate internal controls over purchases could result in expenditures being made that are in violation of the district's own purchasing policies and state law.

RECOMMENDATION: It is recommended that the district implement controls and procedures to ensure that all commodity purchases between \$5,000 and \$50,000 have at least two competitive quotes.

VIEWS OF RESPONSIBLE OFFICIAL: See Auditee's Corrective Action Plan

Section III: Federal Award Findings and Questioned Costs

Significant deficiency identified that is not considered to be a material weakness.

Finding 2021-002

Reference Number:	2021-002
Federal Agency:	U.S. Department of Agriculture
Federal Program:	COVID-19 - summer food service program for children
Assistance Listing No.:	10.559
Compliance Requirement:	Procurement Suspension & Debarment
Type of Finding:	Significant deficiency in Internal Control over Compliance

CRITERIA: In accordance with the procurement requirements of Uniform Guidance (200.320(b)), formal bids are required when the acquisition cost for goods using federal funds is greater than \$50,000.

CONDITION: When testing procurement transactions from the child nutrition program, it was noted that food service equipment with a cost greater than \$50,000 was acquired without management having performed formal bidding procedures.

CAUSE: The cause of the condition is the result of an oversight by management.

EFFECT: The effect of the condition resulted in a significant reportable control deficiency and if left uncorrected could result in noncompliance with program requirements.

QUESTIONED COST: None

PREVALENCE OF AUDIT FINDING: This condition is considered to be an isolated incident.

REPEAT FINDING: This is not a repeat finding.

RECOMMENDATION: It is recommended that formal bidding be performed when the acquisition price exceeds \$50,000 for goods that are being acquired with federal funds.

VIEWS OF RESPONSIBLE OFFICIAL: See Auditee's Corrective Action Plan

AUDITEE'S CORRECTIVE ACTION PLAN

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COLUMBUS MUNICIPAL SCHOOL DISTRICT

Cherie Labat, Ph.D.

Superintendent of Schools

labatc@columbuscityschools.org

Phone (662) 241-7400

Holly Rogers

Chief Financial Officer

rogersh@columbuscityschools.org

Fax: (662) 241-7439

Corrective Action Plan

August 26, 2022

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (UG), the Columbus Municipal School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2021.

Finding 2021-001

Corrective Action Plan

- a. Contact person responsible for corrective action: Holly Rogers
- b. Description of correction action to be taken: Requisitions will not be approved until quotes are received and uploaded into the accounting system.
- c. Anticipated completion date of corrective action: Process began July 1, 2022

Finding 2021-002

Corrective Action Plan

- a. Contact person responsible for corrective action: Holly Rogers
- b. Description of correction action to be taken: Requisitions will not be approved until bidding requirements have been met and documentation is uploaded into the accounting system.
- c. Anticipated completion date of corrective action: Process began July 1, 2022

Sincerely,

Holly M. Rogers
Chief Financial Officer

TOGETHER WE FLY

2630 MCARTHUR DRIVE
P.O. BOX 1308
COLUMBUS, MS 39703-1308

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