

COLUMBUS MUNICIPAL SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2016

Note 6 – Long-term Liabilities

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

	Balance 7/1/2015	Additions	Reductions	Balance 6/30/2016	Amounts due within one year
A. General obligation bonds payable	\$ 16,950,000		1,425,000	15,525,000	1,525,000
B. Three mill notes payable	1,685,000		425,000	1,260,000	425,000
C. Obligations under capital leases	0	832,026	118,500	713,526	205,242
D. Qualified zone academy bonds payable	1,480,583			1,480,583	0
E. Qualified school construction bonds payable	3,000,000			3,000,000	0
F. Compensated absences payable	270,946		27,125	243,821	12,191
Total	<u>\$ 23,386,529</u>	<u>832,026</u>	<u>1,995,625</u>	<u>22,222,930</u>	<u>2,167,433</u>

A. General obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
[#] 1. General obligation bonds, 2008	3.75	5/9/2008	5/1/2023	\$ 9,950,000	6,800,000
[#] 2. General obligation bonds, 2009A	3.1 - 4.4	3/1/2009	3/1/2024	9,950,000	8,025,000
[#] 3. General obligation bonds, 2009B	2.5 - 3.0	5/1/2009	5/1/2018	<u>2,100,000</u>	<u>700,000</u>
Total				<u>\$ 22,000,000</u>	<u>15,525,000</u>

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

1. General obligation bond, 2008:

Year Ending June 30	Principal	Interest	Total
2017	\$ 650,000	229,500	879,500
2018	750,000	207,562	957,562
2019	850,000	182,250	1,032,250
2020	1,175,000	153,562	1,328,562
2021	1,425,000	113,906	1,538,906
2022-2023	<u>1,950,000</u>	<u>81,000</u>	<u>2,031,000</u>
Total	<u>\$ 6,800,000</u>	<u>967,780</u>	<u>7,767,780</u>

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

COLUMBUS MUNICIPAL SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2016

2. General obligation bond, 2009A:

Year Ending June 30	Principal	Interest	Total
2017	\$ 475,000	262,000	737,000
2018	475,000	247,275	722,275
2019	500,000	232,550	732,550
2020	650,000	217,050	867,050
2021	650,000	196,900	846,900
2022-2024	<u>5,275,000</u>	<u>406,324</u>	<u>5,681,324</u>
Total	<u>\$ 8,025,000</u>	<u>1,562,099</u>	<u>9,587,099</u>

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

3. General obligation bond, 2009B:

Year Ending June 30	Principal	Interest	Total
2017	\$ 400,000	19,250	419,250
2018	<u>300,000</u>	<u>8,250</u>	<u>308,250</u>
Total	<u>\$ 700,000</u>	<u>27,500</u>	<u>727,500</u>

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

Total general obligation bond payments for all issues:

Year Ending June 30	Principal	Interest	Total
2017	\$ 1,525,000	510,750	2,035,750
2018	1,525,000	463,087	1,988,087
2019	1,350,000	414,800	1,764,800
2020	1,825,000	370,612	2,195,612
2021	2,075,000	310,806	2,385,806
2022-2024	<u>7,225,000</u>	<u>487,324</u>	<u>7,712,324</u>
Total	<u>\$ 15,525,000</u>	<u>2,557,379</u>	<u>18,082,379</u>

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2016, the amount of outstanding bonded indebtedness was equal to 6.8% of property assessments as of October 1, 2015.

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill notes, 2005	3.5 - 5.0	9/1/2014	4/1/2019	<u>\$ 6,500,000</u>	<u>1,260,000</u>

COLUMBUS MUNICIPAL SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2016

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 425,000	47,038	472,038
2018	425,000	31,312	456,312
2019	410,000	15,375	425,375
Total	<u>\$ 1,260,000</u>	<u>93,725</u>	<u>1,353,725</u>

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

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

C. Obligations under capital leases

The school district has entered into a lease agreement as lessee for financing the acquisition of computers at a cost of \$832,026. This lease qualifies as a capital lease for accounting purposes. The assets acquired are not capitalized since the cost of the individual assets were below the capitalization threshold amount.

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Master Lease - Apple Computers	1.9	9/21/2015	2/2/2020	<u>\$ 832,026</u>	<u>713,526</u>

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

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2017	\$ 205,242	10,488	215,730
2018	206,072	9,657	215,729
2019	209,987	5,742	215,729
2020	92,225	1,752	93,977
Total	<u>\$ 713,526</u>	<u>27,639</u>	<u>741,165</u>

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

This debt will be retired from the General Fund

D. Qualified zone academy bonds payable

As more fully explained in Note 13, debt has been issued by the school district that qualifies as Qualified Zone Academy bonds. Debt currently outstanding is as follows:

COLUMBUS MUNICIPAL SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2016

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified zone academy bonds	0% *	5/15/2008	7/15/2019	\$ 1,480,583	1,480,583

* The stated interest rate is 0% with an imputed rate of 5.25%.

E. Qualified school construction bonds payable

As more fully explained in Note 14, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified school construction bonds	0.94	11/1/2009	11/1/2024	\$ 3,000,000	3,000,000

Year Ending	Principal	Interest	Total
June 30			
2017	\$	28,200	28,200
2018		28,200	28,200
2019		28,200	28,200
2020		28,200	28,200
2021		28,200	28,200
2022 - 2025	3,000,000	112,800	3,112,800
Total	\$ 3,000,000	253,800	3,253,800

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

F. Compensated absences payable

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

Note 7 – Other Commitments

Commitments under construction contracts are described in Note 5.

Note 8 – Defined Benefit Pension Plan

General Information about the Pension Plan

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