

CITY OF COLUMBUS, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

CITY OF COLUMBUS, MISSISSIPPI
Audited Financial Statements

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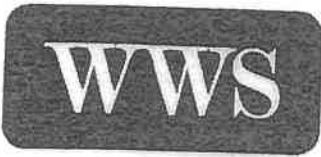
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Audited Financial Statements

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CITY OF COLUMBUS, MISSISSIPPI

FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Columbus, Mississippi, as of and for the year ended September 30, 2019, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Columbus, Mississippi, as of September 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, schedule of City's proportionate share of the net pension liability, and schedule of the City's contributions on pages 4-11 and 46-48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Columbus, Mississippi's basic financial statements. The other supplemental information, as listed in the contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020, on our consideration of the City of Columbus, Mississippi's internal control over financial reporting and on our tests of the compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Columbus, Mississippi's internal control over financial reporting and compliance.

Columbus, Mississippi
December 11, 2020

Watkins Ward and Stafford, P.C.

CITY OF COLUMBUS, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF COLUMBUS, MISSISSIPPI

Management's Discussion and Analysis For the Year Ended September 30, 2019

This section of the City of Columbus' Financial Report presents our discussion and analysis of the City's financial performance during the fiscal year ending September 30, 2019. Please read it in conjunction with the City of Columbus' financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$11,368,465. Of this amount \$2,852,739 may be used to meet the City of Columbus' ongoing obligations to citizens and creditors. The \$(37,452,981) of unassigned net position shown on the statement of net position includes a \$40,076,924 reduction in net position as a result of GASB No. 68, which requires employers to disclose their share of the plan's unfunded pension liability. The plan is administered by PERS of Mississippi.
- As of the close of the current fiscal year, the City of Columbus governmental funds reported combined ending fund balances of \$8,480,510, an increase of \$1,122,439 in comparison to the prior year.
- The City of Columbus' total debt is \$25,669,892 (exclusive of compensated absences). Of that total, approximately \$4,681,889 of debt is for capital assets purchased under lease purchase agreements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City of Columbus' overall financial status. (Pages 14-15)
- The remaining statements are fund financial statements that focus on individual parts of the City of Columbus' operations in more detail than the government-wide statements.

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. (Pages 23-44)

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

CITY OF COLUMBUS, MISSISSIPPI

**Management's Discussion and Analysis
For the Year Ended September 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Figure A-1

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

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

Government-wide Statements

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

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

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

CITY OF COLUMBUS, MISSISSIPPI

Management's Discussion and Analysis For the Year Ended September 30, 2019

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

Fund Financial Statements

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

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

The City of Columbus has two kinds of funds:

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

CITY OF COLUMBUS, MISSISSIPPI

**Management's Discussion and Analysis
For the Year Ended September 30, 2019**

Government-wide Financial Analysis

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

Net position may serve over time as a useful indicator of a government's financial position. The City of Columbus' assets exceeded liabilities by \$11,597,261 at the close of the most recent fiscal year.

A substantial portion, 382%, of the City's governmental activities net position reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; however, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

- Governmental long-term debt decrease of \$1,254,390 (exclusive of unfunded pension liability).
- Capital asset net decrease of \$2,010,014 for Governmental activities.

Table A-1
City of Columbus Net Position

	Governmental Activities		Increase/ (Decrease)
	2019	2018	
Cash and Other Assets	9,583,896	8,820,952	762,944
Capital Assets	56,702,099	58,712,113	(2,010,014)
Total Assets	<u>66,285,995</u>	<u>67,533,065</u>	<u>(1,247,070)</u>
Deferred Outflows of Resources	1,594,462	2,771,312	(1,176,850)
Other Liabilities	1,185,254	1,550,941	(365,687)
Long-term Liabilities	54,980,525	55,233,851	(253,326)
Total Liabilities	<u>56,165,779</u>	<u>56,784,792</u>	<u>(619,013)</u>
Deferred Inflows of Resources	346,213	685,408	(339,195)
Net Position:			
Invested in Capital Assets			
Net of Related Debt	43,412,543	43,493,673	(81,130)
Restricted	5,408,903	5,284,299	124,604
Unrestricted	(37,452,981)	(35,943,795)	(1,509,186)
Total Net Position	<u>11,368,465</u>	<u>12,834,177</u>	<u>(1,465,712)</u>

CITY OF COLUMBUS, MISSISSIPPI

**Management's Discussion and Analysis
For the Year Ended September 30, 2019**

Changes in net position. Approximately 34.4 percent of the City of Columbus' revenue comes from property taxes, with 75.5 percent of all revenue coming from some type of tax. (See Table A-2). Another 18.1 percent comes from fees charged for services, and the balance is from operating and capital grants and contributions and investment earnings.

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

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

	Governmental Activities		Increase/ (Decrease)
	2019	2018	
Revenue			
Program Revenues:			
Charges for Services	\$ 5,219,045	3,758,904	1,460,141
Operating Grants & Contributions	710,279	204,261	506,018
Capital Grants & Contributions	484,587	416,337	68,250
General Revenues:			
Property Taxes	9,925,803	9,812,818	112,985
Other Taxes	11,870,712	12,515,711	(644,999)
Investment Income	84,697	45,989	38,708
Other	573,428	327,506	245,922
Total Revenue	<u>28,868,551</u>	<u>27,081,526</u>	<u>1,787,025</u>
Expenses			
General Government	3,834,391	3,376,844	457,547
Public Safety	13,396,766	13,981,941	(585,175)
Public Works	6,780,096	7,292,187	(512,091)
Urban & Economic Development	1,623,921	1,455,000	168,921
Cemetery	115,577	125,698	(10,121)
Garage	835,841	832,333	3,508
Agency Appropriations	610,770	714,421	(103,651)
Culture & Recreation	2,142,716	3,007,501	(864,785)
Interest on Debt	987,042	969,869	17,173
Other on Long-term Debt	7,143	7,403	(260)
Total Expenses	<u>30,334,263</u>	<u>31,763,197</u>	<u>(1,428,934)</u>
Increase (Decrease) in Net Position	<u>(1,465,712)</u>	<u>(4,681,671)</u>	<u>3,215,959</u>
Net Position - Beginning	12,834,177	17,515,848	(4,681,671)
Net Position - Ending	<u>\$ 11,368,465</u>	<u>12,834,177</u>	<u>(1,465,712)</u>

CITY OF COLUMBUS, MISSISSIPPI

Management's Discussion and Analysis For the Year Ended September 30, 2019

Governmental Activities

Governmental activities decreased net assets by \$1,236,916. Key elements of this are as follows:

The largest funding sources for the City's governmental activities, as a percent of total revenues, are other taxes (41.1%) and property taxes (34.4%).

The largest expense categories for the City's governmental activities are public safety (44.2%) and public works (22.3%).

Financial Analysis of the Government's Funds

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

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

General Fund - The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$2,852,739. As a measure of the General Fund's liquidity, it may be useful to compare both the fund balance, reserved and unreserved, to total fund expenditures. The fund balance of the City's General Fund increased by \$1,004,027 during the current fiscal year. These amounts do not account for the effects of the net pension liability discussed earlier.

Debt Service Fund - The Debt Service Fund has a total fund balance of \$3,900,555, all of which is reserved for the payment of debt service. The net decrease in fund balance during the year in the Debt Service Fund was \$404,777.

Capital Projects Fund - The Capital Projects Fund accounts for the construction and reconstruction of general public improvements, excluding projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was a surplus of \$28,404. The net increase in the fund balance during the current year in the Capital Projects Fund was \$59,943.

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

Budgetary Highlights

The City's annual budget, which is prepared on an operating basis, included estimated revenues and annual appropriations for the Governmental Funds. The total 2018-2019 operating budget charges amounted to \$32,942,582.

The City's total tax millage rate for the 2019 fiscal year was 47.59 mills. The breakdown of the millage rate is General Fund 36.47 mills, Police and Firemen's Retirement 5.82 mills, and General Obligation bonds 5.30 mills.

CITY OF COLUMBUS, MISSISSIPPI

**Management's Discussion and Analysis
For the Year Ended September 30, 2019**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for governmental activities as of September 30, 2019, amounted to \$119,765,375, net of accumulated depreciation of \$63,063,276. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress.

Table A-3
City of Columbus Capital Assets

	Governmental Activities		Increase/ (Decrease)
	2019	2018	
Land	\$ 7,832,208	7,646,708	185,500
Buildings	22,863,112	22,863,112	-
Improv. Other Than Buildings	5,471,051	5,471,051	-
Machinery & Equipment	14,005,968	13,652,395	353,573
Infrastructure	69,034,020	69,034,020	-
Construction-in-Progress	559,016	364,663	194,353
Accumulated Depreciation	(63,063,276)	(60,319,836)	(2,743,440)
Total	\$ 56,702,099	58,712,113	(2,010,014)

Long-Term Debt – At year-end, the City had \$25,669,892 in bonds and notes outstanding. More detailed information about the City of Columbus' long-term liabilities is presented in the notes to the financial statements.

Table A-4
City of Columbus Outstanding Debt

	Governmental Activities		Increase/ (Decrease)
	2019	2018	
General Obligation Bonds	\$ 5,475,000	4,875,000	600,000
Special Assessment Bonds	12,190,246	12,997,996	(807,750)
TIF Bonds	2,833,123	3,033,647	(200,524)
Notes Payable	489,634	693,549	(203,915)
Capital Lease Obligations	4,681,889	5,275,891	(594,002)
Total	\$ 25,669,892	26,876,083	(1,206,191)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City considered current year operational expenses and estimated increases based on economic factors when establishing the fiscal year 2020 budget. The total budgeted appropriation for the City operations in the governmental activities is \$32,942,582 (which includes \$24,077,391 in the general fund).

CITY OF COLUMBUS, MISSISSIPPI

**Management's Discussion and Analysis
For the Year Ended September 30, 2019**

**CONTACTING THE CITY OF COLUMBUS
FINANCIAL MANAGEMENT**

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

BASIC FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF COLUMBUS, MISSISSIPPI
Statement of Net Position
September 30, 2019

	Primary Governmental	Major Component Units	
	Governmental Activities	Electric Department	Water Department
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 4,372,176	4,025,666	3,632,081
Investments, Restricted			4,238,813
Receivable, Net	598,127	6,469,065	1,474,468
Landfill Receivable	55,444		
Intergovernmental Receivable	1,582,554		
Fines Receivable	15,011		
Inventory		778,491	169,890
Prepaid Expense		64,279	156,429
Notes Receivable	2,960,584		
Other Assets		1,339,290	150,600
Capital Assets:			
Land and Construction in Progress	8,391,224	1,900,797	201,607
Other Capital Assets, Net of Depreciation	48,310,875	26,815,126	50,208,649
Total Assets	<u>66,285,995</u>	<u>41,392,714</u>	<u>60,232,537</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Unamortized Loss on Bond Defeasance		372,688	234,287
Deferred Outflows Related to			
- Net Pension Liability	1,594,462	451,584	632,206
Total Deferred Outflows of Resources	<u>1,594,462</u>	<u>824,272</u>	<u>866,493</u>
<u>LIABILITIES</u>			
Accounts Payable and Accrued Expenses	966,386	5,298,795	1,470,735
Customer Deposits		3,296,487	134,226
Other Liabilities	218,868	47,858	
Long-term Liabilities:			
Due Within One Year	2,233,609	671,166	1,951,290
Due in More than One Year	23,936,190	6,750,702	14,049,590
Unfunded Pension Liability	28,810,726	6,517,276	6,948,831
Total Liabilities	<u>56,165,779</u>	<u>22,582,284</u>	<u>24,554,672</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to			
- Net Pension Liability	346,213	826,158	83,503
Other		441,015	7,150
Total Deferred Inflows of Resources	<u>346,213</u>	<u>1,267,173</u>	<u>90,653</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	43,412,543	21,345,518	34,643,663
Restricted for:			
Expendable:			
Capital Improvements	28,404		
City-based Activities	1,698,812		
Debt Service	3,681,687		
Unemployment Benefits			2,441,632
Unrestricted - Unassigned	(37,452,981)	(2,977,989)	6,386
Total Net Position	<u>\$ 11,368,465</u>	<u>18,367,529</u>	<u>36,453,705</u>

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

CITY OF COLUMBUS, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Major Component Units	
					Electric Department	Water Department	
Primary Government							
Governmental Activities							
General Government	\$ 3,834,391	1,433,891	567,306	-	\$ (1,833,194)		
Public Safety	13,396,766	620,913	104,948	22,525	(12,648,380)		
Public Works	6,780,096	2,269,593	38,025	44,964	(4,427,514)		
Cemetery	115,577	57,640	-	-	(57,937)		
Culture and Recreation	2,142,716	558,483	-	-	(1,589,233)		
Conservation, Urban and Economic Development	1,623,921	278,525	-	225,000	(1,153,298)		
Intergovernmental Grants	835,841	-	-	192,098	(835,841)		
Agency Appropriations	610,770	-	-	-	(610,770)		
Interest on Long-term Debt	987,042	-	-	-	(987,042)		
Other on Long-term Debt	7,143	-	-	-	(7,143)		
Total Primary Government	30,334,263	5,219,045	710,279	484,587	(23,920,332)		
Major Component Units							
Electric Department	40,205,523	39,788,595			(416,928)		
Water Department	10,553,910	10,976,545				422,635	
Total Major Component Units	\$ 50,759,433	50,765,140			(416,928)	422,635	
General Revenues							
Taxes							
Property Taxes					9,925,803		
Sales and Use Taxes					9,748,367		
Other Taxes					2,122,343		
Grants and Contributions not Restricted to Specific Programs							
Investment Income					84,697	25,811	87,772
Other					573,428	610,216	88,872
Total General Revenues					22,454,640	636,027	176,644
Change in Net Position					(1,465,712)	219,099	599,279
Net Position, October 1, 2018					12,834,177	18,148,430	35,854,426
Net Position, September 30, 2019					\$ 11,368,465	18,367,529	36,453,705

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

FUND FINANCIAL STATEMENTS

CITY OF COLUMBUS, MISSISSIPPI
Balance Sheet - Governmental Funds
September 30, 2019

	General	Digital Water Meter Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 1,821,238	-	2,550,938	4,372,176
Landfill Receivable	55,444	-	-	55,444
Intergovernment Receivables	1,319,934	-	262,620	1,582,554
Loans Receivable	-	2,556,726	403,858	2,960,584
Fines Receivable	15,011	-	-	15,011
Other Receivables	542,135	-	55,992	598,127
Due from Other Funds	145,501	-	434,848	580,349
Total Assets	\$ 3,899,263	2,556,726	3,708,256	10,164,245
<u>LIABILITIES</u>				
Accounts Payable	792,871	-	173,515	966,386
Due to Other Funds	116,653	72,705	390,991	580,349
Compensated Absences	137,000	-	-	137,000
Total Liabilities	1,046,524	72,705	564,506	1,683,735
<u>FUND BALANCES</u>				
Restricted for:				
Capital Improvements	-	-	28,404	28,404
Debt Service	-	2,484,021	1,416,534	3,900,555
Other Commitments	-	-	1,698,812	1,698,812
Unassigned	2,852,739	-	-	2,852,739
Total Fund Balances	2,852,739	2,484,021	3,143,750	8,480,510
Total Liabilities and Fund Balances	\$ 3,899,263	2,556,726	3,708,256	10,164,245

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

CITY OF COLUMBUS, MISSISSIPPI
Reconciliation of the Governmental Funds Balance Sheet to the Statement of
Net Position
September 30, 2019

Fund Balances - Total Governmental Funds \$ 8,480,510

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

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

Governmental Capital Assets	119,765,375	
Less Accumulated Depreciation	<u>(63,063,276)</u>	56,702,099

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

Long-Term Liabilities	(54,843,525)	
Accrued Interest Payable	(218,868)	
Deferred Outflows of Resources	1,594,462	
Deferred Inflows of Resources	<u>(346,213)</u>	<u>(53,814,144)</u>

Net Position of Governmental Activities		<u>\$ 11,368,465</u>
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The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF COLUMBUS, MISSISSIPPI
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended September 30, 2019

	<u>General</u>	<u>Digital Water Meter Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>				
Property Taxes	8,656,584	-	1,269,219	9,925,803
Licenses and Permits	599,637	-	-	599,637
Intergovernmental Revenues	11,045,088	80,921	1,916,543	13,042,552
Charges for Governmental Services	2,591,339	-	139,526	2,730,865
Fines and Forfeits	383,634	-	2,060	385,694
Interest Income	77,824	-	6,873	84,697
Other Revenues	1,993,281	-	106,022	2,099,303
Total Revenues	25,347,387	80,921	3,440,243	28,868,551
<u>EXPENDITURES</u>				
Current:				
General Government	3,267,232	-	632,017	3,899,249
Public Safety	11,336,474	-	341,065	11,677,539
Public Works	5,126,852	-	128,636	5,255,488
Cemetery	115,577	-	-	115,577
Culture and Recreation	1,383,674	-	603,138	1,986,812
Conservation, Urban and Economic Development	1,136,932	-	72,937	1,209,869
Intergovernmental-Garage	784,240	-	-	784,240
Agency Appropriations	610,770	-	-	610,770
Debt Service:				
Principal	423,907	263,366	1,317,644	2,004,917
Interest	29,208	100,160	865,140	994,508
Paying Agent Fees	1,687	-	5,456	7,143
Total Expenditures	24,216,553	363,526	3,966,033	28,546,112
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,130,834	(282,605)	(525,790)	322,439
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds of Debt	200,000	-	600,000	800,000
Transfers from Other Departments	1,202,422	-	730,149	1,932,571
Transfers to Other Departments	(1,529,229)	-	(403,342)	(1,932,571)
Net Other Financing Sources (Uses)	(126,807)	-	926,807	800,000
Net Change in Fund Balances	1,004,027	(282,605)	401,017	1,122,439
Fund Balances, October 1, 2018	1,848,712	2,766,626	2,742,733	7,358,071
Fund Balances, September 30, 2019	\$ 2,852,739	2,484,021	3,143,750	8,480,510

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

CITY OF COLUMBUS, MISSISSIPPI
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended September 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$ 1,122,439

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

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

Expenditures for Capital Assets	733,426	
Less Current Year Depreciation	<u>(2,743,440)</u>	<u>(2,010,014)</u>

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

Bond and Loan Proceeds	(800,000)	
Principal Payments	2,004,917	
Amortization of Bond Premiums	2,750	
Amortization of Bond Discounts	<u>(1,476)</u>	<u>1,206,191</u>

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

Change in Unfunded Pension Liability	(1,838,719)	
Change in long-term Compensated Absences	48,199	
Change in Accrued Interest Payable	<u>6,192</u>	<u>(1,784,328)</u>

Change in Net Position of Governmental Funds		<u><u>\$ (1,465,712)</u></u>
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The accompanying notes to financial statements are an integral part of these financial statements.

CITY OF COLUMBUS, MISSISSIPPI
Statement of Net Position - Fiduciary Funds
September 30, 2019

	Private- Purpose Trust	Agency Funds
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 242,701	1,139,337
Receivables (Net)		61,561
Total Assets	242,701	1,200,898
<u>LIABILITIES</u>		
Accounts Payable		905,672
Other Liabilities		295,226
Total Liabilities	-	1,200,898
<u>NET POSITION</u>		
Net Position	\$ 242,701	-

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

CITY OF COLUMBUS, MISSISSIPPI
Statement of Changes in Net Position - Fiduciary Funds
For the Year Ended September 30, 2019

	Private- Purpose Trust
<u>ADDITIONS</u>	
Revenues	
Interest Income	\$ 25,860
Total Revenues	25,860
Other Financing Sources (Uses)	
Transfers to Other Departments	21,330
Total Other Financing Sources	21,330
Total Additions	4,530
Change in Net Position	4,530
Net Position, October 1, 2018	238,171
Net Position, September 30, 2019	\$ 242,701

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The accompanying financial statements of the City of Columbus (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles.

b. The Financial Reporting Entity

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

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

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

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Basic Financial Statements – Government-Wide Statements

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

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

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

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

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

d. Basic Financial Statements – Fund Financial Statements

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- a. **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.
- c. **Debt Service Funds** are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.
- d. **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

2. Fiduciary Funds

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

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Basis of Accounting

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

1. Accrual:

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

2. Modified Accrual:

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

f. Financial Statement Amounts

1. Cash and Cash Equivalents:

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

2. Inventory:

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Capital Assets:

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

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

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

4. Fund Balances:

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

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

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

Assigned fund balance includes amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the City Council pursuant to authorization established by the City's approved fund balance policy.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

5. Revenues:

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

6. Expenditures:

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

7. Compensated Absences:

The City accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Interfund Activity:

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

9. Basis of Budgeting:

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

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

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

10. Self-insurance Reserves:

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

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

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Use of Estimates:

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

NOTE 2: CASH, OTHER DEPOSITS, AND INVESTMENTS

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. All of the City's funds eligible to be included in the State's collateral pool were properly included and were fully collateralized as of September 30, 2019.

The bank balance of the City's deposits with financial institutions was \$6,319,493 on September 30, 2019, and the carrying amount was \$5,754,214. Of the \$5,754,214 carrying amount, \$4,372,176 is shown on the Statement of Net Position and the remaining \$1,382,038 is shown on the Statement of Net Position – Fiduciary Funds.

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 3: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables at September 30, 2019, are:

A. Due from/to other funds

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 145,501	116,653
Digital Water Meter Debt Fund		72,705
Other Governmental Funds	<u>434,848</u>	<u>390,991</u>
Total Funds	\$ <u>580,349</u>	<u>580,349</u>

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

B. Inter-fund Transfers

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 1,202,422	1,529,229
Other Governmental Funds	<u>730,149</u>	<u>403,342</u>
	\$ <u>1,932,571</u>	<u>1,932,571</u>

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

NOTE 4: NOTES RECEIVABLE

On the Statement of Net Position, notes receivable from Columbus Light & Water in the amount of \$2,960,584 consists of a \$403,858 receivable from the Electric Division and \$2,556,726 due from the Water Division.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019, was as follows:

	Balance 9/30/2018	Additions	Retire- ments	Completed Construction	Adjustments	Balance 9/30/2019
Governmental Activities						
<i>Non-depreciable Capital Assets</i>						
Land	\$ 7,646,708	185,500	-	-	-	7,832,208
Construction in Progress	364,663	194,353	-	-	-	559,016
Total Non-depreciable Capital Assets	8,011,371	379,853	-	-	-	8,391,224
<i>Depreciable Capital Assets</i>						
Buildings	22,863,112	-	-	-	-	22,863,112
Equipment	12,021,880	353,573	-	-	-	12,375,453
Improvements Other than Buildings	5,471,051	-	-	-	-	5,471,051
Infrastructure	69,034,020	-	-	-	-	69,034,020
Leased Property Under Capital Lease	1,630,515	-	-	-	-	1,630,515
Total Depreciable Capital Assets	111,020,578	353,573	-	-	-	111,374,151
<i>Less Accumulated Depreciation for:</i>						
Buildings	8,505,476	466,585	-	-	-	8,972,061
Equipment	9,147,194	607,414	-	-	-	9,754,608
Improvements Other than Buildings	866,706	218,842	-	-	-	1,085,548
Infrastructure	41,156,478	1,200,469	-	-	-	42,356,947
Leased Property Under Capital Lease	643,982	250,130	-	-	-	894,112
Total Accumulated Depreciation	60,319,836	2,743,440	-	-	-	63,063,276
Total Depreciable Capital Assets, Net	50,700,742	(2,389,867)	-	-	-	48,310,875
Governmental Activities Capital Assets, Net	\$ 58,712,113	(2,010,014)	-	-	-	56,702,099

	<u>Amount</u>
Governmental Activities:	
General Government	\$ 72,046
Public Safety	698,911
Public Works	1,387,100
Culture and Recreation	178,770
Conservation, Urban and Economic Development	406,613
Total Depreciation Expense - Governmental Activities	\$ 2,743,440

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 5: CAPITAL ASSETS (CONTINUED)

Discretely presented component units

Activity for Columbus Light and Water Department—Electric Division for the year ended June 30, 2019, was as follows:

	<u>Balance at</u> <u>6/30/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>6/30/2019</u>
Distribution Plant	\$ 50,031,212	1,014,927	(182,414)	50,863,725
General Plant	5,921,295	312,165	-	6,233,460
	55,952,507	1,327,092	(182,414)	57,097,185
Construction work in progress	215,931	1,539,896	-	1,755,827
	56,168,438	2,866,988	(182,414)	58,853,012
Accumulated depreciation	(28,244,741)	(2,179,576)	287,228	(30,137,089)
Total Net Plant and Equipment	<u>\$ 27,923,697</u>	<u>687,412</u>	<u>104,814</u>	<u>28,715,923</u>

Depreciation in the discretely presented component unit, Columbus Light and Water-Electric Division, for the fiscal year June 30, 2019 was \$1,980,699.

Activity for Columbus Light and Water Department—Water Department for the year ended September 30, 2019, was as follows:

	<u>Balance at</u> <u>09/30/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>09/30/2019</u>
Wastewater Treatment Plant	\$ 18,975,768	-	-	18,975,768
Utility Plant in Service	98,230,826	948,351	(27,530)	99,151,647
General Plant	2,633,278	197,774	-	2,831,052
	119,839,872	1,146,125	(27,530)	120,958,467
Construction work in Progress	256,089	586,316	(790,979)	51,426
	120,095,961	1,732,441	(818,509)	121,009,893
Accumulated depreciation	(67,516,848)	(3,110,319)	27,530	(70,599,637)
Total Net Plant and Equipment	<u>\$ 52,579,113</u>	<u>\$(1,377,878)</u>	<u>\$(790,979)</u>	<u>\$ 50,410,256</u>

Depreciation in the discretely presented component unit, Columbus Light and Water-Water Division, for the fiscal year September 30, 2019 was \$3,003,777.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 6: LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2019, was as follows:

Governmental Activities	Balance 9/30/2018	Additions	Re- ductions	Adj- ustments	Balance 9/30/2019	Within One Year
General Obligation Bonds						
General Obligation Note, Series 2014	4,875,000		200,000		4,675,000	400,000
General Obligation Note, Series 2019		800,000			800,000	-
Special Assessment Bonds Payable						
Mississippi Development Bank, 2010	5,695,000		510,000		5,185,000	515,000
Add: Premiums	32,996			(2,750)	30,246	2,750
Mississippi Development Bank, 2013	1,770,000		145,000		1,625,000	150,000
Mississippi Development Bank, 2016	5,500,000		150,000		5,350,000	150,000
Tax Increment Financing Bonds						
Tax Increment Financing Bonds, 2015	1,990,000		145,000		1,845,000	90,000
Less: Discounts	(20,353)			1,476	(18,877)	(1,476)
Tax Increment Financing Bonds, 2016	1,064,000		57,000		1,007,000	60,000
Notes Payable						
Mississippi Development Authority, 2009	60,171		4,901		55,270	5,008
Mississippi Development Authority, 2012	84,735		26,134		58,601	26,634
Mississippi Development Authority, 2012	98,642		22,879		75,763	23,360
Columbus Light & Water Department	450,000		150,000		300,000	150,000
Capital Leases						
Bankfirst, Lease Purchase Note	270,511		54,927		215,584	61,341
Regions Bank, Lease Purchase Note	1,320,023		110,644		1,209,379	114,227
Regions Bank, Lease Purchase Note	2,766,626		263,366		2,503,260	216,290
Regions Bank, Lease Purchase Note	19,764		15,321		4,443	4,443
Regions Bank, Lease Purchase Note	53,785		38,531		15,254	15,255
Trustmark National Bank	845,183		111,214		733,969	113,777
Compensated Absences	548,106		48,199		499,907	137,000
Total	<u>\$ 27,424,189</u>	<u>800,000</u>	<u>2,053,116</u>	<u>(1,274)</u>	<u>26,169,799</u>	<u>2,233,609</u>

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

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

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

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

The outstanding issues of special assessment bonds are due in annual installments ranging from \$115,000 to \$999,180 each through various dates, the last of which is the year 2031. Interest rates range from 2.0% to 4.55%.

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

The notes payable with Mississippi Development Authority dated June 12, 2007, consist of monthly payments in the amount of \$2,760.40 for 120 months with 2.0% annual interest.

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

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

The notes payable with Mississippi Development Authority dated August 5, 2010, terms consist of monthly payments in the amount of \$2,054.95 for 120 months with 2.0% annual interest.

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

The outstanding capital lease agreements with Regions Equipment Finance Corporation terms consist of quarterly payments ranging from \$37,891 to \$72,705, or monthly payments ranging from \$1,115 to \$3,000, the last of which is the year 2029. Interest rates range from 1.99% to 3.20%.

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

The outstanding note payable with Columbus Light & Water Department terms consist of annual payments ranging from \$100,000 to \$150,000, the last of which is the year 2020.

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Discretely presented component units

Long-term debt for Columbus Light and Water-Electric Division at June 30, 2019, consisted of the following:

	<u>Balance at</u> <u>06/30/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>06/30/2019</u>	<u>Due Within</u> <u>One Year</u>
Notes Payable to City of Columbus for Construction	\$ 602,196	-	(158,034)	\$ 444,162	151,166
Mississippi Development Bank Special Obligation Bonds - Series 2009 dated August 5, 2009	398,372	71,628	-	470,000	470,000
Mississippi Development Bank Revenue Refunding Bonds - Series 2017 dated February 9, 2017	<u>6,525,977</u>	<u>-</u>	<u>(18,271)</u>	<u>6,507,706</u>	<u>50,000</u>
Total Long-term Debt	<u>\$ 7,526,545</u>	<u>71,628</u>	<u>(176,305)</u>	<u>\$ 7,421,868</u>	<u>671,166</u>

Long-term debt for Columbus Light and Water-Water Division at September 30, 2019, consisted of the following:

	<u>Balance at</u> <u>06/30/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>06/30/2019</u>	<u>Due Within</u> <u>One Year</u>
Special Obligation Bonds 2017 Series	\$ 5,609,004	-	(1,540,353)	4,068,651	1,625,000
Total Special Obligation Bonds	<u>5,609,004</u>	<u>-</u>	<u>(1,540,353)</u>	<u>4,068,651</u>	<u>1,625,000</u>
Revenue Refunding Bonds					
2012 Series	557,804	-	(557,804)	-	-
2015 Series	<u>9,499,627</u>	<u>-</u>	<u>(124,124)</u>	<u>9,375,503</u>	<u>120,000</u>
Total Revenue Refunding Bonds	<u>10,057,431</u>	<u>-</u>	<u>(681,928)</u>	<u>9,375,503</u>	<u>120,000</u>
Other Long-term Debt					
City of Columbus -					
Water Meter Project	<u>2,766,626</u>	<u>-</u>	<u>(209,900)</u>	<u>2,556,726</u>	<u>206,290</u>
Total Other Long-term Debt					
Total Long-term Debt	<u>18,433,061</u>	<u>-</u>	<u>(2,432,181)</u>	<u>16,000,880</u>	<u>1,951,290</u>

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 7: DISABILITY RELIEF FUND

In the past, the City has sponsored and administered the Policemen's and Firemen's Disability Relief Fund. It was accounted for as a separate Pension Trust Fund. Effective July 1, 1987, this fund was administered by the Public Employees' Retirement System of Mississippi (PERS). All required contributions and property taxes are being transferred monthly. The Pension Fund is funded by contributions from employees and from a tax assessment of 5.67 mills. The City is not obligated to fund the Pension Trust Fund with any general fund resources. Benefits are paid to the participants or beneficiaries based on a percentage of the base pay when the person qualifies. The City has no unfunded pension liability with respect to the Pension Trust Fund.

The contribution made for active and retired employees for the years ended September 30, 2019, 2018, and 2017, were \$1,100,734, \$1,061,098, and \$1,030,986, respectively.

NOTE 8: DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2019 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the fiscal years ending September 30, 2019, 2018, and 2017 were \$1,669,730, \$1,697,735, and \$1,575,411, respectively, which equaled the required contributions for each year.

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

At September 30, 2019, the City reported a liability of \$28,810,726 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2019, the City's proportion was 0.163772 percent.

For the year ended September 30, 2019, the City recognized pension expense of \$1,838,719. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 17,044	(31,013)
Net difference between projected and actual earnings on pension plan investments		(315,200)
Changes of assumptions	282,464	
Change in proportion percentage	842,166	
City contributions subsequent to the measurement date	<u>452,788</u>	
	<u>\$ 1,594,462</u>	<u>(346,213)</u>

\$452,788 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	
2020	\$ 689,532
2021	6,153
2022	(31,759)
2023	<u>131,535</u>
	<u>\$ 795,461</u>

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

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018. The experience report is dated October 9, 2018.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	27 %	4.90 %
International Equity	22	4.75
Global Equity	12	5.00
Fixed Income	20	1.50
Real Assets	10	4.00
Private Equity	8	6.25
Cash	1	0.25
Total	<u>100 %</u>	

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of The net pension liability	\$ 37,872,698	\$ 28,810,726	\$ 21,330,882

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 9: JOINT VENTURES AND OTHER

The City of Columbus and Lowndes County, Mississippi, are in several significant joint ventures. The following is a brief description of each joint venture:

- I. **Name:** Columbus Redevelopment Authority
Purpose: To lead a major restoration project in Columbus.
Government: A board made up of five members appointed by the Mayor and City.
Financing: Bond issued for Columbus Redevelopment Authority that includes an agreement with the City to include in its General Fund budget sufficient monies to repay the principal and interest of the Bond. In August 2017, the council voted to earmark one mill for the Urban Renewal Project for 2017 and 1.75 in 2018 and thereafter for the next 2 years until the bonded debt has been satisfied.

**Degree of Control
Over Budgeting and
Financing:** N/A

- II. **Name:** Columbus/Lowndes County Library
Purpose: To operate a public library
Government: A board made up of ten members appointed by the Mayor and City Council (5) and the Lowndes County Board of Supervisors (5).
Financing: Taxes levied by both the City and County.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 9: JOINT VENTURES AND OTHER (CONTINUED)

Degree of Control
 Over Budgeting and
 Financing:

A budget is submitted to the City Council and Board of Supervisors for review and approval. After reviewing the budget the governing bodies advise the Library Board how much they will provide for the operation of the Library.

III. Name:
 Purpose:
 Government:

Columbus/Lowndes County Convention and Visitors Bureau
 To promote tourism within the City and County.
 A board made up of nine members appointed by the Mayor and City Council (4); the Board of Supervisors for Lowndes County (4); and the County and City jointly appoint one individual at large.

Financing:

A special two percent (2%) sales tax on certain restaurants and hotels has been designated to be used to promote tourism in Columbus and Lowndes County.

Degree of Control
 Over Budgeting and
 Financing:

N/A

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

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

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

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

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

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Financial Statements

NOTE 10: RISK MANAGEMENT

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

Under GASB Statement No. 10, *Accounting and Financial Reporting for Risks Financing and Related Insurance Issues*, a liability for claims must be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. As of the date of this audit report, there were no known claims above the amount of coverage purchased for risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters at September 30, 2019; therefore, no liability has been accrued at this time.

NOTE 11: PROPERTY TAX

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

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

Delinquent taxes are not recorded as assets.

NOTE 12: COMMITMENTS AND CONTINGENCIES

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

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

NOTE 13: 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

NOTE 13: SUBSEQUENT EVENTS (CONTINUED)

Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of City of Columbus, Mississippi evaluated the activity of the city through December 11, 2020, and determined that the following subsequent events are required to be disclosed in the notes to the financial statements:

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

On December 10, 2020, The City was notified that The Office of the State Auditor of Mississippi has received a check in settlement of The City's claim against the bonding company for the misappropriation of City funds by The City's former CFO. The Office of the State Auditor will release the funds to The City at a later date.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COLUMBUS, MISSISSIPPI
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive(Negative)</u>
<u>REVENUES</u>				
Property Taxes	\$ 8,758,300	8,617,988	8,656,584	38,596
Licenses and Permits	557,000	636,537	599,637	(36,900)
Intergovernmental Revenues	11,689,289	12,130,821	11,045,088	(1,085,733)
Charges for Services	2,155,465	1,810,080	2,591,339	781,259
Fines and Forfeits	374,020	433,121	383,634	(49,487)
Interest Income	21,000	77,824	77,824	-
Miscellaneous Revenues	262,300	256,269	1,993,281	1,737,012
Total Revenues	<u>23,817,374</u>	<u>23,962,640</u>	<u>25,347,387</u>	<u>1,384,747</u>
<u>EXPENDITURES</u>				
Current:				
General Government	4,702,013	4,207,520	3,267,232	940,288
Public Safety	11,516,875	11,332,522	11,336,474	(3,952)
Public Works	4,786,395	5,038,893	5,126,852	(87,959)
Cemetery	99,500	115,577	115,577	-
Culture and Recreation	262,425	337,150	1,383,674	(1,046,524)
Conservation, Urban and Economic Development	735,156	990,130	1,136,932	(146,802)
Intergovernmental-Garage	794,673	807,676	784,240	23,436
Agency Appropriations	772,800	558,116	610,770	(52,654)
Debt Service	407,554	454,802	454,802	-
Total Expenditures	<u>24,077,391</u>	<u>23,842,386</u>	<u>24,216,553</u>	<u>(374,167)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(260,017)</u>	<u>120,254</u>	<u>1,130,834</u>	<u>1,010,580</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds of Debt	-	-	200,000	200,000
Transfers from Other Departments	260,000	804,341	1,202,422	398,081
Transfers to Other Departments	-	-	(1,529,229)	(1,529,229)
Net Other Financing Sources (Uses)	<u>260,000</u>	<u>804,341</u>	<u>(126,807)</u>	<u>(931,148)</u>
Net Change in Fund Balance	(17)	924,595	1,004,027	79,432
Fund Balance - Beginning	<u>4,275,285</u>	<u>4,275,285</u>	<u>1,848,712</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 4,275,268</u>	<u>5,199,880</u>	<u>2,852,739</u>	<u>(2,347,141)</u>

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

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

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

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

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

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

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

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

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

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

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

CITY OF COLUMBUS, MISSISSIPPI
Notes to Required Supplementary Information

Budgetary Information

NOTE 1 – GENERAL INFORMATION

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

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

NOTE 2 – BASIS OF PRESENTATION

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

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

The following funds had an excess of actual expenditures over budget for the year ended September 30, 2019:

<u>Fund</u>	<u>Excess</u>
Municipal Fire Protection	\$ 55,153
Victim Advocate Program	24,137
Series 2013 Bonds - Trotter Ctr Renovation	567
General Obligation Bond Debt	1,384,372
Urban Renewal Bond	72,323
Digital Water Meter Debt	363,526
Moore's Creek Crossing - TIF Bonds	312,166
University Mall - TIF Bonds	118,481
Airport Improvement Program	115,760
Ampitheater/Riverwalk Extension	8,366

The excess expenditures over budget in the above funds is a violation of Section 21-35-15 Miss Code Ann. (1972).

CITY OF COLUMBUS, MISSISSIPPI
Notes to Required Supplementary Information

NOTE 4 – UNBUDGETED FUNDS

The following were unbudgeted funds that had expenditures for the year ended September 30, 2019:

<u>Fund</u>	<u>Expenditures</u>
Parks and Receptions	\$ 1,036,361
Municipal Resource	52,500
Storm 2019	560,504
Series 2014 Bonds	189,426
BEP Program	69,161
TAP Grant Hwy 82 & 2nd Street Renovation	54,551
2014 Bonds - Infrastructural Improvements	10,230
2016 Bonds - Infrastructural Improvements	189

Pension Schedules

NOTE 1 – CHANGES OF ASSUMPTIONS

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates, and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

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

In 2017, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives. The wage inflation assumption was reduced from 3.75% to 3.25%. Withdrawal rates, pre-retirement mortality rates, disability rates, and service retirement rates were also adjusted to more closely reflect actual experience. Finally, the percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Required Supplementary Information

NOTE 1 – CHANGES OF ASSUMPTIONS (CONTINUED)

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

NOTE 2 – CHANGES OF BENEFIT PROVISIONS

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2015 valuation for the June 30, 2017 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 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

OTHER SUPPLEMENTAL INFORMATION

CITY OF COLUMBUS, MISSISSIPPI
Schedule of Bonded Indebtedness - Governmental Activities
September 30, 2019

<u>Name and Date</u>	<u>Maturity Date</u>	<u>Interest Percent</u>	<u>Balance 10/1/18</u>	<u>Transactions</u>		<u>Balance 9/30/19</u>
				<u>Issued</u>	<u>Redeemed</u>	
General Obligation, Special Obligation, and TIF Bonds						
Governmental Activities:						
Special Obligation Bonds, Series 2010						
	2019	2.75	510,000			
	2020	3.75	515,000		510,000	-
	2021	4.00	530,000			515,000
	2022	4.25	350,000			530,000
	2023	4.25	360,000			350,000
	2024	4.25	375,000			360,000
	Thereafter	4.25	3,055,000			375,000
Total			<u>5,695,000</u>	<u>-</u>	<u>510,000</u>	<u>3,055,000</u>
Special Obligation Bonds, Series 2013						
	2019	4.55	145,000			
	2020	4.55	150,000		145,000	-
	2021	4.55	155,000			150,000
	2022	4.55	165,000			155,000
	2023	4.55	170,000			165,000
	2024	4.55	180,000			170,000
	Thereafter	4.55	805,000			180,000
Total			<u>1,770,000</u>	<u>-</u>	<u>145,000</u>	<u>805,000</u>
General Obligation Note, Series 2014						
	2019	3.25	200,000			
	2020	3.25	400,000		200,000	-
	2021	3.25	500,000			400,000
	2022	3.25	500,000			500,000
	2023	3.25	500,000			500,000
	2024	3.25	500,000			500,000
	Thereafter	3.25	2,275,000			500,000
Total			<u>4,875,000</u>	<u>-</u>	<u>200,000</u>	<u>2,275,000</u>
Tax Increment Financing, Series 2015						
	2019	6.00	145,000			
	2020	6.00	90,000		145,000	-
	2021	6.00	100,000			90,000
	2022	6.00	105,000			100,000
	2023	6.00	110,000			105,000
	2024	7.125	115,000			110,000
	Thereafter	7.125	1,325,000			115,000
Total			<u>1,990,000</u>	<u>-</u>	<u>145,000</u>	<u>1,325,000</u>
Tax Increment Financing, Series 2016						
	2019	5.75	57,000			
	2020	5.75	60,000		57,000	-
	2021	5.75	64,000			60,000
	2022	5.75	68,000			64,000
	2023	5.75	72,000			68,000
	2024	5.75	76,000			72,000
	Thereafter	5.75	667,000			76,000
Total			<u>1,064,000</u>	<u>-</u>	<u>57,000</u>	<u>667,000</u>
						<u>1,007,000</u>

CITY OF COLUMBUS, MISSISSIPPI
Schedule of Bonded Indebtedness - Governmental Activities
September 30, 2019

<u>Name and Date</u>	<u>Maturity Date</u>	<u>Interest Percent</u>	<u>Balance 10/1/18</u>	<u>Transactions</u>		<u>Balance 9/30/19</u>
				<u>Issued</u>	<u>Redeemed</u>	
Special Obligation Bonds, Series 2016	2019	2.48	150,000		150,000	-
	2020	2.48	150,000			150,000
	2021	2.48	150,000			150,000
	2022	2.48	150,000			150,000
	2023	2.48	235,000			235,000
	2024	2.48	275,000			275,000
	Thereafter	2.48	4,390,000			4,390,000
Total			<u>5,500,000</u>	<u>-</u>	<u>150,000</u>	<u>5,350,000</u>
General Obligation Note, Series 2019	2019	3.34	-			-
	2020	3.34	-			-
	2021	3.34	-			-
	2022	3.34	-			-
	2023	3.34	-			-
	2024	3.34	-			-
	Thereafter	3.34	-			-
Total			<u>-</u>	<u>800,000</u>	<u>-</u>	<u>800,000</u>
Total General Obligation, Special Obligation, and TIF Bonds Governmental Activities			<u>\$ 20,894,000</u>	<u>\$ 800,000</u>	<u>\$ 1,207,000</u>	<u>\$ 20,487,000</u>

CITY OF COLUMBUS, MISSISSIPPI
Schedule of Long-Term Notes - Governmental Activities
September 30, 2019

<u>Payee</u>	<u>Maturity Date</u>	<u>Interest Percent</u>	<u>Balance 10/1/2018</u>	<u>Transactions</u>		<u>Balance 9/30/2019</u>
				<u>Issued</u>	<u>Redeemed</u>	
Notes Payable						
Governmental Activities:						
Mississippi Development Authority, 2009	2019	2.00	4,901		4,901	-
	2020	2.00	5,008			5,008
	2021	2.00	5,110			5,110
	2022	2.00	5,213			5,213
	2023	2.00	5,318			5,318
	2024	2.00	5,425			5,425
	Total	Thereafter	2.00	29,196		
			<u>60,171</u>	<u>-</u>	<u>4,901</u>	<u>55,270</u>
Mississippi Development Authority, 2012	2019	2.00	26,134		26,134	-
	2020	2.00	26,634			26,634
	2021	2.00	27,171			27,171
	2022	2.00	4,796			4,796
	Total			<u>84,735</u>	<u>-</u>	<u>26,134</u>
Mississippi Development Authority, 2012	2019	2.00	22,879		22,879	-
	2020	2.00	23,360			23,360
	2021	2.00	23,832			23,832
	2022	2.00	24,313			24,313
	2023	2.00	4,258			4,258
	Total			<u>98,642</u>	<u>-</u>	<u>22,879</u>
Columbus Light & Water Department	2019	0.05	150,000		150,000	-
	2020	0.05	150,000			150,000
	2021	0.05	150,000			150,000
	Total			<u>450,000</u>	<u>-</u>	<u>150,000</u>
Total Notes Payable, Governmental Activities			<u>\$ 693,548</u>	<u>\$ -</u>	<u>\$ 203,914</u>	<u>\$ 489,634</u>

CITY OF COLUMBUS, MISSISSIPPI
Schedule of Capital Lease Obligations - Governmental Activities
September 30, 2019

<u>Payee</u>	<u>Maturity Date</u>	<u>Interest Percent</u>	<u>Balance 10/1/2018</u>	<u>Transactions</u>		<u>Balance 9/30/2019</u>
				<u>Issued</u>	<u>Redeemed</u>	
Regions Equipment Finance Corp	2019	3.00	110,644		110,644	-
	2020	3.00	114,227			114,227
	2021	3.00	117,926			117,926
	2022	3.00	121,746			121,746
	2023	3.00	125,688			125,688
	2024	3.00	129,759			129,759
	Total	Thereafter	3.00	600,033		
			<u>1,320,023</u>	<u>-</u>	<u>110,644</u>	<u>1,209,379</u>
Regions Equipment Finance Corp	2019	3.01	263,366		263,366	-
	2020	3.01	216,290			216,290
	2021	3.01	222,874			222,874
	2022	3.01	229,658			229,658
	2023	3.01	236,649			236,649
	2024	3.01	243,853			243,853
	Total	Thereafter	3.01	1,353,936		
			<u>2,766,626</u>	<u>-</u>	<u>263,366</u>	<u>2,503,260</u>
Regions Equipment Finance Corp	2019	1.99	15,321		15,321	-
	2020	1.99	4,443			4,443
Total			<u>19,764</u>	<u>-</u>	<u>15,321</u>	<u>4,443</u>
Regions Equipment Finance Corp	2019	1.99	38,531		38,531	-
	2020	1.99	15,254			15,254
Total			<u>53,785</u>	<u>-</u>	<u>38,531</u>	<u>15,254</u>
Trustmark National Bank	2019	2.28	111,214		111,214	-
	2020	2.28	113,777			113,777
	2021	2.28	116,399			116,399
	2022	2.28	119,080			119,080
	2023	2.28	121,824			121,824
	2024	2.28	124,631			124,631
	Total	Thereafter	2.28	138,258		
			<u>845,183</u>	<u>-</u>	<u>111,214</u>	<u>733,969</u>
Bankfirst Financial Services	2019	2.40	54,927		54,927	-
	2020	2.40	61,341			61,341
	2021	2.40	62,864			62,864
	2022	2.40	64,411			64,411
	2023	2.40	26,968			26,968
Total			<u>270,511</u>	<u>-</u>	<u>54,927</u>	<u>215,584</u>
Total Capital Lease Obligations, Governmental Activities			<u>\$ 5,275,892</u>	<u>\$ -</u>	<u>\$ 594,003</u>	<u>\$ 4,681,889</u>

CITY OF COLUMBUS, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2019

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

CITY OF COLUMBUS, MISSISSIPPI
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Passed Through to Sub-Recipients</u>	<u>Federal Expenditures</u>
Department of Homeland Security:				
Passed Through State of Mississippi:				
Disaster Grants - Public Assistance	97.036	PW-96980	\$ -	\$ 5,868
Disaster Grants - Public Assistance	97.036	PW-96983	-	652,432
Disaster Grants - Public Assistance	97.036	PW-96977	-	29,287
Disaster Grants - Public Assistance	97.036	PW-123093	-	7,294
Disaster Grants - Public Assistance	97.036	PW-96964	-	14,551
Disaster Grants - Public Assistance	97.036	PW-96472	-	17,319
Disaster Grants - Public Assistance	97.036	PW-96166	-	24,465
Disaster Grants - Public Assistance	97.036	PW-96137	-	60,409
Disaster Grants - Public Assistance	97.036	PW-96119	-	753,623
Total Department of Health and Human Services			<u>-</u>	<u>1,565,248</u>
Department of Justice:				
Edward Byrne Memorial Justice Assistance	16.738	2018-DJ-BX-0375	-	11,500
Total Department of Justice			<u>-</u>	<u>11,500</u>
Department of Housing and Urban Development:				
Passed Through State of Mississippi:				
Blight Elimination Program	14.225	BEP-002A	-	69,823
Total Department of Housing and Urban Development			<u>-</u>	<u>69,823</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,646,571</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF COLUMBUS, MISSISSIPPI
Notes to Schedule of Expenditures of Federal Awards
September 30, 2019

Note 1: Basis of Presentation

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

Note 2: Summary of Significant Accounting Policies

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

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

Pass-through grantor identifying numbers are presented where available.

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



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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Columbus, Mississippi, as of and for the year ended September 30, 2019, and the related notes to financial statements, which collectively comprise the City of Columbus, Mississippi's basic financial statements and have issued our report thereon dated December 11, 2020.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following to be significant deficiencies:

2019-001. Significant Deficiency (Repeat of prior year finding)

Transfers were made from The City's General Fund bank account that were not approved by the City Council.

Recommendation

We recommend The City implement policies and procedures to ensure that all disbursements from the bank accounts are approved by the City Council.

Management's Response to Finding

The City has implemented policies and procedures that ensure that all disbursements are approved by the City Council.

Auditors' Note

This matter has been referred to the Investigative Division of the Office of the State Auditor of Mississippi. See Note 13, Subsequent Events.

2019-002. Significant Deficiency (Repeat of prior year finding)

The City of Columbus does not maintain adequate records for fixed assets. There is not a subsidiary ledger. The City does not perform an annual physical inventory. The City also does not maintain property control tags.

Recommendation

The City of Columbus needs to implement a subsidiary ledger for fixed assets. An annual physical inventory needs to be performed. All fixed assets need to be marked with a property control tag.

Management's Response to Finding

The City of Columbus is currently working on implementing a fixed asset subsidiary ledger.

2019-003. Significant Deficiency (Repeat of prior year finding)

The City of Columbus does not maintain adequate internal control over landfill gate receipts.

Recommendation

The City of Columbus should design and implement a system of internal controls that allows management to monitor landfill gate receipts.

Management's Response to Finding

The City of Columbus has designed and implemented internal controls over the landfill.

Compliance and Other Matters

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

City of Columbus, Mississippi's Response to Findings

City of Columbus, Mississippi's responses to the findings identified in our audit were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

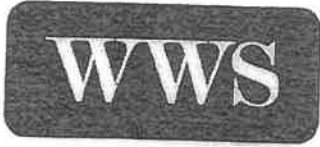
Purpose of this Report

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.

Columbus, Mississippi
December 11, 2020

Watkins Ward and Stafford, P.C.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE.**



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

James L. Stafford, CPA	Stephen D. Flake, CPA
Harry W. Stevens, CPA	John N. Russell, CPA
S. Keith Winfield, CPA	Thomas A. Davis, CPA
William B. Staggars, CPA	Anita L. Goodrum, CPA
Michael W. McCully, CPA	Ricky D. Allen, CPA
R. Steve Sinclair, CPA	Jason D. Brooks, CPA
Marsha L. McDonald, CPA	Robert E. Cordle, Jr., CPA
Wanda S. Holley, CPA	Perry C. Rackley, Jr., CPA
Robin Y. McCormick, CPA/PFS	Jerry L. Gammel, CPA
J. Randy Scrivner, CPA	Michael C. Knox, CPA
Kimberly S. Caskey, CPA	Clifford P. Stewart, CPA
Susan M. Lummus, CPA	Edward A. Maxwell, CPA
Thomas J. Browder, CPA	

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

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

Report on Compliance for the Major Federal Program

We have audited the City of Columbus' compliance with the types of compliance requirements described in the *OMB-Compliance Supplement* that could have a direct and material effect on the City of Columbus' major federal program for the year ended September 30, 2019. The City of Columbus' major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, The City of Columbus, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of the City of Columbus is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Columbus' internal control over compliance

with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Columbus's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Columbus, Mississippi
December 11, 2020

Watkins Ward and Stafford, P.C.

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



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

- | | |
|-----------------------------|----------------------------|
| James L. Stafford, CPA | Stephen D. Flake, CPA |
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
 WITH STATE LAWS AND REGULATIONS**

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

We have audited the financial statements of governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City of Columbus, Mississippi, as of and for the year ended September 30, 2019, which collectively comprise the City of Columbus, Mississippi's basic financial statements and have issued our report thereon dated December 11, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

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

1. Budgetary Process (Repeat of prior year finding)

Section 21-35-5 of the Mississippi Code requires that the governing authorities of each municipality of the State of Mississippi prepare, and when necessary, revise a fiscal year budget that reflects all of the revenues, expenses and working cash balances estimated for the next fiscal year, for each fund. Section 21-35-15 of the Mississippi Code states that the governing authorities shall at all times keep within the sums named in their budget. The City did not meet the requirement of preparing a budget for each fund, or staying within the sums named in their budget. Section 21-35-25 requires that the budget be amended if needed, by October of the next fiscal year. The City amended their 2019 budget on January 7, 2020. We recommend that the City adopt a budget for each fund and amend the budget as prescribed.

Views of Responsible Officials and Planned Corrective Actions

The City understands that they did not meet the requirements stated above. Management will implement procedures to prepare and, when necessary, amend the budget for each of the City's funds as prescribed.

2. Economic Interest Statements

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

Views of Responsible Officials and Planned Corrective Actions

All of The City's elected officials filed their delinquent Economic Interest Statements and their filings were up to date as of the audit report date.

This report is intended for the information of the City Council, management and Mississippi State Auditor's office, 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.

Columbus, Mississippi
December 11, 2020

Watkins Ward and Staffed, PUC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**CITY OF COLUMBUS, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Section 1: Summary of Auditors' Results:

Financial Statements

- | | |
|---|------------|
| 1. Type of auditor's report issued on the financial statements: | Unmodified |
| 2. Material noncompliance relating to the financial statements? | No |
| 3. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | Yes |

Federal Awards:

- | | |
|--|---------------|
| 4. Type of auditors' report issued on compliance for major federal programs: | Unmodified |
| 5. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 6. Any audit findings disclosed that are required to be reported in accordance with Section 200.511 of the Uniform Guidance? | No |
| 7. Federal programs identified as major programs: | |
| a. Department of Homeland Security, Disaster Grants – Public Assistance, CFDA 97.036 | |
| 8. The dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 9. Auditee qualified as a low-risk auditee? | No |

Section 2: Findings Relating to the Financial Statements

Significant Deficiencies Not Considered to be Material Weaknesses

- 2019-001 Statement of Condition (Repeat of Prior Year Finding)**
Transfers were made from The City's General Fund bank account that were not approved by the City Council.

**CITY OF COLUMBUS, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Section 2: Findings Relating to the Financial Statements (Continued)

Criteria

All disbursements from the General Fund bank account must be approved by the City Council.

Recommendation

The City needs to implement policies and procedures to ensure that all disbursements from, the bank accounts are approved by the City Council.

Response

The City has implemented policies and procedures that ensure that all disbursements are approved by the City Council.

Auditors' Note

This matter has been referred to the Investigative Division of the Office of the State Auditor of Mississippi. See Note 13, Subsequent Events.

2019-002 Statement of Condition (Repeat of Prior Year Finding)

The City of Columbus does not maintain adequate records for fixed assets. There is not a subsidiary ledger. The City does not perform an annual physical inventory. The City also does not maintain property control tags.

Criteria

The fixed asset subsidiary ledger of fixed assets is the responsibility of the City of Columbus, Mississippi. Therefore, the City should be maintaining this ledger.

Recommendation

The City of Columbus needs to implement a subsidiary ledger for fixed assets. An annual physical inventory needs to be performed. All fixed assets need to be marked with a property control tag.

Response

The City of Columbus is currently working on implementing a fixed asset subsidiary ledger.

2019-003 Statement of Condition (Repeat of Prior Year Finding)

The City of Columbus does not maintain and implement a system of internal controls over landfill gate receipts.

**CITY OF COLUMBUS, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Section 2: Findings Relating to the Financial Statements (Continued)

Recommendation

The City of Columbus should design and implement a system of internal controls that allow management to monitor landfill gate receipts

Response

The City of Columbus has designed and implemented internal controls over the landfill.

Section 3: Findings and Questioned Costs for Federal Awards

No findings to report.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**CITY OF COLUMBUS, MISSISSIPPI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

2018-001 Bank Statements

Statement of Condition

Bank Statements should be reconciled to the general ledger. Management is responsible for ensuring that all assets of the City are properly safeguarded. Proper internal control required bank accounts be reconciled to the general ledger on a monthly basis. The reconciliation process enables the City to make adjusting entries to correct any mistakes in it's financial records.

The City's bank accounts were not reconciled to the general ledger.

Recommendation

We recommend the City implement policies and procedures to ensure all bank accounts are reconciled monthly to the general ledger.

Status

The City has implemented policies and procedures to ensure all bank accounts are reconciled to the general ledger on a monthly basis.

2018-002 Municipal Court, Time Sheet

Statement of Condition

In the Municipal Court division, offenders enrolled in the work program do not sign in or out daily on their time sheet. The work program supervisor signs offenders in and out on their time sheet.

Recommendation

Offenders enrolled in the work program should sign in and out daily, and note the hours worked under the direct supervision of the work program supervisor, who should verify their presence daily.

Status

The Municipal Court has implemented new procedures to correct this finding.

2018-003 Municipal Court, Credit Hours

Statement of Condition

In the Municipal Court division, some offenders enrolled in the work program are receiving credit for hours worked on days when the offender and work program supervisor were not present.

**CITY OF COLUMBUS, MISSISSIPPI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

2018-003 Municipal Court, Credit Hours (continued)

Recommendation

Time Sheets that are submitted to the Municipal Court division for work program completion credit should be reviewed by a second officer that is familiar and involved with the work program. The reviewing officer should sign the time sheet as having been reviewed. Any discrepancies that come to the reviewer's attention should be investigated.

Status

The Municipal Court division has implemented new procedures to correct this finding.

2018-004 Transfers

Statement of Condition

Transfers were made from The City's General Fund bank account that were not approved by the City Council.

Recommendation

The City needs to implement policies and procedures to ensure that all disbursements from, the bank accounts are approved by the City Council.

Status

This City has implemented policies and procedures that ensure that all disbursements are approved by the City Council. This matter has been referred to the Investigative Division of the Office of the State Auditor of Mississippi. This is still a finding in the current year. See Finding 2019-001.

2018-005 Fixed Assets

Statement of Condition

The City of Columbus does not maintain adequate records for fixed assets. There is not a subsidiary ledger. The City does not perform an annual physical inventory. The City also does not maintain property control tags.

Recommendation

The City of Columbus needs to implement a subsidiary ledger for fixed assets. An annual physical inventory needs to be performed. All fixed assets need to be marked with a property control tag.

Status

The City of Columbus is currently working on implementing a fixed asset subsidiary ledger. This is still a finding in the current year. See Finding 2019-002.

**CITY OF COLUMBUS, MISSISSIPPI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

2018-006 Landfill Gate Receipts

Statement of Condition

The City of Columbus does not maintain adequate internal controls over landfill gate receipts.

Recommendation

The City of Columbus should design and implement a system of internal controls that allow management to monitor landfill gate receipts.

Status

The City of Columbus has designed and implemented internal controls over the landfill. This is still a finding in the current year. See Finding 2019-003.