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Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

City of Starkville, Mississippi

Audit Report

September 30, 2022

City of Starkville, Mississippi

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Board of Alderman
City of Starkville, Mississippi

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Starkville, Mississippi, as of and for the year ended September 30, 2022, and the related notes to financial statements, which collectively comprise the City of Starkville, Mississippi's basic financial statements as listed in the contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Starkville, Mississippi, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Starkville, Mississippi and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Starkville, Mississippi's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Starkville, Mississippi's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Starkville, Mississippi's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the City's proportionate share of the net pension liability and contributions, the Electric Department's proportionate share of the net pension liability and contributions, and related notes to the supplementary information on pages 4-15 and 59-70 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Starkville, Mississippi's basic financial statements. The accompanying combining general fund and individual nonmajor fund financial statements, schedule of surety bonds for municipal officials, schedule of bonded indebtedness, schedule of long-term notes, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the related notes to the schedule of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining general fund and individual nonmajor fund financial statements, schedule of surety bonds for municipal officials, schedule of bonded indebtedness, schedule of long-term notes, the schedule of expenditures of federal awards, and the related notes to the schedule 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 February 5, 2024, on our consideration of the City of Starkville, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Starkville, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Starkville, Mississippi's internal control over financial reporting and compliance.

Starkville, Mississippi
February 5, 2024

Watkins Ward and Stafford, P.C.

MANAGEMENT DISCUSSION AND ANALYSIS

City of Starkville
Management Discussion and Analysis
September 30, 2022

Introduction

The discussion and analysis of the City of Starkville's financial performance provides a narrative review of the municipality's financial activities for the fiscal year ended September 30, 2022. The intent of this document is to view the City's performance during the subject year as a whole. The notes to financial statements as well as the financial statements must be considered to fully develop an understanding of the City's overall financial performance and condition.

This discussion and analysis is an element of required supplementary information specified in the "Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" issued June 1999. Certain comparative information between the current year and the prior year is mandated as part of the presentation.

The City of Starkville is located in Oktibbeha County which is in the northeastern portion of the State of Mississippi, approximately 37 miles from the Alabama state line along U.S Highway 82. The population, according to the most recent 2020 United States census, is 24,360. The current report from the United States Census Bureau for 2022 shows a population estimate of 24,657. The completion of the annexation of approximately 2.3 square miles to the east finalized in April of 2022 has increased the population base by an estimated 1,600 residents, making the population exceed 25,000. The growth in the population of the City shows a consistent pattern of an incremental, natural growth as well as the growth from the annexation process. Starkville's position within the Golden Triangle Region is as the largest municipality in the designated area. That growth trend remains strong. The local Golden Triangle economic base of which Starkville is the largest municipality is driven by retail, manufacturing, healthcare and Mississippi State University with emphasis on transportation and sciences and technology research.

Financial Highlights

The City of Starkville is financially sound and has an economic base shifting slightly to the east and toward the increased quantity of retail, commercial and residential areas. Through adoption of a new unified development code the core zoning changes for density and greater urbanization the City continues to see the results of mixed-use development in its urban core. Starkville has multiple areas being redeveloped with projects that include campus style student housing owned by the University and private commercial entities. Due to the expanded emphasis on athletics and historical attractions the alumni of the University are steadily returning to enjoy the various aspects of a university town. The City and the University are finding ways to share a focus on the quality of life available in a university town with growing proximity to new university properties and city amenities. The partnership between the University and the City has never been stronger and our continued partnership with transportation and housing projects highlights that positive approach to our mutual benefit.

The City is committed to financial responsibility. Starkville focuses on operational efficiency through ever diligent strategic planning, responsible budgeting and monitoring and improving internal controls. The City maintains a quality fiscal management structure which includes highly trained professionals whose experience in financial management is superior. The revenue stream from ad valorem taxes is steady, but the supplement of sales taxes shows the intent is to have diverse revenue sources from sports tourism to industry and retail. The City has become the strongest member of the triad of the Golden Triangle through aggressively maintaining a conservative fund balance.

City of Starkville
Management Discussion and Analysis
September 30, 2022

Financial Highlights (Continued)

Starkville enjoys strong growth in both residential and commercial real estate development. Sales tax collections continue to grow. The city derives additional revenue from a two percent (2%) tax on food and beverage sales which then supports economic development, tourism, parks, and student activity. The City recently passed an additional one percent (1%) food and beverage and hotel tax that is specifically and solely directed to parks improvements and a new sports tourism facility for baseball and softball located on the west side of the city. This project is designed to provide a strong tourism base as well as provide an enhanced recreation venue for residents thereby improving the quality-of-life aspects so necessary to attract businesses and retain residents.

Starkville's unemployment rate for September 2022 is roughly 6%. This is one of the lower rates for the State of Mississippi during this timeframe.

Capital improvement in fiscal year 2022 focused on improvements to electric, water, wastewater, road, bicycle and pedestrian infrastructure. The City has placed an emphasis on a long-term response for handling future projected growth by adding redundancy and improving reliability within our basic infrastructure systems. The commitment to replacement of infrastructure is intended to stay well ahead of the cycle of maintenance only and replacement as a last resort.

The City was the recipient of a Federal Highway BUILD grant in the amount of \$12.66 million dollars to upgrade and improve an area that is adjacent to the downtown area and that is in need of economic revitalization. That project will completely transform an area that has the potential for strong economic activity through redevelopment. Though COVID has created challenges, the project is still considered to be viable and is progressing though in a somewhat modified plan. Underground utilities and pedestrian access as well as landscaping are included with the intent to create the inclusion of the area into the downtown corridor.

The City's retail base has been stable and the demand for properties in the commercial corridors remains high. The newest mixed-use developments have filled with tenants for the additional spaces they have created. The SMART bus system contributes to increased transportation alternatives for the City of Starkville and the campus of MSU at no cost to the participants through grant funding. This city-wide service offers options for all the residents of Starkville to access the healthcare system and the multiple shopping venues.

Both the Starkville George M. Bryan field and the Golden Triangle Regional Airport continue to be the beneficiaries of significant Federal Aviation Administration grants that have provided additional space for lease revenue opportunities while also increasing potential flight capacity with commercial carriers and private aviation participation. The Golden Triangle Regional Airport is one of only three airports in Mississippi which operates a profitable passenger service and has expanded its capacity through larger aircraft from Delta to service the demand. The local airport will be extending its runway with a federal grant that recognizes the increased landing permits from businesses and alumni who return for athletic events.

City of Starkville
Management Discussion and Analysis
September 30, 2022

Financial Highlights (Continued)

Fiscal Year 2022 brought significant gains in multi-family and single-family housing. Starkville continued to experience construction starts. Steady enrollment growth and successful athletic programs at Mississippi State University create an expectation that the recent construction surge will continue. The development requests for subdivisions and business construction has been steady through the 2022 year.

The Mill conference center continues to provide options for conferences and activities for the city and the university. The organizations that are using Starkville as a meeting location is growing and allowing activities throughout the calendar year.

The City's investment with Oktibbeha County in an industrial park is the new home to Garan manufacturing. Garan has been a longtime industrial resident of the City of Starkville. They upgraded their facilities and chose to remain in our community. The property that was their site became a retail development that opened in late 2022. The plans for a new spec building in the park are in full swing and should provide an additional attraction for future industry.

Total net position increased by \$10,750,669, which includes a (\$234,503) prior period adjustment, represents a 40.51% increase from the prior fiscal year. The City's ending cash balance decreased by \$1,662,308 which represents a 3.97% decrease from the prior fiscal year which was primarily due to Park Bond funds spent.

The City had \$89,791,264 in total revenues. General revenues accounted for 35,560,885 or 39.60%. Program specific revenues in the form of charges for services and grants and contributions accounted for 54,230,379 or 60.40% of total revenues.

The City had \$78,806,092 in total expenses; only \$54,230,379 of these expenses were offset by charges for services, grants or outside contributions. General revenues of \$35,560,885 were adequate to provide for the remainder of the expenses.

Among the major funds, the General Fund, Park Bonds 2020 Fund, Parks and Rec. Tourism Fund, and ARPA Fund had \$26,284,798, \$43,780, \$2,618,418, and \$10,102 in revenues and \$28,546,737, \$9,731,491, 1,522,397, and \$1,984 in expenditures. The General Fund, Parks and Rec. Tourism Fund, and ARPA Fund's fund balance increased \$532,833, which includes a (\$234,503) prior period adjustment, 778,021, and 8,118 respectively, from the prior year. The Park Bond 2020 Fund's fund balance decreased 9,687,711 from prior year.

Capital assets, net of accumulated depreciation, increased by \$15,853,137.

Long-term debt decreased by \$6,276,907.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of 3 components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

City of Starkville
Management Discussion and Analysis
September 30, 2022

Figure 1 – Required Components of the City's Annual Report

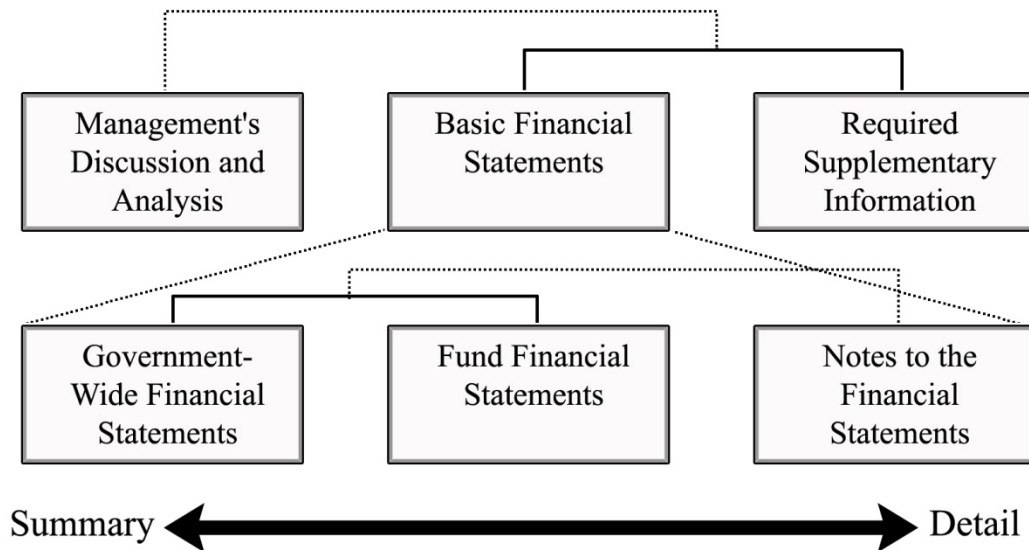


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

Figure 2 summarizes the major features of the City's financial statements, including the portion of the City's government they cover and the types of information they contain. The remainder of this section of Management's Discussion and Analysis explains the structure and content of each of the statements.

City of Starkville
Management Discussion and Analysis
September 30, 2022

	Government-Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and component units	All activities of the City that are not business-type or fiduciary in nature	The City is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital and short 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	All assets and liabilities, both short and long term
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 are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

City of Starkville
Management Discussion and Analysis
September 30, 2022

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City finances, in a manner similar to private-sector businesses.

The **statement of net position** presents information on all City assets, deferred outflows of resources, deferred inflows of resources and liabilities, with the difference reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The activities of the City include general government; public safety; public services (infrastructure); utilities; parks and recreation; sanitation; and interest on long-term debt.

The Government-wide Financial Statements can be found on pages 18 and 19 of this report.

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a city's near-term financing requirements. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 22 and 24, respectively.

The City maintains individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in

City of Starkville
Management Discussion and Analysis
September 30, 2022

Fund Balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

Proprietary funds are used to account for services for which the City charges customers a fee is generally reported in proprietary funds. Proprietary funds, like the government wide statements, provide both long-term and short-term financial information. The City's enterprise funds are the same as its business-type activities yet provide more detail and additional information, such as cash flows. The measurement focus of proprietary fund is upon determination of net income, financial position and change in financial position. These funds are maintained on the accrual basis of accounting. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows are all required statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accrual basis of accounting is used for fiduciary funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The City's fiduciary activities are presented in a separate Statement of Fiduciary Net Position, which can be found on page 28 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 30 through 57 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents **Required Supplementary Information** concerning the City's budget process.

The City adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each major special revenue fund, if applicable. This required supplementary information can be found on page 59-62 of this report.

Government-wide Financial Analysis

Net Position – Net position may serve over time as a useful indicator of government's financial position. In the case of the City of Starkville, assets exceeded liabilities by \$71,666,200 as of September 30, 2022.

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture & equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The City uses these capital assets to provide services to its citizens.

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

City of Starkville
Management Discussion and Analysis
September 30, 2022

The following table presents a summary of the City's net position for the fiscal year ended September 30, 2022 and 2021.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and Other assets	\$ 32,437,092	33,076,829	23,149,586	23,383,249	55,586,678	56,460,078
Capital Assets, net	65,004,485	51,776,349	83,224,584	80,599,583	148,229,069	132,375,932
Total Assets	97,441,577	84,853,178	106,374,170	103,982,832	203,815,747	188,836,010
Deferred outflows of resources	3,481,389	2,778,262	2,664,250	2,365,034	6,145,639	5,143,296
Current and other liabilities	12,730,777	8,413,784	14,047,275	13,082,066	26,778,052	21,495,850
Long-term debt	78,574,526	71,629,577	31,298,436	31,781,541	109,872,962	103,411,118
Total Liabilities	91,305,303	80,043,361	45,345,711	44,863,607	136,651,014	124,906,968
Deferred inflows of resources	-	5,887,328	1,644,172	2,269,479	1,644,172	8,156,807
Net Position:						
Net investment						
in capital assets	12,560,964	24,726,834	60,420,451	56,446,183	72,981,415	81,173,017
Restricted	19,498,590	22,261,423	3,660,107	4,550,440	23,158,697	26,811,863
Unrestricted	(22,441,891)	(45,287,506)	(2,032,021)	(1,781,843)	(24,473,912)	(47,069,349)
Total Net Position	\$ 9,617,663	1,700,751	62,048,537	59,214,780	71,666,200	60,915,531

Changes in Net Position – The City's total revenues for the fiscal year ended September 30, 2022 was \$89,791,264. The total cost for all services provided was \$78,806,092. The increase in net position was \$10,750,669. The following table presents a summary of the change in net position for the fiscal year ended September 30, 2022.

City of Starkville
Management Discussion and Analysis
September 30, 2022

	<u>2022</u>	<u>2021</u>
Revenues:		
Program revenues	\$ 54,230,379	51,713,779
General revenues	<u>35,560,885</u>	<u>30,852,723</u>
Total revenues	<u>89,791,264</u>	<u>82,566,502</u>
Expenses:		
Governmental Activities	27,693,164	23,567,865
Business-type Activities	<u>51,112,928</u>	<u>48,332,633</u>
Total expenses	<u>78,806,092</u>	<u>71,900,498</u>
Prior period adjustments	(234,503)	4,439,615
Increase (decrease) in net position	<u><u>\$ 10,750,669</u></u>	<u><u>15,105,619</u></u>

Governmental Activities – The following table presents the cost of five major functional activities of the City: General Government, Public Safety, Public Services, Parks & Recreation and Utilities.

The table also shows each function's net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity.) The net cost shows the financial burden that was placed on City of Starkville taxpayers by each of these functions.

	<u>Total Costs</u>	<u>Net Costs</u>
General Government	\$ 6,489,650	\$ 5,993,155
Public Safety	12,940,230	12,226,127
Public Services	6,524,217	6,524,217
Utilities	51,112,928	(1,906,853)
Interest on long-term debt	1,739,067	1,739,067

City of Starkville
Management Discussion and Analysis
September 30, 2022

Financial Analysis of the City's Funds

Governmental funds – At the close of the fiscal year, the City of Starkville's governmental funds reported a combined fund balance of \$22,771,446 a decrease of \$4,541,749. The primary reasons for this decrease are highlighted in the analysis of governmental activities on page 23.

The General Fund is the principal operating fund of the City.

Budgetary Highlights of Major Funds

- Over the course of the year, the City of Starkville revised its annual operating budget on several occasions.

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

Capital Assets and Debt Administration

Capital Assets – As of September 30, 2022, the City of Starkville's total capital assets were \$293,786,477. This includes infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress. This amount represents an increase over the previous year of \$21,930,458.

Total accumulated depreciation as of September 30, 2022 was \$145,557,408 including \$7,755,393 of depreciation expense for the year. The balance in total net capital assets was \$148,229,069 at year-end.

Additional information on the City of Starkville's capital assets can be found in Note 4 on pages 41 and 42 of this report.

Debt Administration – At September 30, 2022, the City of Starkville had \$76,411,085 in long-term debt outstanding. This includes compensated absences, general obligation bonds, other loans, and obligations under capital lease. Of this debt, \$4,922,419 is due within one year.

The State of Mississippi limits the amount of debt a City can issue to generally 15% of total assessed value. The City's outstanding debt is below its current limit.

Additional information on City of Starkville's long-term debt can be found in Note 5 on pages 42 - 44 of this report.

City of Starkville
Management Discussion and Analysis
September 30, 2022

Current and Future Items of Impact

The City of Starkville's future growth continues to be encouraging. The developments that are in progress include residential and commercial projects as well as partnership projects through grants from various sources. These projects will be of significance in their economic impact and they are geared to further increase the quality of life aspects in multiple areas of the City and University.

There continue to be strong economic forces investing in the region. There are multiple developers from around the state and as far away as New York and Texas that are viewing the local area as investment opportunities.

The Golden Triangle Region continues to be marketed and has landed a large project that will lead to the increased visibility of the region and spur further economic development for jobs and property value increases.

Starkville and Oktibbeha County and Mississippi State University continue to partner for providing infrastructure that will allow the full utilization of the undeveloped land as well as the redevelopment of areas that are currently underdeveloped.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the City of Starkville City Clerk's office at 110 W. Main Street, Starkville, Mississippi, 39759.

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
 - Proprietary (enterprise) funds
 - Fiduciary funds

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Starkville, Mississippi
Statement of Net Position
September 30, 2022

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 11,256,424	11,088,157	22,344,581
Cash - restricted	19,498,590		19,498,590
Accounts receivable, net	1,070,119	6,300,154	7,370,273
Other receivables, net	133,260	133,815	267,075
Due from other departments	478,699	1,118,273	1,596,972
Prepaid expense		2,980,812	2,980,812
Inventory		1,316,843	1,316,843
Capital assets:			
Land and construction in progress	1,792,946	6,665,930	8,458,876
Property and equipment	140,894,090	144,433,511	285,327,601
Less: accumulated depreciation	(77,682,551)	(67,874,857)	(145,557,408)
Other assets		211,532	211,532
Total assets	<u>97,441,577</u>	<u>106,374,170</u>	<u>203,815,747</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Unamortized debt expense		421,442	421,442
Deferred outflows related to pensions	3,481,389	2,242,808	5,724,197
Total deferred outflows of resources	<u>3,481,389</u>	<u>2,664,250</u>	<u>6,145,639</u>
<u>LIABILITIES</u>			
Accounts payable	2,191,995	6,907,507	9,099,502
Accrued liabilities	1,101,643	488,249	1,589,892
Cash deficit		60,160	60,160
Due to other departments	66,836	1,027,713	1,094,549
Unearned revenue	6,305,172		6,305,172
Customer deposits		3,408,674	3,408,674
Other liabilities		297,684	297,684
Long-term liabilities:			
Due within one year	3,065,131	1,857,288	4,922,419
Due in more than one year	50,073,390	20,773,213	70,846,603
Compensated absences	562,631	79,432	642,063
Unfunded pension liability	27,938,505	10,445,791	38,384,296
Total liabilities	<u>91,305,303</u>	<u>45,345,711</u>	<u>136,651,014</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows related to pensions		1,644,172	1,644,172
Total deferred inflows of resources	<u>-</u>	<u>1,644,172</u>	<u>1,644,172</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	12,560,964	60,420,451	72,981,415
Restricted	19,498,590	3,660,107	23,158,697
Unrestricted	(22,441,891)	(2,032,021)	(24,473,912)
Total net position	<u>\$ 9,617,663</u>	<u>62,048,537</u>	<u>71,666,200</u>

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

City of Starkville, Mississippi
Statement of Activities
For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) / Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General government	\$ 6,489,650	496,495			(5,993,155)
Public safety					
Police	7,243,830	152,669	253,545		(6,837,616)
Fire	5,371,119		307,889		(5,063,230)
Public inspection	312,518				(312,518)
Civil defense	12,763				(12,763)
Highways and streets	2,251,762				(2,251,762)
Health and sanitation	104,837				(104,837)
Culture and recreation	3,200,302				(3,200,302)
Economic development and assistance	967,316				(967,316)
Interest on long-term debt	1,739,067				(1,739,067)
Total governmental activities	27,693,164	649,164	561,434	-	(26,482,566)
Business-type Activities					
Electric utilities	40,671,852	41,432,198			760,346
Water and sewer utilities	7,253,191	8,386,166			1,132,975
Sanitation and waste	3,180,189	2,939,199			(240,990)
Sanitary landfill	7,696	262,218			254,522
Total business-type activities	51,112,928	53,019,781	-	-	1,906,853
Total primary government	\$ 78,806,092	53,668,945	561,434	-	(24,575,713)
			Governmental Activities	Business-type Activities	Total
Changes in Net Position:					
Net (expense) / revenue			\$ (26,482,566)	1,906,853	(24,575,713)
General revenues					
Taxes					
Property taxes			8,428,581		8,428,581
Sales and use taxes			13,004,585		13,004,585
Other taxes			1,153,240		1,153,240
Investment income			65,086	18,701	83,787
Other			11,765,577	908,203	12,673,780
Transfers			216,912		216,912
Total general revenues and transfers			34,633,981	926,904	35,560,885
Change in net position			8,151,415	2,833,757	10,985,172
Net position, October 1, 2021, as previous reported			1,700,751	59,214,780	60,915,531
Prior Period Adjustments (See Note 14)			(234,503)		(234,503)
Net position, October 1, 2021, as restated			1,466,248	59,214,780	60,681,028
Net position, September 30, 2022			\$ 9,617,663	62,048,537	71,666,200

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

FUND FINANCIAL STATEMENTS

City of Starkville, Mississippi
Balance Sheet - Governmental Funds
September 30, 2022

	General	Park Bonds 2020	Parks and Rec. Tourism	ARPA	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$ 11,051,558				204,866	11,256,424
Cash - restricted	711,166	5,220,148	3,357,401	6,313,290	3,896,585	19,498,590
Receivables (Net)						
Accounts	1,070,119					1,070,119
Intergovernmental					133,260	133,260
Due from other departments	265,095				213,604	478,699
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 13,097,938</u>	<u>5,220,148</u>	<u>3,357,401</u>	<u>6,313,290</u>	<u>4,448,315</u>	<u>32,437,092</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 1,446,110	744,850			1,035	2,191,995
Accrued liabilities	1,101,643					1,101,643
Due to other departments	66,836					66,836
Unearned revenue				6,305,172		6,305,172
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>2,614,589</u>	<u>744,850</u>	<u>-</u>	<u>6,305,172</u>	<u>1,035</u>	<u>9,665,646</u>
<u>FUND BALANCES</u>						
Fund balances - restricted						
Restricted for airport projects	722,606					722,606
Restricted for capital projects		4,475,298	3,357,401	8,118	4,179,689	12,020,506
Fund balances - assigned for budgetary purposes					267,591	267,591
Fund balances - unassigned	9,760,743					9,760,743
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>10,483,349</u>	<u>4,475,298</u>	<u>3,357,401</u>	<u>8,118</u>	<u>4,447,280</u>	<u>22,771,446</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 13,097,938</u>	<u>5,220,148</u>	<u>3,357,401</u>	<u>6,313,290</u>	<u>4,448,315</u>	<u>32,437,092</u>

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

City of Starkville, Mississippi
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
September 30, 2022

Fund Balances - total governmental funds		\$ 22,771,446
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 governmental funds:		
Governmental capital assets	142,687,036	
Less accumulated depreciation	<u>(77,682,551)</u>	65,004,485
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds:		
Long-Term Liabilities	(81,639,657)	
Deferred Outflows of Resources	3,481,389	
Deferred Inflows of Resources	<u>-</u>	<u>(78,158,268)</u>
Net Position of Governmental Activities		<u><u>\$ 9,617,663</u></u>

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

City of Starkville, Mississippi
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the Year Ended September 30, 2022

	General	Park Bonds 2020	Parks and Rec. Tourism	ARPA	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
General property taxes	\$ 8,428,581					8,428,581
Licenses and permits	496,495					496,495
Intergovernmental:						
Federal	754,899				913,115	1,668,014
State of Mississippi	10,813,790				3,250,000	14,063,790
State of Mississippi- 1% & 2% tax			2,618,418			2,618,418
State of Mississippi- modernization use tax					1,667,473	1,667,473
Oktibbeha County and Mississippi State	1,613,563					1,613,563
Fines and forfeits	824,475					824,475
Interest income	32,560	18,780		10,102	3,644	65,086
Penalties and interest	30,026					30,026
Other revenues	3,290,409	25,000			88,649	3,404,058
Total Revenues	26,284,798	43,780	2,618,418	10,102	5,922,881	34,879,979
EXPENDITURES						
General government	5,293,530					5,293,530
Public safety:						
Police	6,608,462					6,608,462
Fire	4,670,758					4,670,758
Public inspection	298,059					298,059
Civil defense	12,763					12,763
Highways and streets	1,680,165					1,680,165
Health and sanitation	104,837					104,837
Culture and recreation	1,943,794					1,943,794
Economic Development and Assistance	158,061			1,984	86,388	246,433
Capital outlay	4,412,244	9,731,491	101,530		2,351,951	16,597,216
Contractual services			95,384		625,500	720,884
Debt service:						
Principal	2,530,480		420,000			2,950,480
Interest	833,584		905,483			1,739,067
Total Expenditures	28,546,737	9,731,491	1,522,397	1,984	3,063,839	42,866,448
Excess (deficiency) of revenues over (under) expenditures	(2,261,939)	(9,687,711)	1,096,021	8,118	2,859,042	(7,986,469)
OTHER FINANCING SOURCES (USES)						
Transfer in	318,000				272,948	590,948
Transfers out	(272,948)		(318,000)			(590,948)
Transfers from other departments	216,912					216,912
Sale of cemetery plots	1,000					1,000
Sale of property	594,019					594,019
Sale of surplus equipment	153,806					153,806
Inception of capital leases	2,018,486					2,018,486
Proceeds from bonds					695,000	695,000
Net other financing sources	3,029,275	-	(318,000)	-	967,948	3,679,223
Net change in fund balances	767,336	(9,687,711)	778,021	8,118	3,826,990	(4,307,246)
Fund balances, October 1, 2021 as previously stated	9,950,516	14,163,009	3,357,401		620,290	28,091,216
Prior Period Adjustment (See Note 14)	(234,503)					(234,503)
Fund balances, October 1, 2021 as restated	9,716,013	14,163,009	2,579,380	-	620,290	27,078,692
Fund balances, September 30, 2022	\$ 10,483,349	4,475,298	3,357,401	8,118	4,447,280	22,771,446

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

City of Starkville, Mississippi
Reconciliation of Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended September 30, 2022

Net change in Fund Balances - total governmental funds \$ (4,307,246)

Amounts reported for governmental activities in 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	16,597,216	
Less current year depreciation	(3,367,943)	
Less disposal of capital assets	<u>(1,137)</u>	13,228,136

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 proceeds exceeded repayments:

Proceeds from capital leases	(2,018,486)	
Proceeds from bonds	(695,000)	
Principal payments	<u>2,950,480</u>	236,994

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 fund:

Change in unfunded pension liability	(7,616,044)	
Change in deferred outflows of resources	703,127	
Change in deferred inflows of resources	5,887,328	
Change in long-term compensated absences	<u>19,120</u>	<u>(1,006,469)</u>

Change in Net Position of Governmental Funds	<u><u>\$ 8,151,415</u></u>
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The accompanying notes to financial statements are an integral part of these financial statements.

City of Starkville, Mississippi
Statement of Fund Net Position - Proprietary Funds
September 30, 2022

	<u>June 30, 2022</u>	<u>September 30, 2022</u>			
	<u>Electric Department</u>	<u>Water & Sewer Department</u>	<u>Sanitation and Waste Fund</u>	<u>Non-major Enterprise Funds</u>	<u>Total Enterprise Funds</u>
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 6,177,391	4,268,507		642,259	11,088,157
Accounts receivables, net	4,745,021	1,031,345	523,788		6,300,154
Other receivables, net	133,815				133,815
Due from other departments	214,562	903,711			1,118,273
Prepaid expense	2,980,812				2,980,812
Inventory	1,165,802	151,041			1,316,843
Total current assets	<u>15,417,403</u>	<u>6,354,604</u>	<u>523,788</u>	<u>642,259</u>	<u>22,938,054</u>
Non-current assets:					
Other assets	211,532				211,532
Capital assets:					
Fixed assets, net of depreciation	52,615,932	29,541,574	968,963	98,115	83,224,584
Total non-current assets	<u>52,827,464</u>	<u>29,541,574</u>	<u>968,963</u>	<u>98,115</u>	<u>83,436,116</u>
Total Assets	<u>68,244,867</u>	<u>35,896,178</u>	<u>1,492,751</u>	<u>740,374</u>	<u>106,374,170</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Unamortized debt expense	202,385	219,057			421,442
Deferred outflows related to pensions	1,455,392	422,434	364,982		2,242,808
Total Deferred Outflows of Resources	<u>1,657,777</u>	<u>641,491</u>	<u>364,982</u>	<u>-</u>	<u>2,664,250</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 69,902,644</u>	<u>36,537,669</u>	<u>1,857,733</u>	<u>740,374</u>	<u>109,038,420</u>
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	\$ 6,672,891	195,731	38,885		6,907,507
Cash deficit			60,160		60,160
Accrued liabilities	251,152	237,097			488,249
Compensated absences			79,432		79,432
Due to other departments	1,027,713				1,027,713
Accrued interest - long-term debt	49,744				49,744
Bonds payable, current	485,000	564,116			1,049,116
Notes payable, current		546,164	262,008		808,172
Other current liabilities	71,390				71,390
Total current liabilities	<u>8,557,890</u>	<u>1,543,108</u>	<u>440,485</u>	<u>-</u>	<u>10,541,483</u>
Non-current liabilities:					
Bonds payable, non-current	7,090,000	9,338,631			16,428,631
Notes payable, non-current		3,811,259	533,323		4,344,582
Customer deposits	2,966,606	442,068			3,408,674
Other liabilities	7,681	168,869			176,550
Unfunded pension liability	4,279,676	3,250,169	2,915,946		10,445,791
Total non-current liabilities	<u>14,343,963</u>	<u>17,010,996</u>	<u>3,449,269</u>	<u>-</u>	<u>34,804,228</u>
Total Liabilities	<u>22,901,853</u>	<u>18,554,104</u>	<u>3,889,754</u>	<u>-</u>	<u>45,345,711</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred inflows related to pensions	1,644,172				1,644,172
Total Deferred Inflows of Resources	<u>1,644,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,644,172</u>
<u>NET POSITION</u>					
Invested in capital assets, net of related debt	45,040,932	15,281,404		98,115	60,420,451
Restricted	315,687	2,702,161		642,259	3,660,107
Unrestricted			(2,032,021)		(2,032,021)
Total Net Position	<u>45,356,619</u>	<u>17,983,565</u>	<u>(2,032,021)</u>	<u>740,374</u>	<u>62,048,537</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 69,902,644</u>	<u>36,537,669</u>	<u>1,857,733</u>	<u>740,374</u>	<u>109,038,420</u>

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

City of Starkville, Mississippi
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
For the Year Ended September 30, 2022

	<u>June 30, 2022</u>	<u>September 30, 2022</u>			
	<u>Electric Department</u>	<u>Water & Sewer Department</u>	<u>Sanitation and Waste Fund</u>	<u>Non-Major Enterprise Funds</u>	<u>Total Enterprise Funds</u>
<u>OPERATING REVENUES</u>					
Charges for services	\$ 41,432,198	8,386,166	2,939,199	262,218	53,019,781
Total operating revenues	41,432,198	8,386,166	2,939,199	262,218	53,019,781
<u>OPERATING EXPENSES</u>					
Purchased power	33,137,763				33,137,763
Operating and maintenance	5,014,147	5,650,210	2,988,052	7,696	13,660,105
Depreciation	2,519,942	1,602,981	192,137		4,315,060
Total operating expenses	40,671,852	7,253,191	3,180,189	7,696	51,112,928
Operating income (loss)	760,346	1,132,975	(240,990)	254,522	1,906,853
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Other revenue (expenses)	21,779	1,553,684	13,275		1,588,738
Interest on investments	10,801	7,900			18,701
Amortization expense	(15,978)	(13,959)			(29,937)
Interest and fiscal charges	(208,241)	(419,894)	(22,463)		(650,598)
Total non-operating revenues (expenses)	(191,639)	1,127,731	(9,188)	-	926,904
Change in net position	568,707	2,260,706	(250,178)	254,522	2,833,757
Net position, October 1, 2021	44,787,912	15,722,859	(1,781,843)	485,852	59,214,780
Net Position, September 30, 2022	<u>\$ 45,356,619</u>	<u>\$ 17,983,565</u>	<u>\$ (2,032,021)</u>	<u>\$ 740,374</u>	<u>\$ 62,048,537</u>

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

City of Starkville, Mississippi
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2022

	<u>June 30, 2022</u>	<u>September 30, 2022</u>			
	<u>Electric Department</u>	<u>Water & Sewer Department</u>	<u>Sanitation and Waste Fund</u>	<u>Non-Major Enterprise Funds</u>	<u>Total Enterprise Funds</u>
<u>Cash Flows from Operating Activities</u>					
Cash received from customers	\$ 41,432,198	8,386,166	2,939,199	262,218	53,019,781
Cash paid to employees	(1,984,224)	(1,223,821)	(1,706,080)		(4,914,125)
Cash paid to suppliers	(34,931,441)	(3,435,302)	(1,088,214)	(7,696)	(39,462,653)
Net Cash Provided By Operating Activities	<u>4,516,533</u>	<u>3,727,043</u>	<u>144,905</u>	<u>254,522</u>	<u>8,643,003</u>
<u>Cash Flows from Capital and Related Financing Activities</u>					
Proceeds from issuance of debt			300,672		300,672
Payment of debt	(470,000)	(1,081,495)	(306,858)		(1,858,353)
Payment of interest	(211,962)	(419,894)	(22,463)		(654,319)
Purchase of capital assets	(4,147,963)	(3,035,713)	(392,112)		(7,575,788)
Removal cost	(368,047)				(368,047)
Salvage	25,390				25,390
Other receipts (payments)	(7,949)	933,639	69,663		995,353
Net Cash Flows (Used in) Capital and Related Financing Activities	<u>(5,180,531)</u>	<u>(3,603,463)</u>	<u>(351,098)</u>	<u>-</u>	<u>(9,135,092)</u>
<u>Cash Flows from Investing Activities</u>					
Interest received on investments	10,801	7,900			18,701
Change in other investments	(14,233)				(14,233)
Collections on energy conservation loans receivable	7,869				7,869
Net Cash Flows Provided by Investing Activities	<u>4,437</u>	<u>7,900</u>	<u>-</u>	<u>-</u>	<u>12,337</u>
Net Change in Cash	(659,561)	131,480	(206,193)	254,522	(479,752)
Cash and Cash Equivalents, October 1, 2021	<u>6,836,952</u>	<u>4,137,027</u>	<u>206,193</u>	<u>387,737</u>	<u>11,567,909</u>
Cash and Cash Equivalents, September 30, 2022	<u>\$ 6,177,391</u>	<u>4,268,507</u>	<u>-</u>	<u>642,259</u>	<u>11,088,157</u>
<u>Reconciliation of Operating Income to Net Cash Flows from Operating Activities:</u>					
Operating Income (Loss)	\$ 760,346	1,132,975	(240,990)	254,522	1,906,853
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	2,593,432	1,602,981	192,137		4,388,550
Debt issuance costs			2,837		2,837
Other non-operating revenues	21,779	1,509,241			1,531,020
Changes in operating assets and liabilities:					
(Increase) decrease in receivables	566,005	3,142	59,588		628,735
(Increase) decrease in inventory	(184,278)	(49,941)			(234,219)
(Increase) decrease in other assets	(522,546)	(111,694)			(634,240)
(Increase) decrease in deferred outflows of resources	(538,555)	112,540	93,885		(332,130)
Increase (decrease) in payables	1,002,164	(563,559)	(18,907)		419,698
Increase (decrease) accrued liabilities	91,515	123,595			215,110
Increase (decrease) in deficit cash			60,160		60,160
Increase (decrease) in customer deposits	174,488	29,010			203,498
Increase (decrease) in unfunded pension liability	(523,252)	848,735	802,219		1,127,702
Increase (decrease) in other liabilities	8,637	(10,183)	(13,718)		(15,264)
Increase (decrease) in deferred inflows of resources	1,066,798	(899,799)	(792,306)		(625,307)
Total adjustments	<u>3,756,187</u>	<u>2,594,068</u>	<u>385,895</u>	<u>-</u>	<u>6,736,150</u>
Net cash provided by (used in) operating activities	<u>\$ 4,516,533</u>	<u>3,727,043</u>	<u>144,905</u>	<u>254,522</u>	<u>8,643,003</u>

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

City of Starkville, Mississippi
Statement of Fiduciary Net Position
September 30, 2022

	Custodial Funds
<u>ASSETS</u>	
Cash - restricted	\$
Total Assets	-
<u>NET POSITION</u>	
Restricted - held in trust	\$ -

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

City of Starkville, Mississippi
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2022

	Custodial Funds
ADDITIONS	
Investment earnings	
Interest	\$
Total investment earnings	-
Other additions	
Total Additions	-
DEDUCTIONS	
Transfer to general fund	216,232
Total Deductions	216,232
Change in Net Position	(216,232)
Net Position, October 1, 2021	216,232
Net Position, September 30, 2022	\$ -

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

City of Starkville, Mississippi
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

The City of Starkville, Mississippi's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc.).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

a. Reporting Entity

The citizens of Starkville, Mississippi, have elected to operate under a Code Charter as permitted by Mississippi Statutes 21-3-3, which prescribes a Mayor and Board of Aldermen form of government.

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.

City of Starkville, Mississippi
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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 upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

Excluded from the reporting entity:

Starkville Oktibbeha Public Schools. The Starkville Public Schools' governing board is appointed primarily by the City's governing body (two of the five members). The City does not hold title to any of the school's assets, nor does it have any right to the school's surpluses. The City does not have the ability to exercise influence over the daily operations or approve budgets.

Starkville Public Library. The Starkville Public Library's governing board is appointed jointly by various entities. The City's governing body appoints five of the ten members but does not have the ability to exercise influence over the daily operations or approve budgets. Additionally, the City does not hold title to any of the library's assets, nor does it have any right to the library's surpluses.

b. 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 police and fire protection, parks and recreation, public works, and general administrative services are classified as governmental activities. The City's electric, water and sewer, sanitation, and landfill services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are 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.

City of Starkville, Mississippi
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (police, fire, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, 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.) or a business-type activity. Operating revenues include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) 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.

c. 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 equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The City reports the following major Governmental Funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Parks Bonds 2020 Fund* is a capital projects fund which accounts for expenditures related to the construction of Cornerstone Park, a recreational ballpark.

The *Parks and Recreation Tourism Fund* is a capital projects fund which accounts for expenditures related to infrastructure improvements, outdoor recreation, and nature-based tourism within the community.

The *ARPA Fund* is a special revenue fund which accounts for financial resources from the American Rescue Plan grant funds.

The focus of the governmental funds' measurement (in the fund statements) is 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:

City of Starkville, Mississippi
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

1. Governmental Funds

- 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. The General Fund includes General Activities, Multi-Unit Drug Task Force Operations, Airport Activities, Restricted Police Activities, Restricted Fire Activities, Accounts Payable Clearing and Payroll Clearing.
- 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. Special Revenue Funds are the CDBG Henderson Street Area Redevelopment Project Fund, the Law Enforcement Grants Fund, the Computer Assessments Fund, the CDBG Rehabilitation Loan Program Fund, Federal Forfeited Funds Fund, American Recovery Reinvestment Fund, and the TVA Hewlett Wood Products, Inc. Loan Fund.
- 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. The Debt Service Funds are the City Bond and Interest Fund and the School Bond and Interest Fund.
- d. **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Capital Projects Funds are the Parking Mill Project Fund, Public Improvement Bonds Fund, Parks and Recreation Bond 2020 Fund, the Parks and Recreation Tourism Fund, Industrial Park Bond Fund, Fire Station #5 Fund, Build Grant 182/MLK Corridor Fund, and Stark/Hospital Road Expansion Fund.

2. Proprietary Funds

The City reports the following major Proprietary Funds:

The *Starkville Electric Department* is a fund which accounts for the distribution of electricity to the residents of the City of Starkville and Mississippi State University.

The *Water and Sewer Fund* is a fund which accounts for the activities of the City's water and sewer distribution and collections. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt.

The *Sanitation and Waste Fund* is a fund which accounts for the activities of the City's garbage collections.

City of Starkville, Mississippi
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

- a. **Enterprise Funds** are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Enterprise Funds are the Electric Department Fund, the Water and Sewer Department Fund, the Sanitation Fund, and the Sanitary Landfill Fund.

3. Custodial Funds

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

d. 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:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and 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.

City of Starkville, Mississippi
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

e. Financial Statement Amounts

1. Cash and Cash Equivalents:

For purposes of the statement of cash flows for the proprietary funds, the City defines cash equivalents as short-term, highly liquid investments with original maturity dates of three months or less.

2. Inventory:

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

3. 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	20 – 50 years
Water and sewer system	30 – 50 years
Machinery and equipment	5 – 10 years
Improvements	10 – 20 years
Other infrastructure	10 – 50 years

4. Revenues:

Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating 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.

5. 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.

City of Starkville, Mississippi
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

6. 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.

7. Interfund Activity:

Interfund activity is reported as 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. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

8. Basis of Budgeting:

The City prepares its governmental fund type budgets in accordance with state statutes, which require the cash basis of accounting for revenues. Expenditures are budgeted and reported on the modified accrual basis of accounting. For purposes of budgetary comparisons in the financial statements, the City has elected to compare GAAP basis revenue to budget. This presentation provides a reasonable basis of comparison because the difference in beginning and ending receivables is immaterial.

9. Deferred Outflows / Inflows

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then.

Deferred outflows related to pensions- This amount represents the City's proportionate share of the deferred outflows of resources reported by the pension plan in which the City participates. See Note 15 for additional details.

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

City of Starkville, Mississippi
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred inflows of resources- This amount represents the City's proportionate share of the deferred inflows of resources reported by the pension plan in which the City participates. See Note 15 for additional details.

10. Long-term Liabilities

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the Fund financial statements, Governmental Fund Types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Pensions

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

City of Starkville, Mississippi
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

12. Net Position:

GASB 63 requires the classification of net position into three components – invested in capital assets, net of related debt, restricted and unrestricted. These classifications are defined as follows:

- a.** Invested in capital assets, net of related debt – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- b.** Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- c.** Unrestricted – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Net Position Flow Assumption

When an 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 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.

City of Starkville, Mississippi
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

13. Fund Balance:

GASB 54 requires the classification of fund balance into five components – nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as follows:

- a. Nonspendable fund balance** - amounts that cannot be spent due to form such as inventories, prepaid amounts, etc...
- b. Restricted fund balance** - amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

The City has the following restricted assets: restricted for fire protection, restricted for police protection, restricted for airport activities, restricted for parks and recreation, restricted for debt service and restricted for capital projects.

- c. Committed fund balance** - amounts constrained for a specific purpose by an entity using its highest level of decision-making authority. It would require the same group to remove or change the constraints placed on the resources. Currently, there are no committed fund balances.
- d. Assigned fund balance** - for all funds other than the general fund, any remaining positive amounts not classified as nonspendable, restricted or committed.

The City classifies unspent budgeted projects that are re-budgeted in the subsequent year to assigned for budgetary purposes.

- e. Unassigned fund balance** – 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, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption:

When an expenditure 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 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.

City of Starkville, Mississippi
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

14. Use of Estimates:

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

15. Changes in Accounting Standards:

GASB 87, Leases, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

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 program were properly included and were fully collateralized as of September 30, 2022.

The carrying amount of the City's deposits with financial institutions was \$35,599,619 on September 30, 2022 and the bank balance was \$35,665,780.

The balances do not reflect cash or other deposits held in the name of Starkville Electric Department in the amount of \$6,177,391 which are separately secured.

City of Starkville, Mississippi
Notes to Financial Statements

Note 3: Interfund Transactions and Balances

Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 272,948
General Fund	Parks and Rec. Tourism	318,000
Total		<u>\$ 590,948</u>

The principal purpose of inter-fund transfers was to provide funds for grant matches or to provide funds to pay for capital outlay. All inter-fund transfers were routine and consistent with the activities of the fund making the transfer.

Note 4: Capital Assets

Capital asset activity for the year ended September 30, 2022, was as follows:

	<u>Balance</u> <u>10/1/2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance</u> <u>9/30/2022</u>
Governmental Activities					
Land and construction in progress	\$ 1,290,892	502,054			1,792,946
Property and equipment	124,952,734	16,095,162	(153,806)		140,894,090
Less: Accumulated Depreciation	(74,467,277)	(3,367,943)	152,669		(77,682,551)
Governmental Activities Capital Assets	<u>\$ 51,776,349</u>	<u>13,229,273</u>	<u>(1,137)</u>	<u>-</u>	<u>65,004,485</u>
Business-type Activities:					
Land and construction in progress - Electric	\$ 2,721,465	955,463			3,676,928
Property and equipment - Electric	72,228,689	3,192,500	(615,410)		74,805,779
Less: Accumulated Depreciation - Electric	(24,231,410)	(2,618,822)	983,457		(25,866,775)
Business Activities Capital Assets - Electric	<u>\$ 50,718,744</u>	<u>1,529,141</u>	<u>368,047</u>	<u>-</u>	<u>52,615,932</u>
Land and construction in progress - Water - Sewer	\$ 1,404,395	2,375,449	(887,642)		2,892,202
Property and equipment - Water - Sewer	62,555,682	660,266	(587,489)		62,628,459
Less: Accumulated Depreciation - Water - Sewer	(34,944,088)	(1,576,491)	587,489	(45,997)	(35,979,087)
Business Activities Capital Assets - Water - Sewer	<u>\$ 29,015,989</u>	<u>1,459,224</u>	<u>(887,642)</u>	<u>(45,997)</u>	<u>29,541,574</u>
Land and construction in progress - Sanitation - Landfill	\$ 96,800				96,800
Property and equipment - Sanitation - Landfill	6,605,362	392,112		1,799	6,999,273
Less: Accumulated Depreciation - Sanitation-Landfill	(5,837,312)	(192,137)		454	(6,028,995)
Business Activities Capital Assets - Sanitation-Landfill	<u>\$ 864,850</u>	<u>199,975</u>	<u>-</u>	<u>2,253</u>	<u>1,067,078</u>
Business Activities Capital Assets	<u>80,599,583</u>	<u>3,188,340</u>	<u>(519,595)</u>	<u>(43,744)</u>	<u>83,224,584</u>
Total Capital Assets	<u>\$ 132,375,932</u>	<u>16,417,613</u>	<u>(520,732)</u>	<u>(43,744)</u>	<u>148,229,069</u>

City of Starkville, Mississippi
Notes to Financial Statements

Note 4: Capital Assets (Continued)

When the City of Starkville updates its fixed assets subsidiary records, the adjustment column reports the appropriate corrections to the various classes of fixed assets. The adjustments for this year were to clean up the fixed asset schedule to agree to their records.

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 920,388
Public safety - Police	317,236
Public safety - Fire	374,517
Highways and streets	503,151
Culture and recreation	<u>1,252,651</u>

Total governmental activities depreciation expense	<u><u>\$3,367,943</u></u>
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Business-type activities:

Electric	\$2,618,822
Water and sewer	1,576,491
Sanitation	<u>192,137</u>

Total business-type activities depreciation expense	<u><u>\$4,387,450</u></u>
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Note 5: Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2022, was as follows:

	Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022	Amount Due Within One Year
Governmental Activities					
General obligation bonds					
TIF Revenue Bonds, Series 2011	\$ 180,000		42,000	138,000	44,000
GO Utility Refunding Bonds, Series 2015	2,075,000		120,000	1,955,000	120,000
GO Public Improvement, Series 2016A	2,545,000		125,000	2,420,000	130,000
GO Public Improvement, Series 2016B	2,035,000		100,000	1,935,000	100,000
TIF Revenue Bonds, Series 2016	635,000		115,000	520,000	120,000
GO Refunding Bond, Series 2018	2,230,000		335,000	1,895,000	350,000
GO Development Bonds, Series 2017	5,950,000		350,000	5,600,000	350,000
2018 Refunding Bond-City Hall	3,735,000			3,735,000	
Special Obligation, Series 2018	4,105,000		405,000	3,700,000	415,000
Special Obligation, Series 2018	2,836,000		169,000	2,667,000	173,000
Special Obligation, Series 2020A	14,300,000			14,300,000	55,000
Special Obligation, Series 2020B	9,765,000		85,000	9,680,000	30,000
TIF Revenue Bonds, Series 2022		695,000		695,000	67,700
Total	<u>\$ 50,391,000</u>	<u>695,000</u>	<u>1,846,000</u>	<u>49,240,000</u>	<u>1,954,700</u>

City of Starkville, Mississippi
Notes to Financial Statements

Note 5: Long-Term Liabilities (Continued)

	Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022	Amount Due Within One Year
Notes payable					
Capital Improvements - F-250 and 2 Tacomas	10,682		10,682	-	
Capital Improvements - City Hall	730,000		360,000	370,000	370,000
2018 Ford F-150	4,609		4,609	-	
Asphalt Truck (Kenworth)	148,691		65,422	83,269	66,481
Fire Truck	740,996		100,610	640,386	102,310
John Deere Park Mower	26,130		17,268	8,862	8,862
Nissan Kicks	6,853		3,357	3,496	3,496
2 Pumper Trucks	831,664		71,265	760,399	73,679
Street Excavator	122,945		27,344	95,601	28,294
Police Dodge Chargers	361,945		143,593	218,352	145,170
2022 Dodge Durango		39,731	3,354	36,377	12,890
2020 Fire Truck-Bankfirst		1,441,455	141,676	1,299,779	143,949
Utility Associates-Body Cameras		310,800	77,700	233,100	77,700
FUSUS Real Time Crime Center		195,000	65,000	130,000	65,000
Harley-Davidson Motorcycles		31,500	12,600	18,900	12,600
Compensated absences	581,751		19,120	562,631	-
Total	\$ 3,566,266	2,018,486	1,123,600	4,461,152	1,110,431
Total Governmental Activities	\$ 53,957,266	2,713,486	2,969,600	53,701,152	3,065,131
	Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022	Amount Due Within One Year
Business-type Activities					
Bonds and notes payable					
Utility Revenue Bonds, Series 2019	\$ 9,315,000		365,000	8,950,000	380,000
Electric System Revenue Bond, Series 2020	8,045,000		470,000	7,575,000	485,000
GO Utility Refunding Bond Series 2012	1,133,323		180,576	952,747	184,116
Drinking Water Improvements Revolving Loan	278,000		53,811	224,189	55,172
Water Pollution Control Revolving Loan	906,935		211,676	695,259	215,419
Water Pollution Control Revolving Loan	120,334		15,017	105,317	15,436
MDA Capital Improvements Loan	307,023		16,056	290,967	16,353
MDA Capital Improvements Loan	234,672		24,790	209,882	25,248
MDA Capital Improvements Loan	464,075		50,061	414,014	50,987
MDA Capital Improvements Loan	1,033,214		59,285	973,929	60,381
MDA Capital Improvements Loan	203,463		37,127	166,336	37,814
MDA Capital Improvements Loan	436,147		25,187	410,960	25,652
MDA Capital Improvements Loan	660,674		31,497	629,177	32,079
MDA Capital Improvements Loan	248,805		11,412	237,393	11,623
Street Sweeper	51,706		47,970	3,736	3,736
3 Refuse Trucks & Knuckle Boom	483,716		116,331	367,385	119,344
2021 Tractor and Cutter	66,216		28,901	37,315	19,571
Garbage Truck/Front End Loader	199,879		38,034	161,845	38,981
2021 Rear Loader Truck		225,746	69,297	156,449	56,068
2022 Kubota Tractor		74,926	6,325	68,601	24,308
Compensated absences	65,714	13,718		79,432	
Total	\$ 24,253,896	314,390	1,858,353	22,709,933	1,857,288

City of Starkville, Mississippi
Notes to Financial Statements

Note 5: Long-Term Liabilities (Continued)

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

The five outstanding issues of General Obligation Bonds are due in annual installments ranging from \$100,000 to \$400,000 each through various dates, the last of which is the year 2035. Interest rates range from 2.75% to 5.00%.

The City has entered into bond purchase agreements to issue and sell Tax Increment Financing Revenue Bonds. The principal of the bonds is due in annual installments. The Series 2011, Series 2016, and Series 2022 Bonds were issued for the purpose of constructing various infrastructure improvements to support the projects. The City's tax increment financing bond indebtedness is recorded as a liability of the City to match revenue streams to the related debt for which they have been pledged. The obligation of the City to pay principal and interest on these bonds is limited solely to the tax increment financing (TIF) revenues generated from the project. Should TIF revenues not be sufficient to meet the required debt service obligations, the City is not obligated to make such bond payments from any other sources of its revenues. However, the City intends to annually appropriate funds sufficient to make all payments required by the bonds for the next fiscal year. Management does not anticipate that any of the City's general funds will be required to make up any deficiency in bond payments during the next fiscal year.

Legal Debt Margin

The amount of debt, excluding specific exempted debt that can be incurred by the City is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the City, according to the last completed assessment for taxation. In no case shall the total indebtedness exceed 20% of the assessed value of the property. As of September 30, 2022, the amount of outstanding debt was equal to 13.14% of the latest property assessments.

Note 6: Unemployment Compensation Fund

The City has elected to establish a revolving fund for unemployment compensation which is to be maintained in the amount of 2% of the first \$6,000 of employee wages paid in the preceding calendar year. The Unemployment Compensation Fund was fully funded at September 30, 2022.

Note 7: Defined Benefit Pension Plan – City of Starkville

General Information about the Pension Plan

Plan Description. PERS is a defined benefit cost-sharing plan administered by the PERS System that provides retirement benefits to all eligible employees. Membership in PERS is a condition of employment granted upon hiring for qualifying employees including officials of the State of Mississippi (the State), state universities, community and junior colleges, and teachers and employees of the public-school districts, and other public employees whose

City of Starkville, Mississippi
Notes to Financial Statements

Note 7: Defined Benefit Pension Plan – City of Starkville (Continued)

General Information about the Pension Plan (Continued)

employers have elected to participate. For those persons employed by political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the System's Board of Trustees. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. Current rates are 17.40 percent for employers and 9.00 percent for members. PERS employers contributed \$1,211 million and members contributed \$615.4 million for fiscal year 2022. A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest.

Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. 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. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. 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. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. 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 and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. § 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. The PERS plan financial report is included in the Annual Comprehensive Financial Report of the Public Employees' Retirement System available at www.PERS.ms.gov.

City of Starkville, Mississippi
Notes to Financial Statements

Note 7: Defined Benefit Pension Plan – City of Starkville (Continued)

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2022 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, 2022, 2021 and 2020 were \$1,984,730, \$1,994,173, and \$1,675,067 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, 2022, the City reported a liability of \$34,104,620 which was for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the City's proportion was 0.165688 percent. This was a decrease of .002523 percent from its proportionate share used to calculate the September 30, 2021 net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended September 30, 2022, the City recognized pension expense of \$3,245,960. At September 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 482,870	-
Net difference between projected and actual earnings on pension plan investments	1,658,933	-
Changes of assumptions	1,197,510	-
Change in proportion percentage	374,909	-
City contributions subsequent to the measurement date	554,583	-
	<u>\$ 4,268,805</u>	<u>-</u>

\$554,583 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

City of Starkville, Mississippi
Notes to Financial Statements

Note 7: Defined Benefit Pension Plan – City of Starkville (Continued)

Year ended September 30,	
2023	1,244,435
2024	1,004,651
2025	(385,476)
2026	1,850,612
2027	-
	\$ 3,714,222

Actuarial assumptions. The total pension liability as of June 30, 2022 was determined by an actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. The following actuarial assumptions are applied to all periods in the measurement:

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

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

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

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.

City of Starkville, Mississippi
Notes to Financial Statements

Note 7: Defined Benefit Pension Plan-City of Starkville (Continued)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
Domestic Equity	25	%	4.60	%
International Equity	20		4.50	
Global Equity	12		4.85	
Fixed Income	18		1.40	
Real Estate	10		3.65	
Private Equity	10		6.00	
Private Infrastructure	2		4.00	
Private Credit	2		4.00	
Cash Equivalents	1		(0.10)	
Total	100	%		

Discount rate. The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that Employer contributions will be made at the current employer contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.55 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
City's proportionate share of the net pension liability	\$ 44,510,012	\$ 34,104,620	\$ 25,525,903

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

City of Starkville, Mississippi
Notes to Financial Statements

Note 8: Defined Benefit Pension Plan – Starkville Electric Department

General Information about the Pension Plan

Plan Description. PERS is a defined benefit cost-sharing plan administered by the PERS System that provides retirement benefits to all eligible employees. Membership in PERS is a condition of employment granted upon hiring for qualifying employees including officials of the State of Mississippi (the State), state universities, community and junior colleges, and teachers and employees of the public-school districts, and other public employees whose employers have elected to participate. For those persons employed by political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the System's Board of Trustees. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. Current rates are 17.40 percent for employers and 9.00 percent for members. PERS employers contributed \$1,169.7 million and members contributed \$594.9 million for fiscal year 2021.

A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. 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. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. 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. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

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.

City of Starkville, Mississippi
Notes to Financial Statements

Note 8: Defined Benefit Pension Plan – Starkville Electric Department (Continued)

General Information about the Pension Plan

Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. § 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. The PERS plan financial report is included in the Annual Comprehensive Financial Report of the Public Employees' Retirement System available at www.PERS.ms.gov.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the Electric Department is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2022 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 Electric Department's contributions to PERS for the fiscal years ending June 30, 2022, 2021, and 2020 were \$345,255, \$304,227, and \$294,473 respectively, which equaled the required contributions for each year.

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

At June 30, 2022, the Electric Department reported a liability of \$4,279,676 which was for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Electric Department's proportion of the net pension liability was based on a projection of the Electric Department's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2022, the Electric Department's proportion was 0.028955 percent. This was an increase of 0.004145 percent from its proportionate share used to calculate the June 30, 2021 net pension liability, which was based on a measurement date of June 30, 2020.

City of Starkville, Mississippi
Notes to Financial Statements

Note 8: Defined Benefit Pension Plan – Starkville Electric Department (Continued)

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

For the year ended June 30, 2022, the Electric Department recognized pension expense of \$350,246. At June 30, 2022, the Electric Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 68,432	-
Net difference between projected and actual earnings on pension plan investments	-	1,288,856
Changes of assumptions	329,318	-
Change in proportion percentage	-	-
City contributions subsequent to the measurement date	712,387	355,316
	<u>345,255</u>	<u>-</u>
	<u>\$ 1,455,392</u>	<u>1,644,172</u>

\$345,255 reported as deferred outflows of resources related to pensions resulting from the Electric Department's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2023. 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,	
2023	(70,755)
2024	(22,756)
2025	(97,639)
2026	(342,885)
2027	<u>-</u>
	<u>\$ (534,035)</u>

Actuarial assumptions. The total pension liability as of June 30, 2021 was determined by an actuarial valuation prepared as of June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021.

City of Starkville, Mississippi
Notes to Financial Statements

Note 8: Defined Benefit Pension Plan – Starkville Electric Department (Continued)

The following actuarial assumptions are applied to all periods in the measurement:

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

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

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

City of Starkville, Mississippi
Notes to Financial Statements

Note 8: Defined Benefit Pension Plan – Starkville Electric Department (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that Employer contributions will be made at the current employer contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Electric Department's proportionate share of the net pension liability to changes in the discount rate. The following presents the Electric Department's proportionate share of the net pension liability calculated using the discount rate of 7.55 percent, as well as what the Electric Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
Electric Department's proportionate share of the net pension liability	\$ 6,061,024	\$ 4,279,676	\$ 2,811,703

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

The City of Starkville entered into an agreement with the Golden Triangle Solid Waste Management Authority. This Authority was organized under laws of the State of Mississippi (Section 17-17-301 et seq. Miss. Code of 1972 as amended). The Authority's purpose is to operate and maintain a landfill facility. The project was permitted by DEQ in December, 1994. The City of Starkville's share of expense and liability is based on a pro rata share of waste tonnage. The City's portion of this expense was \$457,688 in 2022. The members, in addition to the City of Starkville, are Noxubee County, City of West Point, Clay County, City of Columbus, Lowndes County, City of Macon, Oktibbeha County, Webster County, City of Eupora, Choctaw County, and the Town of Ackerman. Because of the nature of the Authority's operations there is no determinable equity interest of the City of Starkville. The Authority is designed to generate revenues from its members in an amount adequate only to cover its operating costs. The Authority is audited separately and financial statements are available upon request.

City of Starkville, 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, 2022, therefore no liability has been accrued at this time.

Note 11: Property Tax

Numerous statutes exist under which the Mayor and Board of Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the City. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Mayor and Board of Aldermen, 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 next succeeding year.

Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. The City taxes are collected and remitted to the City by the Oktibbeha County Tax Collector.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

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.

City of Starkville, Mississippi
Notes to Financial Statements

Note 12: Economic Development, Tourism, and Convention Tax

In 2004, the Legislature of the State of Mississippi passed a local and private bill on behalf of the City of Starkville authorizing a 2 % tax on the gross income of restaurants derived from the sale of prepared food and alcoholic and nonalcoholic beverages. The tax is collected by the Mississippi State Tax Commission in the same manner that sales taxes are collected. The proceeds of the tax less 3% are paid monthly to the City of Starkville to be distributed to the appropriate entities as follows:

Economic Development Authority – 15%
 Visitor and Convention Council – 15%
 Starkville Parks and Recreation – 40%
 Mississippi State University – 20%
 Used for economic and community development projects, initiatives or opportunities – 10%

The distribution of the tax is audited in the course of this audit.

Note 13: Contingent Liabilities

Federal Grants- The City has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability to the City. No provision for any liability that may result has been recognized in the City's financial statement.

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

Note 14: Prior Period Adjustments

A summary of the significant net position/fund balance adjustment(s) is as follows:

Statement of Activities – Governmental Activities

<u>Explanation</u>	<u>Amount</u>
Error in reporting 2020 Fire Truck debt for FYE 9/30/2021	\$ 69,997
Error in reporting Body Camera lease for FYE 9/30/2021	(310,800)
Error in reporting Harley-Davidson Motorcycle lease for FYE 9/30/2021	6,300
Total prior period adjustment(s)	\$ <u>(234,503)</u>

City of Starkville, Mississippi
Notes to Financial Statements

Note 14: Prior Period Adjustments (Continued)

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

<u>Explanation</u>	<u>Amount</u>
Error in reporting 2020 Fire Truck debt for FYE 9/30/2021	\$ 69,997
Error in reporting Body Camera lease for FYE 9/30/2021	(310,800)
Error in reporting Harley-Davidson Motorcycle lease for FYE 9/30/2021	6,300
Total prior period adjustment(s)	<u>\$ (234,503)</u>

Note 15: Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of \$ (22,441,891) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$498,324 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. The \$ 2,983,065 balance of the deferred outflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next 4 years.

The business-type activities' unrestricted net position amount of \$ (2,032,021) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$6,347 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. The \$ 358,635 balance of the deferred outflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next 4 years.

The business-type activities' restricted net position amount of \$ 3,660,107 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$395,167 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. The \$ 1,482,659 balance of the deferred outflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next 4 years.

The business-type activities' restricted net position amount of \$ 3,660,107 includes the effect of deferred inflows of resources related to pensions. The \$ 1,644,172 balance of the deferred inflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next 4 years.

City of Starkville, Mississippi
Notes to Financial Statements

Note 16: Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the City of Starkville, Mississippi, evaluated the activity of the City through February 5, 2024, the date the financial statements were available to be issued, and determined that the following subsequent events should be noted in the financial statements:

- Approved TIF Bond, Series 2022 for \$1.5 million on October 25, 2022
- Approved lease purchase of 2023 Freightliner M2 on November 22, 2022
- Approved General Obligation Bond, Series 2022 for \$5 million on December 6, 2022
- Approved lease purchase of 2022 Knuckleboom Loader on January 1, 2023
- Approved lease purchase of Dell Server and Software on February 1, 2023
- Approved lease purchase of an 8 yard Rear Loader with Bankplus on January 19, 2024

REQUIRED SUPPLEMENTARY INFORMATION

City of Starkville, 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, 2022

	Original Budget	Revisions	Revised Budget	Actual	Variance
REVENUES					
General property taxes	\$ 8,340,000	-	8,340,000	8,428,581	88,581
Licenses and permits	259,000	155,163	414,163	496,495	82,332
Intergovernmental	13,103,851	505,522	13,609,373	13,182,252	(427,121)
Fines and forfeitures	462,500	101,162	563,662	824,475	260,813
Charges for services	26,000	2,000	28,000	62,586	34,586
Other revenues	3,291,500	393,013	3,684,513	3,290,409	(394,104)
Total Revenues before Prior Year Fund Balance	25,482,851	1,156,860	26,639,711	26,284,798	(354,913)
Prior year fund balance:					
Appropriated for current year budget	-	-	-	-	-
Total Revenues and Prior Year Fund Balance	25,482,851	1,156,860	26,639,711	26,284,798	(354,913)
EXPENDITURES					
General government	4,479,134	194,517	4,673,651	5,293,530	(619,879)
Public safety:					
Police	6,347,430	643,918	6,991,348	6,608,462	382,886
Fire	4,781,285	298,256	5,079,541	4,670,758	408,783
Public inspection	369,325	2,175	371,500	298,059	73,441
Civil defense	18,150	7,650	25,800	12,763	13,037
Highways and streets	1,870,295	85,596	1,955,891	1,680,165	275,726
Health and sanitation	103,230	4,725	107,955	104,837	3,118
Culture and recreation	426,913	1,281,828	1,708,741	1,943,794	(235,053)
Other	104,850	21,241	126,091	158,061	(31,970)
Capital outlay	3,683,638	(556,032)	3,127,606	4,412,244	(1,284,638)
Debt service	2,925,662	(69,911)	2,855,751	3,364,064	(508,313)
Total Expenditures	25,109,912	1,913,963	27,023,875	28,546,737	(1,522,862)
Excess (deficiency) of revenues over (under) expenditures	372,939	(757,103)	(384,164)	(2,261,939)	(1,877,775)
OTHER FINANCING SOURCES (USES)					
Other financing sources (uses)	2,580,000	-	2,580,000	3,029,275	449,275
Net other financing sources (uses)	2,580,000	-	2,580,000	3,029,275	449,275
Excess of revenues and other sources over expenditures and other uses	\$ 2,952,939	(757,103)	2,195,836	767,336	(1,428,500)
Fund balances, October 1, 2021				9,716,013	
Fund balances, September 30, 2022 (Non-GAAP budgetary basis)				\$ 10,483,349	

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

City of Starkville, Mississippi
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Parks Bonds 2020
For the Year Ended September 30, 2022

	Original Budget	Revisions	Revised Budget	Actual	Variance
<u>REVENUES</u>					
Interest Income	\$ 10,000	-	10,000	18,780	8,780
Other revenues	-	-	-	25,000	25,000
Total Revenues before Prior Year Fund Balance	10,000	-	10,000	43,780	33,780
Prior year fund balance:					
Appropriated for current year budget	-	-	-	-	-
Total Revenues and Prior Year Fund Balance	10,000	-	10,000	43,780	33,780
<u>EXPENDITURES</u>					
Capital outlay	17,086,534	(3,016,990)	14,069,544	9,731,491	4,338,053
Debt service	-	-	-	-	-
Total Expenditures	17,086,534	(3,016,990)	14,069,544	9,731,491	4,338,053
Excess of revenues and other sources over expenditures and other uses	<u>\$ (17,076,534)</u>	<u>3,016,990</u>	<u>(14,059,544)</u>	<u>(9,687,711)</u>	<u>4,371,833</u>
Fund balances, October 1, 2021				14,163,009	
Fund balances, September 30, 2022 (Non-GAAP budgetary basis)				<u>\$ 4,475,298</u>	

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

City of Starkville, Mississippi
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Parks and Rec. Tourism
For the Year Ended September 30, 2022

	Original Budget	Revisions	Revised Budget	Actual	Variance
<u>REVENUES</u>					
Intergovernmental revenues	\$ 1,825,000	331,916	2,156,916	2,618,418	461,502
Total Revenues before Prior Year Fund Balance	1,825,000	331,916	2,156,916	2,618,418	461,502
Prior year fund balance:					
Appropriated for current year budget	-	-	-	-	-
Total Revenues and Prior Year Fund Balance	1,825,000	331,916	2,156,916	2,618,418	461,502
<u>EXPENDITURES</u>					
Capital outlay	1,637,045	-	1,637,045	101,530	1,535,515
Other	193,916		193,916	95,384	98,532
Debt service	1,487,955	-	1,487,955	1,325,483	162,472
Total Expenditures	3,318,916	-	3,318,916	1,522,397	1,796,519
Excess (deficiency) of revenues over (under) expenditures	(1,493,916)	331,916	(1,162,000)	1,096,021	2,258,021
<u>OTHER FINANCING SOURCES (USES)</u>					
Other financing sources (uses)	(200,000)	(138,000)	(338,000)	(318,000)	20,000
Net other financing sources (uses)	(200,000)	(138,000)	(338,000)	(318,000)	20,000
Excess of revenues and other sources over expenditures and other uses	\$ (1,693,916)	193,916	(1,500,000)	778,021	2,278,021
Fund balances, October 1, 2021				2,579,380	
Fund balances, September 30, 2022 (Non-GAAP budgetary basis)				\$ 3,357,401	

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

City of Starkville, Mississippi
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - ARPA
For the Year Ended September 30, 2022

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>REVENUES</u>					
Intergovernmental revenues	\$ 3,153,333	-	3,153,333	-	(3,153,333)
Other revenues	-	-	-	10,102	10,102
	<u>3,153,333</u>	<u>-</u>	<u>3,153,333</u>	<u>10,102</u>	<u>(3,143,231)</u>
Total Revenues before Prior Year Fund Balance					
Prior year fund balance:					
Appropriated for current year budget	-	-	-	-	-
Total Revenues and Prior Year Fund Balance	<u>3,153,333</u>	<u>-</u>	<u>3,153,333</u>	<u>10,102</u>	<u>(3,143,231)</u>
<u>EXPENDITURES</u>					
Capital outlay	3,150,333	-	3,150,333	-	3,150,333
Other	3,000		3,000	1,984	1,016
Debt service	<u>1,487,955</u>	<u>-</u>	<u>1,487,955</u>	<u>-</u>	<u>1,487,955</u>
	<u>4,641,288</u>	<u>-</u>	<u>4,641,288</u>	<u>1,984</u>	<u>4,639,304</u>
Total Expenditures					
Excess of revenues and other sources over expenditures and other uses	<u><u>\$(1,487,955)</u></u>	<u><u>-</u></u>	<u><u>(1,487,955)</u></u>	8,118	<u><u>1,496,073</u></u>
Fund balances, October 1, 2021				<u>-</u>	
Fund balances, September 30, 2022 (Non-GAAP budgetary basis)				<u><u>\$ 8,118</u></u>	

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

City of Starkville, Mississippi
Schedule of the City's Proportionate Share of the Net Pension Liability
(Excluding Starkville Electric Department)
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	\$ 34,104,620	\$ 24,862,321	\$ 30,003,804	\$ 28,206,446	\$ 26,575,995	\$ 25,103,652	\$ 25,575,881	\$ 22,392,036
City's proportionate share of the net pension liability	0.165688%	0.168211%	0.160136%	0.161264%	0.159779%	0.151014%	0.143182%	0.144857%
City's covered-employee payroll	\$ 11,337,979	\$ 11,178,723	\$ 9,621,576	\$ 9,586,602	\$ 9,880,331	\$ 9,623,365	\$ 9,568,019	\$ 9,049,841
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	300.80%	222.41%	311.84%	294.23%	268.98%	260.86%	267.31%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.53%	61.49%	57.47%	61.70%

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

City of Starkville, Mississippi
Schedule of the City's Contributions
(Excluding Starkville Electric Department)
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,984,730	\$ 1,994,173	\$ 1,675,067	\$ 1,706,834	\$ 1,556,152	\$ 1,515,680	\$ 1,506,965	\$ 1,425,350
Contribution in relation to the contractually required contribution	1,984,730	1,994,173	1,675,067	1,706,834	1,556,152	1,515,680	1,506,965	1,425,350
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	11,406,494	11,460,764	9,626,822	10,549,036	9,880,331	9,623,365	9,568,019	9,049,841
Contributions as a percentage of covered-employee payroll	17.40%	17.40%	17.40%	16.18%	15.75%	15.75%	15.75%	15.75%

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.

Effective 7/1/19, the employer contribution rate increased from 15.75% of covered payroll to 17.40%. The City paid all required contributions at the legal rate.

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

City of Starkville, Mississippi
Schedule of Starkville Electric Department's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Electric Department's proportion of the net pension liability	\$ 4,279,676	\$ 4,802,928	\$ 5,146,708	\$ 4,139,614	\$ 4,172,472	\$ 4,254,311	\$ 3,506,344	\$ 2,851,499
Electric Department's proportionate share of the net pension liability	0.028955%	0.024810%	0.029256%	0.024888%	0.025100%	0.023817%	0.022683%	0.023492%
Electric Department's covered-employee payroll	\$ 1,748,429	\$ 1,692,371	\$ 1,709,067	\$ 1,617,397	\$ 1,544,343	\$ 1,523,613	\$ 1,417,092	\$ 1,011,314
Electric Department's proportionate share of the net pension liability as a percentage of its covered-employee payroll	244.77%	283.80%	301.14%	294.23%	268.98%	260.86%	267.31%	281.96%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	61.59%	62.53%	61.49%	57.47%	61.70%	66.77%

* The amounts 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 Electric Department has only presented information for the years in which information is available.

City of Starkville, Mississippi
Schedule of Starkville Electric Department's Contributions
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 345,255	\$ 304,227	\$ 294,473	\$ 269,178	\$ 254,740	\$ 243,234	\$ 239,969	\$ 223,192
Contribution in relation to the contractually required contribution	345,255	304,227	294,473	269,178	254,740	243,234	239,969	223,192
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Electric Department's covered-employee payroll	1,984,224	1,748,429	1,692,371	1,709,067	1,617,397	1,544,343	1,523,613	1,417,092
Contributions as a percentage of covered-employee payroll	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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 Electric Department has only presented information for the years in which information is available.

Effective 7/1/19, the employer contribution rate increased from 15.75% of covered payroll to 17.40%. The Electric Department paid all required contributions at the legal rate.

City of Starkville, Mississippi
Notes to Required Supplementary Information

Budgetary Comparison Schedule

NOTE 1 – BASIS OF PRESENTATION

The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, variances between the original budget and the final budget, and variances between the final budget and the actual data.

NOTE 2 – BUDGET AMENDMENTS AND REVISIONS

The budget is adopted by the Board of Alderman. Amendments can be made on the approval of the Board. By statute, final budget revisions must be approved on or before October 15. A budgetary comparison for the general fund and each major special revenue fund is presented on a cash basis of accounting.

Pension Schedules

NOTE 1 – CHANGES OF ASSUMPTIONS

2015

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

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

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

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

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

2016

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

City of Starkville, Mississippi
Notes to Required Supplementary Information

NOTE 1 – CHANGES OF ASSUMPTIONS (CONTINUED)

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%.

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

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

2019

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

- For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
- For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
- Projection Scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

- For males, 137% of male rates at all ages.
- For females, 115% of female rates at all ages.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%. The wage inflation assumption was reduced from 3.25% to 3.00%. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

City of Starkville, Mississippi
Notes to Required Supplementary Information

2021

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

- For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
- For females, 84% of the female rates up to age 72, 100% for ages above 76.
- Projection Scale MP-2020 will be used to project future improvements in life expectancy generationally.

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

- For males, 134% of male rates at all ages.
- For females, 121% of female rates at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on PubS.H-2010(B). Contingent Annuitant Table with the following adjustments:

- For males, 97% of male rates at all ages.
- For females, 110% of female rates at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%.
- The wage inflation assumption was reduced from 3.00% to 2.65%.
- The investment rate of return assumption was changed from 7.75% to 7.55%.
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9.00% to 12.00%.
- The percentage of active member deaths assumed to be in the line of duty was decreased from 6.00% to 4.00%.

NOTE 2 – CHANGES IN 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.

City of Starkville, Mississippi
Notes to Required Supplementary Information

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

Method and assumptions used in calculations of actuarially determined contributions:

The actuarially determined contribution rates in the schedule of employer contributions are calculated as June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2020 valuation for the June 30, 2022 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	27.7 years
Asset valuation method	5-year smoothed market
Price inflation	2.75%
Salary increase	3.00% to 18.25%, including inflation
Investment rate of return	7.55%, net of pension plan investment expense, including inflation

SUPPLEMENTARY INFORMATION

City of Starkville, Mississippi
Combining Balance Sheet by Activity
General Fund
September 30, 2022

	General Activities	Restricted Police Activities	Restricted Fire Activities	Airport Activities	Payroll Clearing	Accounts Payable Clearing	Total General Fund
<u>Assets</u>							
Cash and cash equivalents	\$ 9,706,683				1,344,875		11,051,558
Cash - restricted			(13,815)	724,981			711,166
Receivables (Net)							
Accounts	1,070,119						1,070,119
Due from other departments	265,095						265,095
Due from other funds	100,000				73,680		173,680
Total Assets	<u>\$ 11,141,897</u>	<u>-</u>	<u>(13,815)</u>	<u>724,981</u>	<u>1,418,555</u>	<u>-</u>	<u>13,271,618</u>
<u>Liabilities</u>							
Accounts payable	\$ 1,443,735			2,375			1,446,110
Accrued Liabilities					1,101,643		1,101,643
Due to other departments	66,836						66,836
Due to other funds	73,680				100,000		173,680
Total Liabilities	<u>1,584,251</u>	<u>-</u>	<u>-</u>	<u>2,375</u>	<u>1,201,643</u>	<u>-</u>	<u>2,788,269</u>
<u>Fund Equity</u>							
Fund balances - restricted							
Restricted for fire protection							-
Restricted for police protection							-
Restricted for airport projects				722,606			722,606
Fund balances - unassigned	9,557,646		(13,815)		216,912		9,760,743
Total Fund Equity	<u>9,557,646</u>	<u>-</u>	<u>(13,815)</u>	<u>722,606</u>	<u>216,912</u>	<u>-</u>	<u>10,483,349</u>
Total Liabilities and Fund Equity	<u>\$ 11,141,897</u>	<u>-</u>	<u>(13,815)</u>	<u>724,981</u>	<u>1,418,555</u>	<u>-</u>	<u>13,271,618</u>

City of Starkville, Mississippi
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance by Activity
General Fund
For the Year Ended September 30, 2022

	General Activities	Restricted Police Activities	Restricted Fire Activities	Airport Activities	Payroll Clearing	Total
<u>Revenues</u>						
Taxes						
General property taxes	\$ 8,428,581					8,428,581
Licenses and permits						
Privilege license	68,912					68,912
Permits and inspections	370,881					370,881
Franchise fees	56,702					56,702
Intergovernmental						
Federal						
DUI	47,172					47,172
JAG	14,748					14,748
FAA				502,054		502,054
Homeland security grants	36,166					36,166
Other	37,387			117,372		154,759
State of Mississippi						
General sales and use tax	8,718,694					8,718,694
Liquor licenses	79,575					79,575
Municipal aid - gas tax	24,598					24,598
Law enforcement assistance grants	181,449	10,176				191,625
Fire protection grants			307,889			307,889
Municipal aid	11,893					11,893
Homestead	242,760					242,760
Tennessee Valley Authority	330,137					330,137
Emergency road and bridge fund	894,389					894,389
Miscellaneous	12,230					12,230
Oktibbeha County and Mississippi State						
Road maintenance	823,794					823,794
Airport support				54,100		54,100

City of Starkville, Mississippi
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance by Activity
General Fund
For the Year Ended September 30, 2022

	General Activities	Restricted Police Activities	Restricted Fire Activities	Airport Activities	Payroll Clearing	Total
Fire control	600,000					600,000
Lieu of tax	7,772					7,772
TIF Reimbursement	127,897					127,897
Fines and forfeits	820,718	3,757				824,475
Interest income	32,560					32,560
Penalties and interest	30,026					30,026
Miscellaneous						-
Administration/Electric	1,660,776					1,660,776
Administration/Sanitation	13,750					13,750
Atmos Energy	113,585					113,585
Rents	5,396			98,433		103,829
TV Cable Franchise	140,710					140,710
Administration/Water	75,000					75,000
Administration/Airport	15,000					15,000
Telephone Utility Tax	29,442					29,442
Parks and Recreation Fees, Donations and Grants	75,029					75,029
Housing Project Tax	47,349					47,349
Other	186,886	1,605		827,448		1,015,939
Total Revenues	<u>24,361,964</u>	<u>15,538</u>	<u>307,889</u>	<u>1,599,407</u>	<u>-</u>	<u>26,284,798</u>
<u>Expenditures</u>						
General government:						
Legislative						
Personnel services	208,845					208,845
Contractual services	11,560					11,560
Total Legislative	<u>220,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>220,405</u>

City of Starkville, Mississippi
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance by Activity
General Fund
For the Year Ended September 30, 2022

	General Activities	Restricted Police Activities	Restricted Fire Activities	Airport Activities	Payroll Clearing	Total
Judicial						
Personnel services	343,583					343,583
Supplies	8,157					8,157
Contractual services	119,291					119,291
Total Judicial	<u>471,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>471,031</u>
Executive						
Personnel services	495,004					495,004
Supplies	823					823
Contractual services	275,958					275,958
Capital outlay	78,589					78,589
Total Executive	<u>850,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>850,374</u>
City Clerk and Tax Collector						
Personnel services	415,412					415,412
Supplies	8,729					8,729
Contractual services	144,046					144,046
Capital outlay	1,958					1,958
Total City Clerk and Tax Collector	<u>570,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>570,145</u>
Legal						
Personnel services	72,713					72,713
Contractual services	175,842					175,842
Total Legal	<u>248,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>248,555</u>
City Planner						
Personnel services	297,250					297,250
Supplies	1,005					1,005
Contractual services	41,089					41,089
Capital outlay	14,459					14,459
Total City Planner	<u>353,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>353,803</u>
Other Administrative						

City of Starkville, Mississippi
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance by Activity
General Fund
For the Year Ended September 30, 2022

	General Activities	Restricted Police Activities	Restricted Fire Activities	Airport Activities	Payroll Clearing	Total
Personnel services	303,935					303,935
Supplies	1,367					1,367
Contractual services	52,931					52,931
Total Other Administrative	358,233	-	-	-	-	358,233
City Hall						
Supplies	5,009					5,009
Contractual services	91,365					91,365
Capital outlay	15					15
Total City Hall	96,389	-	-	-	-	96,389
Other Miscellaneous						
Personnel services	400,843			145,724		546,567
Supplies	6,658			681,787		688,445
Contractual services	156,502			150,819		307,321
Capital outlay	265,643			52,119		317,762
Transfer to other departments	264,500					264,500
Total Other Miscellaneous	1,094,146	-	-	1,030,449	-	2,124,595
Total General Government	4,263,081	-	-	1,030,449	-	5,293,530

City of Starkville, Mississippi
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance by Activity
General Fund
For the Year Ended September 30, 2022

	General Activities	Restricted Police Activities	Restricted Fire Activities	Airport Activities	Payroll Clearing	Total
Public Safety						
Public Safety - Police and E911						
Personnel services	5,437,721					5,437,721
Supplies	358,135	5,429				363,564
Contractual services	784,998	3,308				788,306
Capital outlay	18,871					18,871
Total Public Safety - Police and E911	<u>6,599,725</u>	<u>8,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,608,462</u>
Public Safety - Fire						
Personnel services	4,209,005					4,209,005
Supplies	106,300		1,767			108,067
Contractual services	353,686					353,686
Total Public Safety - Fire	<u>4,668,991</u>	<u>-</u>	<u>1,767</u>	<u>-</u>	<u>-</u>	<u>4,670,758</u>
Public Safety - Public Inspection						
Personnel services	267,912					267,912
Supplies	6,307					6,307
Contractual services	23,840					23,840
Total Public Safety - Public Inspection	<u>298,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>298,059</u>
Public Safety - Civil Defense						
Contractual services	12,763					12,763
Total Public Safety - Civil Defense	<u>12,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,763</u>
Total Public Safety	<u>11,579,538</u>	<u>8,737</u>	<u>1,767</u>	<u>-</u>	<u>-</u>	<u>11,590,042</u>

City of Starkville, Mississippi
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance by Activity
General Fund
For the Year Ended September 30, 2022

	General Activities	Restricted Police Activities	Restricted Fire Activities	Airport Activities	Payroll Clearing	Total
Highways and Streets						
City Streets						
Personnel services	815,360					815,360
Supplies	294,832					294,832
Contractual services	118,897					118,897
Capital outlay	7,416					7,416
Total City Streets	<u>1,236,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,236,505</u>
Street Lights						
Contractual services	443,660					443,660
Total Street Lights	<u>443,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>443,660</u>
Total Highways and Streets	<u>1,680,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,680,165</u>
Health and Sanitation						
Health and welfare - animals						
Personnel services	98,009					98,009
Supplies	2,436					2,436
Contractual services	4,392					4,392
Total Health and Welfare - Animals	<u>104,837</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,837</u>
Total Health and Sanitation	<u>104,837</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,837</u>
Culture and Recreation						
Parks and Recreation						
Personnel services	120,854					120,854
Supplies	25,579					25,579
Contractual services	1,797,361					1,797,361
Total Parks and Recreation	<u>1,943,794</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,943,794</u>
Total Culture and Recreation	<u>1,943,794</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,943,794</u>

City of Starkville, Mississippi
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance by Activity
General Fund
For the Year Ended September 30, 2022

	General Activities	Restricted Police Activities	Restricted Fire Activities	Airport Activities	Payroll Clearing	Total
Economic Development and Assistance						
Capital Outlay	158,060					158,060
Total Economic Delopment and Assistance	158,060	-	-	-	-	158,060
Debt Service						
Principal	2,312,930		217,550			2,530,480
Interest	783,223		50,361			833,584
Total Debt Service	3,096,153	-	267,911	-	-	3,364,064
Miscellaneous						
Capital outlays	2,314,355		1,511,452	586,438		4,412,245
Total Miscellaneous	2,314,355	-	1,511,452	586,438	-	4,412,245
Total Expenditures	25,139,983	8,737	1,781,130	1,616,887	-	28,546,737
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(778,019)	6,801	(1,473,241)	(17,480)	-	(2,261,939)
<u>Other Financing Sources (Uses)</u>						
Operating transfers in	318,000	24,682		16,850		359,532
Operating transfers out	(314,480)					(314,480)
Transfers from other departments					216,912	216,912
Sale of cemetery plots	1,000					1,000
Sale of property	594,019					594,019
Sale of surplus equipment	153,806					153,806
Inception of capital leases	577,031		1,441,455			2,018,486
Total Other Financing Sources (Uses)	1,329,376	24,682	1,441,455	16,850	216,912	3,029,275
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	551,357	31,483	(31,786)	(630)	216,912	767,336

City of Starkville, Mississippi
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance by Activity
General Fund
For the Year Ended September 30, 2022

	General Activities	Restricted Police Activities	Restricted Fire Activities	Airport Activities	Payroll Clearing	Total
<u>Fund Balances</u>						
September 30, 2021, as previous reported	9,310,789	(31,483)	(52,026)	723,236		9,950,516
Prior Period Adjustment (See Note 14)	(304,500)		69,997			(234,503)
September 30, 2021, as restated	<u>9,006,289</u>	<u>(31,483)</u>	<u>17,971</u>	<u>723,236</u>	<u>-</u>	<u>9,716,013</u>
September 30, 2022	<u><u>9,557,646</u></u>	<u><u>-</u></u>	<u><u>(13,815)</u></u>	<u><u>722,606</u></u>	<u><u>216,912</u></u>	<u><u>10,483,349</u></u>

City of Starkville, Mississippi
Balance Sheet - Non-Major Governmental Funds
September 30, 2022

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<u>ASSETS</u>				
Cash and cash equivalents	135,366	69,500		204,866
Cash - restricted			3,896,585	3,896,585
Receivables (Net)				
Intergovernmental	133,260			133,260
Due from other departments			213,604	213,604
	<u>268,626</u>	<u>69,500</u>	<u>4,110,189</u>	<u>4,448,315</u>
Total Assets	<u>\$ 268,626</u>	<u>69,500</u>	<u>4,110,189</u>	<u>4,448,315</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 1,035			1,035
	<u>1,035</u>	<u>-</u>	<u>-</u>	<u>1,035</u>
<u>FUND BALANCES</u>				
Restricted for capital projects		69,500	4,110,189	4,179,689
Fund balances - assigned for budgetary purposes	267,591			267,591
	<u>267,591</u>	<u>69,500</u>	<u>4,110,189</u>	<u>4,447,280</u>
Total Fund Balances	<u>267,591</u>	<u>69,500</u>	<u>4,110,189</u>	<u>4,447,280</u>
Total Liabilities and Fund Balances	<u>\$ 268,626</u>	<u>69,500</u>	<u>4,110,189</u>	<u>4,448,315</u>

City of Starkville, Mississippi
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Non-Major Governmental Funds
For the Year Ended September 30, 2022

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<u>Revenues</u>				
Intergovernmental:				
BUILD grant	\$		913,115	913,115
State grants			3,250,000	3,250,000
Modernization Use Tax	1,467,473		200,000	1,667,473
Interest income			3,644	3,644
Miscellaneous income	38,157		50,492	88,649
Total Revenues	<u>1,505,630</u>	<u>-</u>	<u>4,417,251</u>	<u>5,922,881</u>
<u>Expenditures</u>				
Capital outlay	1,202,923		1,149,028	2,351,951
Contractual services		625,500		625,500
Miscellaneous	65,628		20,760	86,388
Total Expenditures	<u>1,268,551</u>	<u>625,500</u>	<u>1,169,788</u>	<u>3,063,839</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>237,079</u>	<u>(625,500)</u>	<u>3,247,463</u>	<u>2,859,042</u>
<u>Other Financing Sources (Uses)</u>				
Operating transfers in	27,471		245,477	272,948
Proceeds of bonds		695,000		695,000
Total Other Financing Sources (Uses)	<u>27,471</u>	<u>695,000</u>	<u>245,477</u>	<u>967,948</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	264,550	69,500	3,492,940	3,826,990
<u>Fund Balances</u>				
September 30, 2021	<u>3,041</u>	<u>-</u>	<u>617,249</u>	<u>620,290</u>
September 30, 2022	<u>\$ 267,591</u>	<u>69,500</u>	<u>4,110,189</u>	<u>4,447,280</u>

City of Starkville, Mississippi
Statement of Net Position - Non-Major Enterprise Funds
September 30, 2022

	Landfill Fund
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 642,259
Total current assets	<u>642,259</u>
Non-current assets:	
Capital assets:	
Fixed assets, net of depreciation	98,115
Total non-current assets	<u>98,115</u>
Total Assets	<u>740,374</u>
 Total Assets and Deferred Outflows of Resources	 <u><u>\$ 740,374</u></u>
 <u>NET POSITION</u>	
Invested in capital assets, net of related debt	98,115
Unrestricted	<u>642,259</u>
Total Net Position	<u>740,374</u>
 Total Liabilities, Deferred Inflows of Resources and Net Position	 <u><u>\$ 740,374</u></u>

City of Starkville, Mississippi
Statement of Revenues, Expenses, and Changes in Fund Net Position -
Non-Major Enterprise Funds
For the Year Ended September 30, 2022

	Landfill Fund
<u>OPERATING REVENUES</u>	
Charges for services	\$ 262,218
Total operating revenues	<u>262,218</u>
<u>OPERATING EXPENSES</u>	
Operating and maintenance	<u>7,696</u>
Total operating expenses	<u>7,696</u>
Operating profit	<u>254,522</u>
Change in net position	254,522
Total net position, beginning	<u>485,852</u>
Total net position, ending	<u><u>\$ 740,374</u></u>

City of Starkville, Mississippi
Statement of Cash Flows - Non-Major Enterprise Funds
For the Year Ended September 30, 2022

	Landfill Fund
<u>Cash Flows from Operating Activities</u>	
Cash received from customers	\$ 262,218
Cash paid to suppliers	(7,696)
Net cash flows provided by operating activities	<u>254,522</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Cash deficit covered by pooled cash	
Transfers	-
Net cash flows provided by noncapital financing activities	<u>-</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Other receipts (payments)	
Net cash flows provided by capital and related financing activities	<u>-</u>
<u>Cash Flows from Investing Activities</u>	
Receipt of interest	
Net cash flows provided by investing activities	<u>-</u>
Net change in cash	254,522
Cash and cash equivalents, October 1, 2021	387,737
Cash and cash equivalents, September 30, 2022	<u><u>\$ 642,259</u></u>
<u>Reconciliation of Operating Income to Net Cash Flows from Operating Activities:</u>	
Operating Income	\$ 254,522
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	-
Changes in operating assets and liabilities:	
Decrease in receivables	
Total adjustments	<u>-</u>
Net cash used in operating activities	<u><u>\$ 254,522</u></u>

City of Starkville, Mississippi
Schedule of Surety Bonds for Municipal Officials
September 30, 2022

Name	Position	Bonding Company	Bond Amount
Lynn Spruill	Mayor	Travelers Casualty	\$ 100,000
Sandra Sistrunk	Alderman	Travelers Casualty	\$ 100,000
Ben Carver	Alderman	Travelers Casualty	\$ 100,000
Jeffrey Rupp	Alderman	Travelers Casualty	\$ 100,000
William Michael Brooks	Alderman	Travelers Casualty	\$ 100,000
Preston Beatty	Alderman	Travelers Casualty	\$ 100,000
Roy A. Perkins	Alderman	Travelers Casualty	\$ 100,000
Henry Vaughn, Sr.	Alderman	Travelers Casualty	\$ 100,000
Lesa Hardin	City Clerk	Western Surety Co.	\$ 50,000
Joanna McLaurin	Grants Coordinator	Western Surety Co.	\$ 50,000
Lashonda Wilson	Accounts Receivable Clerk	Western Surety Co.	\$ 50,000
Jameika Smith	Accounting Assistant	Western Surety Co.	\$ 50,000
Karen Patricia Crecink	Payroll Clerk	Western Surety Co.	\$ 50,000
Mary Ivy	Payroll Clerk	Western Surety Co.	\$ 50,000
Leanne McGarr	Deputy Clerk	Western Surety Co.	\$ 50,000
Alexis Robinson	Deputy Court Clerk	Western Surety Co.	\$ 50,000
Jodi Leigh Hogue	Court Clerk	Western Surety Co.	\$ 50,000
Vanyette Shay Holmes	Deputy Court Clerk	Western Surety Co.	\$ 50,000
Chana Brooks	Deputy Court Clerk	Western Surety Co.	\$ 50,000
Monica Lairy	Court Clerk	Western Surety Co.	\$ 50,000
Christopher P. Thompson	Deputy Court Clerk	Western Surety Co.	\$ 50,000
Edward Schultz	Deputy Court Clerk	Western Surety Co.	\$ 50,000
Leigh Ann Sallis	Court Clerk	Western Surety Co.	\$ 50,000
Alicia Hu	Deputy Court Clerk	Western Surety Co.	\$ 50,000
Charles Yarbrough	Fire Chief	Western Surety Co.	\$ 50,000
Lashonda Malone	Executive Admin Asst.	Western Surety Co.	\$ 50,000
Mark Ballard	Police Chief	Western Surety Co.	\$ 50,000
Paul Stratton Woods, Jr.	Police Officer	Western Surety Co.	\$ 50,000
Steven Shane Kelly	Police Officer	Western Surety Co.	\$ 50,000
Bobby Donte Thomas	Police Officer	Western Surety Co.	\$ 50,000
Thomas Roberson	Police Officer	Western Surety Co.	\$ 50,000
Jonathan Headley	Police Officer	Western Surety Co.	\$ 50,000
Scotty Carithers	Narcotics Agent	Western Surety Co.	\$ 50,000
Matthew Davis	Police Officer	Western Surety Co.	\$ 25,000
Kenneth Watkins	Police Officer	Western Surety Co.	\$ 50,000
Parker Madeen	Corporal	Western Surety Co.	\$ 50,000
James Justin Jarvis	Detective	Western Surety Co.	\$ 50,000
Garrett Peters Mittan	Detective	Western Surety Co.	\$ 50,000
Caryl Elise Pritchard	Staff Support - Police Dept.	Western Surety Co.	\$ 50,000
Donna B. Lott	Staff Support - Police Dept.	Western Surety Co.	\$ 50,000
Jerald Lyle McCaskey	Code Compliance	Western Surety Co.	\$ 50,000
Molly Bears	Permit Technician	Western Surety Co.	\$ 50,000
Rodney Lincoln	Airport Director	Western Surety Co.	\$ 50,000
Brandon Doherty	Director of Parks & Rec.	Western Surety Co.	\$ 50,000
Gerry Michael Logan, Jr.	Director of Sports & Rec.	Western Surety Co.	\$ 50,000
Preston Trent Helms	Director of Maint. Parks & Rec.	Western Surety Co.	\$ 50,000
Michael Tate	Supervisor	Western Surety Co.	\$ 50,000
Keith Thompson	Gym Supervisor Parks & Rec.	Western Surety Co.	\$ 50,000
Kaneshia Hendrix	Park Admin. Assistant	Western Surety Co.	\$ 50,000
Timothy Neal	Admin. Asst. Parks & Rec.	Western Surety Co.	\$ 50,000
Samuel Willcutt	Admin. Asst. Parks & Rec.	Western Surety Co.	\$ 50,000

City of Starkville, Mississippi
Schedule of Bonded Indebtedness
September 30, 2022

<u>Name and Date</u>	<u>Maturity Date</u>	<u>Interest Percent</u>	<u>Balance 9/30/2021</u>	<u>Transactions</u>		<u>Balance 9/30/2022</u>
				<u>Issued</u>	<u>Redeemed</u>	
General Obligation Bonds						
Governmental Activities:						
2018 Refunding Bond-City Hall						
	5/1/2022	3.00	-			-
	5/1/2023	3.00	-			-
	5/1/2024	3.00	290,000			290,000
	5/1/2025	3.00	320,000			320,000
	5/1/2026	3.00	335,000			335,000
	5/1/2027	3.00	350,000			350,000
	2028-2032	3.00	1,990,000			1,990,000
	5/1/2033	3.00	450,000			450,000
Total			3,735,000	-	-	3,735,000
TIF Revenue Bonds, Series 2011						
	5/1/2022	4.50	42,000		42,000	-
	5/1/2023	4.50	44,000			44,000
	5/1/2024	4.50	46,000			46,000
	5/1/2025	4.50	48,000			48,000
Total			180,000	-	42,000	138,000
GO Utility Refunding Bonds, Series 2015						
	6/1/2022	3.00	120,000		120,000	-
	6/1/2023	3.00	120,000			120,000
	6/1/2024	3.00	125,000			125,000
	6/1/2025	2.50	130,000			130,000
	6/1/2026	2.75	135,000			135,000
	6/1/2027	2.75	140,000			140,000
	2028-2032	2.75-3.00	775,000			775,000
	2033-2035	2.75-3.00	530,000			530,000
Total			2,075,000	-	120,000	1,955,000
TIF Revenue Bonds, Series 2016						
	7/1/2022	5.00	115,000		115,000	-
	7/1/2023	5.00	120,000			120,000
	7/1/2024	5.00	125,000			125,000
	7/1/2025	5.00	135,000			135,000
	7/1/2026	5.00	140,000			140,000
Total			635,000	-	115,000	520,000
GO Public Improvement Bonds, Series 2016A						
	7/1/2022	5.00	125,000		125,000	-
	7/1/2023	5.00	130,000			130,000
	7/1/2024	5.00	130,000			130,000
	7/1/2025	5.00	135,000			135,000
	7/1/2026	5.00	140,000			140,000
	7/1/2027	5.00	145,000			145,000
	2028-2032	5.00	800,000			800,000
	2033-2037	5.00	940,000			940,000
Total			2,545,000	-	125,000	2,420,000
GO Public Improvement Bonds, Series 2016B						
	7/1/2022	5.00	100,000		100,000	-
	7/1/2023	5.00	100,000			100,000
	7/1/2024	5.00	105,000			105,000
	7/1/2025	5.00	110,000			110,000
	7/1/2026	5.00	115,000			115,000
	7/1/2027	5.00	115,000			115,000
	2028-2032	5.00	640,000			640,000
	2033-2037	5.00	750,000			750,000
Total			2,035,000	-	100,000	1,935,000
GO Development Bonds, Series 2017						
	7/1/2022	5.00	350,000		350,000	-
	7/1/2023	5.00	350,000			350,000
	7/1/2024	5.00	350,000			350,000
	7/1/2025	5.00	350,000			350,000
	7/1/2026	5.00	350,000			350,000
	7/1/2027	5.00	350,000			350,000
	2028-2032	5.00	1,750,000			1,750,000
	2033-2037	5.00	1,750,000			1,750,000
	7/1/2038	5.00	350,000			350,000
Total			5,950,000	-	350,000	5,600,000

City of Starkville, Mississippi
Schedule of Bonded Indebtedness
September 30, 2022

GO Refunding Bonds, Series 2018						
	6/1/2022	5.00	335,000		335,000	-
	6/1/2023	5.00	350,000			350,000
	6/1/2024	5.00	380,000			380,000
	6/1/2025	5.00	375,000			375,000
	6/1/2026	5.00	390,000			390,000
	6/1/2027	5.00	400,000			400,000
Total			<u>2,230,000</u>	<u>-</u>	<u>335,000</u>	<u>1,895,000</u>
MSDB Special Obligation Bond, Series 2018						
	5/1/2022	5.00	405,000		405,000	-
	5/1/2023	5.00	415,000			415,000
	5/1/2024	5.00	430,000			430,000
	5/1/2025	5.00	440,000			440,000
	5/1/2026	5.00	455,000			455,000
	5/1/2027	5.00	470,000			470,000
	2028-2030	5.00	1,490,000			1,490,000
Total			<u>4,105,000</u>	<u>-</u>	<u>405,000</u>	<u>3,700,000</u>
MSDB Special Obligation Bond, Series 2018						
	11/1/2021	2.32	169,000		169,000	-
	11/1/2022	2.32	173,000			173,000
	11/1/2023	2.32	178,000			178,000
	11/1/2024	2.32	183,000			183,000
	11/1/2025	2.32	188,000			188,000
	11/1/2026	2.32	193,000			193,000
	2027-2031	2.32	1,752,000			1,752,000
Total			<u>2,836,000</u>	<u>-</u>	<u>169,000</u>	<u>2,667,000</u>
MSDB Special Obligation Bond, Series 2020A						
	9/30/2022					-
	9/30/2023	1.75	55,000			55,000
	9/30/2024	1.75	55,000			55,000
	9/30/2025	3.00	60,000			60,000
	9/30/2026	3.00	60,000			60,000
	9/30/2027	3.00	60,000			60,000
	2028-2032	4.00-5.00	2,900,000			2,900,000
	2033-2037	4.00	3,850,000			3,850,000
	2038-2042	4.00	3,955,000			3,955,000
	2043-2045	4.00	3,305,000			3,305,000
Total			<u>14,300,000</u>	<u>-</u>	<u>-</u>	<u>14,300,000</u>
MSDB Special Obligation Bond, Series 2020B						
	3/1/2022	3.00	85,000		85,000	-
	3/1/2023	3.00	30,000			30,000
	3/1/2024	3.00	30,000			30,000
	3/1/2025	3.00	30,000			30,000
	3/1/2026	3.00	30,000			30,000
	3/1/2027	3.00	35,000			35,000
	2028-2032	3.00-4.00	290,000			290,000
	2033-2037	4.00	520,000			520,000
	2038-2042	2.50-4.00	1,375,000			1,375,000
	2043-2047	2.50	3,065,000			3,065,000
	2048-2050	2.50	4,275,000			4,275,000
Total			<u>9,765,000</u>	<u>-</u>	<u>85,000</u>	<u>9,680,000</u>
TIF Revenue Bonds - MSU/Cottonmill						
	3/1/2022	1.82		-		-
	3/1/2023	1.82		67,700		67,700
	3/1/2024	1.82		75,300		75,300
	3/1/2025	1.82		76,700		76,700
	3/1/2026	1.82		78,100		78,100
	3/1/2027	1.82		79,600		79,600
	2028-2030	1.82		317,600		317,600
Total			<u>-</u>	<u>695,000</u>	<u>-</u>	<u>695,000</u>
Total Bond Liability, Governmental Activities			<u>50,391,000</u>	<u>695,000</u>	<u>1,846,000</u>	<u>49,240,000</u>

City of Starkville, Mississippi
Schedule of Bonded Indebtedness
September 30, 2022

Business-type Activities:

Utility Revenue Bonds, Series 2019						
	5/1/2022	3.00	365,000		365,000	-
	5/1/2023	4.00	380,000			380,000
	5/1/2024	4.00	395,000			395,000
	5/1/2025	4.00	410,000			410,000
	5/1/2026	4.00	425,000			425,000
	5/1/2027	4.00	440,000			440,000
	2028-2032	3.00-4.00	2,485,000			2,485,000
	2033-2037	3.00	3,030,000			3,030,000
	2038-2039	3.00	1,385,000			1,385,000
Total			<u>9,315,000</u>	<u>-</u>	<u>365,000</u>	<u>8,950,000</u>
Electric System Revenue Bonds, Series 2020						
	3/1/2022	2.38	470,000		470,000	-
	3/1/2023	2.25	485,000			485,000
	3/1/2024	2.25	500,000			500,000
	3/1/2025	2.25	515,000			515,000
	3/1/2026	2.13	530,000			530,000
	3/1/2027	2.00	545,000			545,000
	2028-2032	1.75-2.00	2,990,000			2,990,000
	2033-2035	2.00	2,010,000			2,010,000
Total			<u>8,045,000</u>	<u>-</u>	<u>470,000</u>	<u>7,575,000</u>
GO Utility Refunding Bond Series 2012						
	6/30/2022	2.12	180,576		180,576	-
	6/30/2023	2.12	184,116			184,116
	6/30/2024	2.12	188,058			188,058
	6/30/2025	2.12	192,083			192,083
	6/30/2026	2.12	196,195			196,195
	6/30/2027	2.12	192,295			192,295
			<u>1,133,323</u>	<u>-</u>	<u>180,576</u>	<u>952,747</u>
Total Bond Liability, Business-type Activities			<u>18,493,323</u>	<u>-</u>	<u>1,015,576</u>	<u>17,477,747</u>
Total Bond Liability			<u>\$ 68,884,323</u>	<u>695,000</u>	<u>2,861,576</u>	<u>66,717,747</u>

City of Starkville, Mississippi
Schedule of Long-Term Notes
September 30, 2022

Payee	Maturity Date	Interest Percent	Balance 9/30/2021	Transactions		Balance 9/30/2022
Notes Payable				Issued	Redeemed	
Governmental Activities:						
Capital Improvements - Ford F250 And 2 Toyota Tacomas	FY22	2.59%	10,682		10,682	-
Total			10,682	-	10,682	-
Capital Improvements - City Hall	FY22	2.50%	360,000		360,000	-
	FY23	2.75%	370,000			370,000
Total			730,000	-	360,000	370,000
2018 Ford F-150	FY22	2.17%	4,609		4,609	-
Total			4,609	-	4,609	-
2019 John Deere Park Mower	FY22	3.49%	17,268		17,268	-
	FY23	3.49%	8,862			8,862
Total			26,130	-	17,268	8,862
2019 Nissan Kicks	FY22	4.08%	3,357		3,357	-
	FY23	4.08%	3,496			3,496
Total			6,853	-	3,357	3,496
2019 Street Excavator	FY22	3.43%	27,344		27,344	-
	FY23	3.43%	28,294			28,294
	FY24	3.43%	29,277			29,277
	FY25	3.43%	30,294			30,294
	FY26	3.43%	7,736			7,736
Total			122,945	-	27,344	95,601
2 Pumper Trucks	FY22	2.59%	71,265		71,265	-
	FY23	2.59%	73,679			73,679
	FY24	2.59%	76,173			76,173
	FY25	2.59%	78,753			78,753
	FY26	2.59%	81,420			81,420
	FY27	2.59%	84,177			84,177
	2028-2031	2.59%	366,197			366,197
Total			831,664	-	71,265	760,399
Fire Truck	FY 22	1.59%	100,610		100,610	-
	FY 23	1.59%	102,310			102,310
	FY 24	1.59%	104,039			104,039
	FY 25	1.59%	105,797			105,797
	FY 26	1.59%	107,585			107,585
	FY27	1.59%	109,403			109,403
	FY28	1.59%	111,252			111,252
Total			740,996	-	100,610	640,386

City of Starkville, Mississippi
Schedule of Long-Term Notes
September 30, 2022

Pavee	Maturity	Interest	Balance	Transactions		Balance
Notes Payable	Date	Percent	9/30/2021	Issued	Redeemed	9/30/2022
Governmental Activities:						
Asphalt Turck (2021 Kenworth T370						
	FY 22	3.43%	65,422		65,422	-
	FY 23	3.43%	66,481			66,481
	FY 24	3.43%	16,788			16,788
Total			148,691	-	65,422	83,269
Police Dodge Chargers						
	FY 22	1.97%	143,593		143,593	-
	FY 23	1.97%	145,170			145,170
	FY 24	1.97%	73,182			73,182
Total			361,945	-	143,593	218,352
2022 Dodge Durango						
	FY 22	2.94%		3,354	3,354	-
	FY 23	2.94%		12,890		12,890
	FY 24	2.94%		13,273		13,273
	FY 25	2.94%		10,214		10,214
Total			-	39,731	3,354	36,377
2020 Fire Truck-Bankfirst						
	FY 22	1.59%		141,676	141,676	-
	FY 23	1.59%		143,949		143,949
	FY 24	1.59%		146,258		146,258
	FY 25	1.59%		148,604		148,604
	FY 26	1.59%		150,987		150,987
	FY 27	1.59%		153,409		153,409
	2028-2031	1.59%		556,572		556,572
Total			-	1,441,455	141,676	1,299,779
Utility Associates-Body Camera						
	FY 22	0.00%		77,700	77,700	-
	FY 23	0.00%		77,700		77,700
	FY 24	0.00%		77,700		77,700
	FY 25	0.00%		77,700		77,700
Total			-	310,800	77,700	233,100
FUSUS Real Time Crime Center						
	FY 22	0.00%		65,000	65,000	-
	FY 23	0.00%		65,000		65,000
	FY 24	0.00%		65,000		65,000
Total			-	195,000	65,000	130,000
Harley-Davidson Motorcycles						
	FY 22	0.00%		12,600	12,600	-
	FY 23	0.00%		12,600		12,600
	FY 24	0.00%		6,300		6,300
Total			-	31,500	12,600	18,900
Total Notes Payable, Governmental Activities			\$ 2,984,515	\$ 2,018,486	\$ 1,104,480	\$ 3,898,521

City of Starkville, Mississippi
Schedule of Long-Term Notes
September 30, 2022

Business-type activities:

<u>Payee</u>	<u>Maturity Date</u>	<u>Interest Percent</u>	<u>Balance 9/30/2021</u>	<u>Transactions</u>		<u>Balance 9/30/2022</u>
				<u>Issued</u>	<u>Redeemed</u>	
Water Pollution Control Revolving Loan						
	FY22	1.75%	211,676		211,676	-
	FY23	1.75%	215,419			215,419
	FY24	1.75%	219,210			219,210
	FY25	1.75%	223,977			223,977
	FY26	1.75%	36,653			36,653
Total			906,935	-	211,676	695,259
Drinking Water Systems Improvements Revolving Loan						
	FY22	2.50%	53,811		53,811	-
	FY23	2.50%	55,172			55,172
	FY24	2.50%	56,567			56,567
	FY25	2.50%	57,998			57,998
	FY26	2.50%	54,452			54,452
Total			278,000	-	53,811	224,189
Water Pollution Control Revolving Loan						
	FY22	2.75%	15,017		15,017	-
	FY23	2.75%	15,436			15,436
	FY24	2.75%	15,865			15,865
	FY25	2.75%	16,307			16,307
	FY26	2.75%	16,761			16,761
	FY27	2.75%	17,228			17,228
	2028-2029	2.75%	23,720			23,720
Total			120,334	-	15,017	105,317
MDA Capital Improvements Loan Prom Note #06-347-CP-01						
	FY22	2.00%	50,061		50,061	-
	FY23	2.00%	50,987			50,987
	FY24	2.00%	52,016			52,016
	FY25	2.00%	53,066			53,066
	FY26	2.00%	54,137			54,137
	FY27	2.00%	55,229			55,229
	2028-2030	2.00%	148,579			148,579
Total			464,075	-	50,061	414,014
Drinking Water Systems Improvements Revolving Loan						
	FY22	2.00%	24,790		24,790	-
	FY23	2.00%	25,248			25,248
	FY24	2.00%	25,758			25,758
	FY25	2.00%	26,278			26,278
	FY26	2.00%	26,808			26,808
	FY27	2.00%	27,350			27,350
	2028-2030	2.00%	78,440			78,440
Total			234,672	-	24,790	209,882

City of Starkville, Mississippi
Schedule of Long-Term Notes
September 30, 2022

<u>Payee</u>	<u>Maturity Date</u>	<u>Interest Percent</u>	<u>Balance 9/30/2021</u>	<u>Transactions</u>		<u>Balance 9/30/2022</u>
				<u>Issued</u>	<u>Redeemed</u>	
MDA Capital Improvements Loan Prom Note #07-347-CP-01						
	FY22	2.00%	37,127		37,127	-
	FY23	2.00%	37,814			37,814
	FY24	2.00%	38,577			38,577
	FY25	2.00%	39,356			39,356
	FY26	2.00%	40,150			40,150
	FY27	2.00%	10,439			10,439
Total			<u>203,463</u>	<u>-</u>	<u>37,127</u>	<u>166,336</u>
MDA Capital Improvements Loan Prom Note #12-347-CP-01						
	FY22	2.00%	59,285		59,285	-
	FY23	2.00%	60,381			60,381
	FY24	2.00%	61,600			61,600
	FY25	2.00%	62,843			62,843
	FY26	2.00%	64,112			64,112
	FY27	2.00%	65,406			65,406
	2028-2032	2.00%	347,371			347,371
	2033-2037	2.00%	312,216			312,216
Total			<u>1,033,214</u>	<u>-</u>	<u>59,285</u>	<u>973,929</u>
MDA Capital Improvements Loan Prom Note #17-347-CP-01						
	FY22	2.00%	31,497		31,497	-
	FY23	2.00%	32,079			32,079
	FY24	2.00%	32,727			32,727
	FY25	2.00%	33,387			33,387
	FY26	2.00%	34,061			34,061
	FY27	2.00%	34,748			34,748
	2028-2032	2.00%	184,550			184,550
	2033-2037	2.00%	203,944			203,944
	2038-2039	2.00%	73,681			73,681
Total			<u>660,674</u>	<u>-</u>	<u>31,497</u>	<u>629,177</u>
3 Refuse Trucks & Knuckle Boom						
	FY22	2.59%	116,331		116,331	-
	FY23	2.59%	119,344			119,344
	FY24	2.59%	122,435			122,435
	FY25	2.59%	125,606			125,606
Total			<u>483,716</u>	<u>-</u>	<u>116,331</u>	<u>367,385</u>
Street Sweeper Lease						
	FY22	2.17%	47,970		47,970	-
	FY23	2.17%	3,736			3,736
Total			<u>51,706</u>	<u>-</u>	<u>47,970</u>	<u>3,736</u>
Garbage Truck/Front End Loader						
	FY22	7.00%	38,034		38,034	-
	FY23	7.00%	38,981			38,981
	FY24	7.00%	39,952			39,952
	FY25	7.00%	40,946			40,946
	FY26	7.00%	41,966			41,966
Total			<u>199,879</u>	<u>-</u>	<u>38,034</u>	<u>161,845</u>

City of Starkville, Mississippi
Schedule of Long-Term Notes
September 30, 2022

<u>Payee</u>	<u>Maturity Date</u>	<u>Interest Percent</u>	<u>Balance 9/30/2021</u>	<u>Transactions</u>		<u>Balance 9/30/2022</u>
				<u>Issued</u>	<u>Redeemed</u>	
MDA Capital Improvements Loan Prom Note #16-347-CP-01						
	FY22	2.00%	16,056		16,056	-
	FY23	2.00%	16,353			16,353
	FY24	2.00%	16,683			16,683
	FY25	2.00%	17,020			17,020
	FY26	2.00%	17,363			17,363
	FY27	2.00%	17,714			17,714
	2028-2032	2.00%	94,078			94,078
	2033-2037	2.00%	103,964			103,964
	FY38	2.00%	7,792			7,792
Total			<u>307,023</u>	<u>-</u>	<u>16,056</u>	<u>290,967</u>
MDA Capital Improvements Loan Prom Note #16-347-CP-02						
	FY22	2.00%	25,187		25,187	-
	FY23	2.00%	25,652			25,652
	FY24	2.00%	26,170			26,170
	FY25	2.00%	26,698			26,698
	FY26	2.00%	27,237			27,237
	FY27	2.00%	27,787			27,787
	2028-2032	2.00%	147,578			147,578
	2033-2037	2.00%	129,838			129,838
Total			<u>436,147</u>	<u>-</u>	<u>25,187</u>	<u>410,960</u>
MDA Capital Improvements Loan Prom Note #17-347-CP-02						
	FY22	2.00%	11,412		11,412	-
	FY23	2.00%	11,623			11,623
	FY24	2.00%	11,857			11,857
	FY25	2.00%	12,097			12,097
	FY26	2.00%	12,341			12,341
	FY27	2.00%	12,590			12,590
	2028-2032	2.00%	66,865			66,865
	2033-2037	2.00%	73,890			73,890
	2038-2040	2.00%	36,130			36,130
Total			<u>248,805</u>	<u>-</u>	<u>11,412</u>	<u>237,393</u>
2021 Tractor and Cutter						
	FY22	5.00%	28,901		28,901	-
	FY23	5.00%	19,571			19,571
	FY24	5.00%	17,744			17,744
Total			<u>66,216</u>	<u>-</u>	<u>28,901</u>	<u>37,315</u>

City of Starkville, Mississippi
Schedule of Long-Term Notes
September 30, 2022

<u>Payee</u>	<u>Maturity Date</u>	<u>Interest Percent</u>	<u>Balance 9/30/2021</u>	<u>Transactions</u>		<u>Balance 9/30/2022</u>
				<u>Issued</u>	<u>Redeemed</u>	
2021 Rear Loader Truck	FY22	1.35%		69,297	69,297	-
	FY23	1.35%		56,068		56,068
	FY24	1.35%		56,796		56,796
	FY25	1.35%		43,585		43,585
Total			-	225,746	69,297	156,449
2022 Kubota Tractor	FY22	2.94%		6,325	6,325	-
	FY23	2.94%		24,308		24,308
	FY24	2.94%		25,032		25,032
	FY25	2.94%		19,261		19,261
Total			-	74,926	6,325	68,601
Total Notes Payable, Business-type Activities			<u>5,694,859</u>	<u>300,672</u>	<u>842,777</u>	<u>5,152,754</u>
Total Notes Payable			- \$ <u>8,679,374</u>	<u>\$ 2,319,158</u>	<u>\$ 1,947,257</u>	<u>\$ 9,051,275</u>

City of Starkville, Mississippi
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

<u>Federal Agency/ Pass-through Entity/ Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass-through Grantor's Number</u>	<u>Pass-through to Sub- Recipients</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Justice</u>				
Passed through Mississippi Department of Public Safety:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	20HS2311	\$ -	\$ 48,749
Total U.S. Department of Justice			-	48,749
<u>U. S. Department of Transportation</u>				
Passed through Mississippi Department of Transportation:				
Airport Improvement Program (ARRA)	20.106	3-28-0068-022-2017 MDOT 3-28-0068-025-2020 3-28-0068-028-2022 FAA	-	557,340
Highway Planning and Construction (BUILD)	20.205	FBLD-7113-00(004)	-	918,115
Passed through Mississippi Department of Public Safety:				
State and Community Highway Safety	20.600	PT-2022-PT-23-11	-	8,435
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	M5X-2022-MD-23-11	-	47,172
Total U. S. Department of Transportation			-	1,531,062
<u>Appalachian Regional Commission:</u>				
Passed through Tennessee Valley Authority:				
Appalachian Area Development	23.002	N/A	-	729,094
Total Appalachian Regional Commission			-	729,094
<u>Total Expenditures of Federal Awards</u>			\$ -	\$ 2,308,905

The accompanying notes to Schedule of Expenditures of Federal Awards is an integral part of this schedule.

City of Starkville, Mississippi
Notes to Schedule of Expenditures of Federal Awards
September 30, 2022

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Starkville under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Starkville, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Starkville.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Entire program costs, including the City's portion, are more than shown. Such expenditures are recognized following cost principles contained in Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

Note 3: Indirect Cost

The City of Starkville has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

COMPLIANCE SECTION

**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***

To the Honorable Mayor and Board of Aldermen
Starkville, 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 business-type activities, each major fund, and the aggregate remaining fund information of the City of Starkville, Mississippi, as of and for the year ended September 30, 2022, and the related notes to financial statements, which collectively comprise the City of Starkville, Mississippi's basic financial statements and have issued our report thereon dated February 5, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Starkville, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Starkville, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Starkville, Mississippi's internal control.

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

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

Report on Compliance and Other Matters

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

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.

Starkville, Mississippi
February 5, 2024

Watkins Ward and Stafford, P.C.

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



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

To the Honorable Mayor and Board of Alderman
City of Starkville, Mississippi

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Starkville, Mississippi's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Starkville, Mississippi's major federal programs for the year ended September 30, 2022. City of Starkville, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Starkville, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Starkville, Mississippi, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Starkville, Mississippi's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Starkville, Mississippi's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Starkville, Mississippi's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred

to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Starkville, Mississippi's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Starkville, Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Starkville, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 City of Starkville, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Starkville, Mississippi
February 5, 2024

Watkins Ward and Stafford, P.C.

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



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

The Honorable Mayor and Board of Aldermen
Starkville, Mississippi

We have audited the financial statements of the City of Starkville, Mississippi, as of and for the year ended September 30, 2022, and have issued our report thereon dated February 5, 2024. 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.

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. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests and our audit of the financial statements disclosed no material instances of noncompliance with state laws and regulations.

This report is intended for the information and use of the Board of Aldermen, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Starkville, Mississippi
February 5, 2024

Watkins Ward and Stafford, P.C.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Starkville, Mississippi
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022

Section 1: Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:	
<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning & Const (BUILD)
23.002	Appalachian Area Development

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? No

Prior fiscal year audit findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b) No

City of Starkville, Mississippi
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported under *Government Auditing Standards*.

Section 3: Federal Award Findings and Questioned Costs

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