

OFFICE OF THE STATE AUDITOR REPORT NOTE:

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.

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June 4, 2024

Office of the State Auditor
ATTN: MUNICIPAL AUDITS
P.O. Box 956
Jackson, Mississippi 39205-0956

Re: Annual City of Flowood Municipal Audit for fiscal year ending September 30, 2023

Dear Sir:

Accompanying this letter are two hard copies of the annual audit of the City of Flowood, Mississippi, for the fiscal year September 30, 2023. In connection with this audit, a separate management letter was written to the City of Flowood. Enclosed you will find a copy of this management letter along with the audit reports.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary Rhoads", is written over a light blue circular stamp.

Gary Rhoads, Mayor

/jc
enclosures

May 23, 2024

To the Mayor and Board of Alderpersons of the
City of Flowood, Mississippi
Flowood, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Flowood, Mississippi for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 25, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Flowood, Mississippi are described in Note 1 to the financial statements. As described in Note 16 to the financial statements, the City adopted three accounting pronouncements which were effective for 2023, which were GASB Statement No. 91, GASB Statement No. 94, and GASB Statement No. 96. The implementation of the pronouncements did not have a significant impact on the City's financial statements. We noted no transactions entered into by the City of Flowood, Mississippi during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly

Significant Audit Findings - continued:

Qualitative Aspects of Accounting Practices - continued:

sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

1. Management's estimate of the allowance for doubtful accounts is based on historical water and sewer revenues, fines and forfeits revenues, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.
2. Management's estimate of the net pension liability and related deferred outflows and inflows of resources is based on actuarial information obtained from the Mississippi Public Employees Retirement System. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
3. Management's estimate of depreciation expense is based on the assets' respective estimated useful lives. We evaluated the key factors and assumptions used to develop the accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit. In addition, we assisted

Significant Audit Findings - continued:

Corrected and Uncorrected Misstatements - continued:

management in the preparation of the basic financial statements. We proposed report entries to convert the fund statements prepared on the modified accrual basis of accounting to the government-wide statements prepared on the full accrual basis of accounting. Those adjustments are summarized on pages 21 and 24 of the basic financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, and auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 22, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of Flowood, Mississippi's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, and pension schedules which are required supplementary

Mayor and Board of Alderpersons
City of Flowood, Mississippi
May 23, 2024
Page Four

Other Matters - continued:

information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Schedule of Surety Bonds for Municipal Officials, which accompanies the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Mayor and Board of Alderpersons and management of the City of Flowood, Mississippi and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

BMSS, LLC

City of Flowood
Analysis of Passed Audit Differences
September 30, 2023

	Assets and DOR	Liabilities and DIR	Equity	Operations
Governmental Activities				
To record GASB 87 equipment leases BOY	\$ 129,495	\$ (130,093)	\$ 598	\$ -
To record GASB 87 equipment leases activity for year	(40,659)	40,345	-	314
	<u>\$ 88,836</u>	<u>\$ (89,748)</u>	<u>\$ 598</u>	<u>\$ 314</u>
Total financial statement amounts	<u>\$ 196,965,934</u>	<u>\$ (89,243,795)</u>	<u>\$ (107,722,139)</u>	<u>\$ (9,733,724)</u>
Percentage effect on financial statements	<u>0.0451%</u>	<u>0.1006%</u>	<u>-0.0006%</u>	<u>-0.0032%</u>
Business-Type Activities				
To correct prior year receivable	\$ -	\$ -	\$ -	\$ 109,845
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,845</u>
Total financial statement amounts	<u>\$ 62,092,947</u>	<u>\$ (13,556,276)</u>	<u>\$ (48,424,741)</u>	<u>\$ (1,518,883)</u>
Percentage effect on financial statements	<u>0.0000%</u>	<u>0.0000%</u>	<u>0.0000%</u>	<u>-7.2320%</u>
Water and Sewer Fund				
To correct prior year receivable	\$ -	\$ -	\$ -	\$ 109,845
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,845</u>
Total financial statement amounts	<u>\$ 57,858,516</u>	<u>\$ (13,658,784)</u>	<u>\$ (44,199,732)</u>	<u>\$ (1,494,114)</u>
Percentage effect on financial statements	<u>0.0000%</u>	<u>0.0000%</u>	<u>0.0000%</u>	<u>-7.3518%</u>

CONCLUSION: Management has concluded that the above audit differences are not material and has chosen not to record them. Based on the effect on the financial statements and taking into account tolerable misstatement, the auditor concurs.

CITY OF FLOWOOD, MISSISSIPPI

Financial Statements

September 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Alderpersons
City of Flowood
Flowood, Mississippi

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 Flowood, Mississippi (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of 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 Flowood, Mississippi, as of September 30, 2023, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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'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.

Auditor's 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 auditor's 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 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, 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'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'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 on pages 4-17, budgetary comparison information on pages 66-71, schedule of changes in net pension liability & related ratios on page 72, and the schedule of employer contributions on page 73 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

Required Supplementary Information - continued:

certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of surety bonds for municipal officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BMSS, LLC

Ridgeland, Mississippi
May 23, 2024

CITY OF FLOWOOD, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Our discussion and analysis of the City of Flowood's (the City) financial performance provides an overview of the City's financial activities for the year ended September 30, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements which begin on page 18 to enhance their understanding of the City's financial performance. A comparative analysis of government-wide data is included in this report.

FINANCIAL HIGHLIGHTS

- The net position of the City increased by \$11,264,549 as a result of this year's operations (\$7,216,306 increase in 2022). An increase in the amount of \$9,733,724 and \$7,332,926, was realized by the City's Governmental Activities as the result of current year's operations and the transfer of capital assets constructed with the proceeds of general obligation bonds issued during the prior year.
- General revenues of the City account for \$30,706,340 or 56.3% of all revenues in 2023. General revenues accounted for \$28,211,566 or 62.1% of all revenues in 2022. Program specific revenues in the form of charges for services and grants and contributions accounted for \$23,843,283 or 43.7% of total revenues in 2023, compared with \$17,234,440 or 37.9% of total revenues in 2022.
- The City had \$43,285,074 in expenses, an amount which increased when compared with the \$38,229,699 in expenses for 2022. \$23,483,283 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues of \$30,706,340 were adequate to provide for these programs in 2023, while general revenues of \$28,211,566 were also adequate to provide for these programs in 2022.
- The City's General Fund realized an 9.2% increase in total revenue compared to the prior year (\$29,823,304 in 2023 compared to \$27,302,763 in 2022). Total expenditures reflected a 13.2% increase (\$22,746,618 in 2023 compared to \$20,095,127 in 2022).
- The Water and Sewer Enterprise Fund had \$12,072,441 in operating revenues and \$10,736,572 in operating expenses. Its increase in net position was \$1,494,114. Last year it reported \$11,119,466 in operating revenues and \$11,142,648 in operating expenses. The prior year decrease in net position was \$225,982.
- In 2023, the Golf Course Enterprise Fund had \$1,738,027 in operating revenues and \$2,063,770 in operating expenses. Its increase in net position was \$24,769. Last year it reported \$1,526,661 in operating revenues and \$1,783,065 in operating expenses. The prior year increase in net position was \$104,479.

CITY OF FLOWOOD, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2023

USING THE ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the City of Flowood as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Position and Statement of Activities (on pages 18 and 19) provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

REPORTING THE CITY AS A WHOLE

Statement of Net Position and Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2023?" The Statement of Net Position and the Statement of Activities answer this question.

These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. The accrual basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the City's net position for the 2023 fiscal year and changes in them. The City's net position - assets plus deferred outflows of resources less liabilities and deferred inflows of resources - is one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. However, in evaluating the overall position of the City, non-financial information, such as changes in the City's tax base and the condition of the City's capital assets, will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, the City is divided into two types of activities:

- **Governmental Activities** - Most of the City's basic services are reported here which includes police, fire, sanitation, public property maintenance, parks and recreation, general administration, legal, court, health, street maintenance, shop and maintenance, landscape, and engineering. Property taxes, sales taxes, police fines and fees, and franchise fees finance most of these activities.

CITY OF FLOWOOD, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

REPORTING THE CITY AS A WHOLE - CONTINUED:

Statement of Net Position and Statement of Activities - continued:

- **Business-Type Activities** - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system, municipal golf course, and municipal R/C track park are reported here.

Fund Financial Statements

The analysis of the City's major funds begins on page 20. The fund financial statements provide detailed information about the City's most significant funds - not the City as a whole. Based on restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to the City's residents. Some funds are required to be established by State law, while others are established by the City to help control and manage money for a particular purpose. However, these fund financial statements focus on the City's most significant funds. The City's two types of funds - governmental and proprietary - utilize different accounting approaches.

Governmental funds - The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of the individual funds, and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future on services provided to the City's residents. The relationship (or differences) between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The City of Flowood considers the General Fund, Recreation and Tourism Special Tax Fund, City-Wide Debt Service, and the City-Wide Capital Projects to be major funds and therefore, presents information on these funds separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances. Data from all other governmental funds are combined into a single, aggregated nonmajor fund presentation.

Proprietary funds - The City charges customers for certain services it provides. These services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information such as cash flows. The internal service fund is utilized to report activities that provide services

CITY OF FLOWOOD, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2023

REPORTING THE CITY AS A WHOLE - CONTINUED:

Statement of Net Position and Statement of Activities - continued:

Fund Financial Statements - continued:

for the City's other programs and activities. Because these services benefit both governmental as well as business-type functions, their cost has been included in both the governmental and business-type activities in the government-wide financial statements.

The City of Flowood maintains three individual enterprise funds. The City uses enterprise funds to account for its water and sewer services and the operation of the municipal golf course and R/C track park. The proprietary fund financial statements provide separate information for the Water and Sewer Enterprise Fund, the Golf Course Enterprise Fund, and the R/C Park Enterprise Fund. The City considers the Water and Sewer and Golf Course Enterprise Funds to be major funds.

The City as Trustee

Reporting the City's Fiduciary Responsibilities

The City acts as the trustee, or fiduciary, for the activity of the Airport Parkway Commission and the East Metro Corridor Commission. The financial position and activity of the Airport Parkway Commission and the East Metro Corridor Commission are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. The activities of these funds are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

FINANCIAL ANALYSIS OF THE CITY

The Statement of Net Position looks at the City as a whole. The City's combined net position was \$156,218,799 and \$144,954,250 as of September 30, 2023 and 2022, respectively. Table 1 provides a summary of the City's net position.

(Table 1)
**Condensed Statement of Net Position
At September 30, 2023 and 2022**

	2023			2022		
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government
Assets:						
Current and other assets	\$ 56,329,635	\$ 15,890,724	\$ 72,220,359	\$ 50,761,355	\$ 15,252,932	\$ 66,014,287
Capital assets, net	133,201,451	45,182,895	178,384,346	130,657,602	44,321,464	174,979,066
Total assets	189,531,086	61,073,619	250,604,705	181,418,957	59,574,396	240,993,353

CITY OF FLOWOOD, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

FINANCIAL ANALYSIS OF THE CITY - CONTINUED:

(Table 1)
Condensed Statement of Net Position - continued:
At September 30, 2023 and 2022

	2023			2022		
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government
Deferred outflows of resources:						
Deferred charges on refunding	\$ 679,452	\$ 118,276	\$ 797,728	\$ 869,497	\$ 145,212	\$ 1,014,709
Deferred outflows-pension	6,755,396	948,399	7,703,795	3,008,708	470,375	3,479,083
Total deferred outflows of resources	7,434,848	1,066,675	8,501,523	3,878,205	615,587	4,493,792
Liabilities:						
Current liabilities	11,204,284	3,505,241	14,709,525	11,376,200	2,794,582	14,170,782
Noncurrent liabilities	69,239,201	10,082,428	79,321,629	67,697,311	10,429,566	78,126,877
Total liabilities	80,443,485	13,587,669	94,031,154	79,073,511	13,224,148	92,297,659
Deferred inflows of resources						
Deferred property taxes	6,814,801	-	6,814,801	6,499,115	-	6,499,115
Deferred inflows - lease	1,586,877	-	1,586,877	1,736,121	-	1,736,121
Deferred inflows - pension	398,632	55,965	454,597	-	-	-
Total deferred inflows of resources	8,800,310	55,965	8,856,275	8,235,236	-	8,235,236
Net position:						
Net investment in capital assets	92,879,228	39,035,076	131,914,304	85,579,905	36,826,016	122,405,921
Restricted:						
Capital projects	18,365	-	18,365	156,355	-	156,355
Public safety	360,348	-	360,348	447,097	-	447,097
Debt service	1,114,259	187,595	1,301,854	1,090,443	184,974	1,275,417
Recreation and tourism	7,825,190	-	7,825,190	5,462,956	-	5,462,956
Unrestricted	5,524,749	9,273,989	14,798,738	5,251,659	9,954,845	15,206,504
Total net position	\$ 107,722,139	\$ 48,496,660	\$ 156,218,799	\$ 97,988,415	\$ 46,965,835	\$ 144,954,250

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

	2023	2022
Total unrestricted net position	\$ 14,798,738	\$ 15,206,504
Less reduction in unrestricted net position from implementation of GASB No. 68 and 71	30,249,548	27,643,380
Unrestricted net position, exclusive of the net pension liability effect	\$ 45,048,286	\$ 42,849,884

CITY OF FLOWOOD, MISSISSIPPI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS OF THE CITY - CONTINUED:

The largest portion of the City's net position (84.4%) reflects net investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Changes in Net Position for the years ended September 30, 2023 and 2022 are summarized in Table 2.

**(Table 2)
Condensed Statement of Changes in Net Position**

	2023			2022		
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government
REVENUES:						
Program revenues:						
Charges for services	\$ 1,902,369	\$ 13,810,468	\$ 15,712,837	\$ 1,677,997	\$ 12,646,127	\$ 14,324,124
Capital grants and contributions	4,365,672	109,845	4,475,517	154,848	-	154,848
Operating grants and contributions	3,654,929	-	3,654,929	2,755,468	-	2,755,468
General revenues:						
Property taxes	7,492,055	-	7,492,055	6,984,505	-	6,984,505
Sales taxes	15,275,116	-	15,275,116	14,349,777	-	14,349,777
Other	7,708,207	230,962	7,939,169	6,855,065	22,218	6,877,283
Total revenues	<u>40,398,348</u>	<u>14,151,275</u>	<u>54,549,623</u>	<u>32,777,660</u>	<u>12,668,345</u>	<u>45,446,005</u>
EXPENSES:						
General government	2,106,795	-	2,106,795	1,757,155	-	1,757,155
Legal	394,596	-	394,596	307,851	-	307,851
Public safety	13,669,589	-	13,669,589	10,833,380	-	10,833,380
Court	755,711	-	755,711	542,796	-	542,796
Public property maintenance	1,072,701	-	1,072,701	872,209	-	872,209
Sanitation	574,690	-	574,690	528,342	-	528,342
Health	40,636	-	40,636	59,060	-	59,060
Street maintenance	6,109,557	-	6,109,557	4,926,316	-	4,926,316
Recreation and tourism	2,635,508	-	2,635,508	2,313,915	-	2,313,915
Shop and maintenance	761,100	-	761,100	662,881	-	662,881
Landscape	911,694	-	911,694	827,166	-	827,166

CITY OF FLOWOOD, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

FINANCIAL ANALYSIS OF THE CITY - CONTINUED:

(Table 2)
Condensed Statement of Changes in Net Position - continued:

	2023			2022		
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government
EXPENSES - CONTINUED:						
Engineering	\$ 100,113	\$ -	\$ 100,113	\$ 187,637	\$ -	\$ 187,637
Interest and fiscal charges	1,181,934	-	1,181,934	1,282,683	-	1,282,683
Golf course	-	2,063,770	2,063,770	-	1,783,065	1,783,065
Water and sewer	-	10,906,680	10,906,680	-	11,345,243	11,345,243
Total expenses	<u>30,314,624</u>	<u>12,970,450</u>	<u>43,285,074</u>	<u>25,101,391</u>	<u>13,128,308</u>	<u>38,229,699</u>
CHANGE IN NET POSITION BEFORE TRANSFERS AND OTHER ITEMS	10,083,724	1,180,825	11,264,549	7,676,269	(459,963)	7,216,306
TRANSFERS	<u>(350,000)</u>	<u>350,000</u>	<u>-</u>	<u>(343,344)</u>	<u>343,344</u>	<u>-</u>
CHANGE IN NET POSITION	9,733,724	1,530,825	11,264,549	7,332,925	(116,619)	7,216,306
NET POSITION, BEGINNING OF YEAR	<u>97,988,415</u>	<u>46,965,835</u>	<u>144,954,250</u>	<u>90,655,490</u>	<u>47,082,454</u>	<u>137,737,944</u>
NET POSITION, END OF YEAR	<u>\$ 107,722,139</u>	<u>\$ 48,496,660</u>	<u>\$ 156,218,799</u>	<u>\$ 97,988,415</u>	<u>\$ 46,965,835</u>	<u>\$ 144,954,250</u>

Governmental Activities

Several revenue sources fund our governmental activities. The City's largest source of operating revenue was received from sales tax which accounted for \$15,275,116 or 38.5% of gross revenue; revenues from charges for services accounted for \$1,902,369 or 4.8% of gross revenues; and property taxes accounted for \$7,492,055 or 18.9% of revenues. Operating and capital grants amounted to \$8,020,601 or 20.2% of gross revenue.

The City of Flowood has been able to increase its sales tax collections in the last seventeen years by \$5,583,981 from gross collections in 2006 of \$9,691,135 to gross collections in 2023 of \$15,275,116. The majority of this increase is due to an aggressive economic development program and development of a booming retail and commercial district of the City, this being the Lakeland Drive (State Hwy 25) Development Corridor. Although much of this development has been

CITY OF FLOWOOD, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

FINANCIAL ANALYSIS OF THE CITY - CONTINUED:

Governmental Activities - continued:

accomplished through the use of property tax incentives (such as tax increment financing programs), the loss in property taxes collected has been more than offset by the increase in the sales tax collections.

Major expense activities include police and fire safety expenses accounting for 45.1% of the total program expenses and street and public property maintenance accounting for 23.7%. The City of Flowood is committed to providing the best services possible for its citizens.

The City of Flowood has worked very hard to increase our property tax base and our sales tax collections by being proactive with new businesses in our City and limiting increases in operating costs to the minimum amount necessary to provide essential services for each department. We continue to strive to provide better service at a lower cost per man-hour. The ability of the City to continue to provide quality services without increasing taxes rests on the City management's ability to keep these costs in line.

Governmental Funds

As the City completed the year, its governmental funds reported a combined fund balance of \$37,330,979, an increase of \$6,345,721, of which \$26,323,558 or 70.5% of the fund balance is classified as unassigned, which represents the residual classification of fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes. The remaining fund balance of \$11,007,421 or 29.5% is either nonspendable, restricted, or assigned to indicate that it is not available for spending except for the purposes to which it is restricted, committed, or assigned.

The increase in fund balance in the General Fund was \$4,184,411. The increase in the fund balance of the General Fund is primarily attributed to an increase in revenues. The Recreation and Tourism Special Tax Fund reported an increase in fund balance in the amount of \$2,362,234. The increase in the fund balance of the Recreation and Tourism Special Tax Fund is also attributed to an increase in revenues. The increase in the fund balance of the Debt Service Fund was \$23,816. The decrease in fund balance in the City-Wide Capital Projects Fund was \$137,990. The Other Nonmajor Funds reported a decrease in fund balance in the amount of \$86,749.

Business-Type Activities

Operating revenues of the City's business-type activities were \$13,810,468 and \$12,646,127 for the fiscal years ended September 30, 2023 and 2022, respectively. Operating expenses for the City's business-type activities were \$12,800,342 for 2023 and \$12,925,713 for 2022, resulting in

CITY OF FLOWOOD, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

FINANCIAL ANALYSIS OF THE CITY - CONTINUED:

Business-Type Activities - continued:

operating income of \$1,010,126 in 2023 and operating loss of \$279,586 in 2022. Net non-operating revenue (expenses) of \$48,912 in 2023 and (\$201,818) in 2022 and capital asset contributions and transfers of \$459,845 for 2023 and \$343,344 for 2022 resulted in an increase in net position of \$1,518,883 in 2023 and a decrease in net position of \$138,060 in 2022. Key operating results are detailed below:

- The City's Water and Sewer Enterprise Fund recorded charges for services of \$12,072,441 which reflects a 8.6% increase from the prior year. The most significant expenses of the Water and Sewer Enterprise Fund were \$2,094,117 for salaries and benefits, \$5,927,151 for operating cost including sewage treatment, and \$1,974,596 in depreciation expense.
- The Golf Course Enterprise Fund recorded charges for services of \$1,738,027 in 2023, which reflects an increase of 13.8%. Operating expenses, excluding depreciation, increased 15.7% to \$2,063,770 in 2023 compared with \$1,783,065 in 2022.

The increase in net position in the Water and Sewer Enterprise Fund was \$1,494,114. The increase in the net position of Water and Sewer Enterprise Fund compared to the decrease in net position of \$225,982 in 2022 is largely attributed the increase in revenue. The Golf Course Enterprise Fund reported an increase in net position in the amount of \$24,769. The increase in the net position of the Golf Course Enterprise Fund is attributed to an increase in revenue.

BUDGETARY HIGHLIGHTS

The City's budgets are prepared according to Mississippi law and are based on accounting for transactions on a modified cash basis. The most significant budgeted fund is the General Fund. During 2023, the City of Flowood amended its General Fund budget once. All recommendations for a budget change come from the City Clerk and are presented to the Mayor and Board of Alderpersons for review before being amended by the Board of Alderpersons at a regular monthly Board meeting. The City does not allow budget changes that modify line items within departments without Board approval.

With the General Fund supporting many of our major activities, such as our police and fire departments as well as general government activities, the General Fund is monitored closely looking for possible revenue shortfalls or overspending by individual departments. For the General Fund, final budgeted revenues for fiscal year 2023 were \$28,582,000 and actual revenue collections were \$29,812,286. General Fund budgeted expenditures were \$27,218,847 compared to actual operating expenditures of \$22,757,552.

CITY OF FLOWOOD, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

BUDGETARY HIGHLIGHTS - CONTINUED:

Original Budget Compared to Final Budget

The original General Fund revenue budget of \$26,507,000 was increased by amendments totaling \$2,075,000 to a final revenue budget of \$28,582,000. Major components of the amendments included:

- Revenues for intergovernmental revenues increased \$2,070,000 primarily due to an unexpected increase in sales tax revenue.

The original General Fund expense budget of \$27,055,647 was increased by various amendments totaling \$163,200 to a final expense budget of \$27,218,847.

Final Budget Compared to Actual Results

Actual revenues for the year were \$1,230,286 more than budgeted. Intergovernmental revenue exceeded the budget by \$632,940 along with current year ad valorem taxes exceeding the budget by \$301,149 and charges for services and fines and forfeits exceeding the final budget by \$33,893 and \$20,636, respectively.

Actual expenditures for the year were \$4,461,295 less than budgeted. In general, the City has been proactive in limiting the amount of operating costs to the minimum necessary to provide essential services. The most significant differences in the final budget and actual occurred in the following areas:

- Street maintenance services and charges were \$227,089 less than budgeted as a result of actual expenses for street overlays and maintenance being less than estimated.
- Public safety services were \$1,078,898 less than budgeted as a result of other services and charges being less than estimated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2023, the City had approximately \$178 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, water and sewer lines, and the municipal golf course facility. (See Table 3 below).

CITY OF FLOWOOD, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION - CONTINUED:

Capital Assets - continued:

Table 3
Capital Assets at September 30, 2023 and 2022
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 37,868,559	\$ 37,868,559	\$ 772,808	\$ 772,808	\$ 38,641,367	\$ 38,641,367
Improvements other than buildings	19,627,023	17,331,832	-	-	19,627,023	17,331,832
Buildings	27,324,854	27,240,786	-	-	27,324,854	27,240,786
Machinery and equipment	3,573,349	3,098,065	359,541	168,212	3,932,890	3,266,277
Infrastructure	39,561,606	43,257,594	-	-	39,561,606	43,257,594
Construction in progress	5,246,060	1,860,766	3,702,170	1,150,643	8,948,230	3,011,409
Water and sewer system	-	-	36,522,277	38,362,869	36,522,277	38,362,869
Golf course	-	-	3,826,099	3,866,932	3,826,099	3,866,932
Total	<u>\$ 133,201,451</u>	<u>\$ 130,657,602</u>	<u>\$ 45,182,895</u>	<u>\$ 44,321,464</u>	<u>\$ 178,384,346</u>	<u>\$ 174,979,066</u>

This year's major additions included:

Governmental Activities

Various machinery and equipment	\$1,218,735
Dogwood Boulevard Extension	171,157
Flowood Library improvements	217,148
Pinehaven Subdivision Improvements	674,216
Multi-Use Paths	142,043
North Flowood Drive Widening	3,909,509

Business-Type Activities

Various machinery and equipment	\$ 229,655
North Flowood Drive Well Rehab	420,603
Water Meter Change Out	925,013
Highway 471 Water and Sewer Improvements	946,462
Storm Sewer Project	273,170

CITY OF FLOWOOD, MISSISSIPPI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

CAPITAL ASSETS AND DEBT ADMINISTRATION - CONTINUED:

Debt

At September 30, 2023 and 2022, the City of Flowood had \$47,102,336 and \$53,185,073, respectively, in outstanding debt from General Obligation Bonds, Revenue Bonds, Limited Obligation Bonds, Notes, Capital Lease Payable, and Compensated Absences. Table 4 summarizes the total outstanding long-term obligations of the City.

**Table 4
Outstanding Debt at September 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$39,111,966	\$43,608,063	\$4,297,034	\$4,873,937	\$43,409,000	\$48,482,000
General obligation premium	447,823	517,503	85,472	96,862	533,295	614,365
Revenue bonds	-	-	-	570,000	-	570,000
Limited obligation bonds	56,000	82,000	-	-	56,000	82,000
Special obligation bonds	-	-	-	-	-	-
Special obligation premium	-	-	-	-	-	-
Notes	-	-	1,765,313	1,954,649	1,765,313	1,954,649
Capital leases payable	706,434	870,131	-	-	706,434	870,131
Compensated absences	560,918	531,202	71,376	80,726	632,294	611,928
Total	\$40,883,141	\$45,608,899	\$6,219,195	\$7,576,174	\$47,102,336	\$53,185,073

There was no new debt incurred by the City during 2023. During the year, the City made principal payments totaling \$6,102,503.

The liability for compensated absences identified above refers to the current balance of what has been earned as a termination benefit that would be paid as employees leave or retire. Under GAAP reporting, this liability must be reported as a long-term liability at year-end, due to contract language to the effect that the employee has "earned" this compensation. The City budgets for this portion of the liability annually in the current year's departmental salary and wages budgets.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

As is the case with many governmental agencies, dated infrastructure can be a problem; however, over the past sixteen years, the City has taken a proactive stance in regard to dated infrastructure and plans to continue this effort of improving infrastructure as the need arises.

CITY OF FLOWOOD, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS - CONTINUED:

Annually, the City's engineer inspects roadways and suggests the worst for repair. Over the past sixteen years, the City has expended an average of \$200,000 to \$600,000 annually on various roadway maintenance resurfacing projects. Additionally, the City acquired part of a water system located within City limits in fiscal year 2014. The City made improvements to the water system in fiscal years 2015 to 2023 to aid in residential development within the area. This includes a new well and tank completed and put into service during 2020. The last twenty years have seen the construction of a new City Hall, Police & Justice Court Complex, two new Fire Stations, three new City Parks, a full-service Municipal Library, a new Public Services building, a new Conference Center, and a newly renovated top-quality Municipal Golf Course.

The City has also funded the purchase of approximately \$10 million of public safety and public property vehicles and equipment over the past twelve years. Some of the items purchased include an average of six new police cruisers per year along with a variety of pickup trucks, fire truck, vans, trucks, low pro dump trucks, mowers, tractors, cutting equipment, and other road and non-road equipment for our service and recreation departments. The City purchased new fire rescue pumpers during 2007, 2008, 2010, 2016, 2017, and 2022. New network computer systems for the City's police department, municipal court system, and main administrative operations were also purchased throughout this time period.

The continuation and expansion of the City's aggressive economic development programs, instituted in the late 1990's, is an integral part of the City's future plans and financial stability. To this extent, the City is concentrating on the Lakeland Drive (Hwy 25) Corridor which encompasses the City boundary line at the Pearl River Bridge east to the city limits. The residents of the City have been very receptive to this increased development within the City and have shown their acceptance through numerous rezoning issues placed before them throughout the 2000's. The zoning districts that have been added to accomplish the City's economic development plans were PH1 & PH2 Residential Districts and Zoning accommodations for larger retail shopping mega centers and a PUD planned urban district, along with a new Smart Code Overlay District. New development and expansion are also continuing at the Lakeland Drive and Old Fannin Road intersection. On the southeast side of this intersection in 2001 and 2002, the City's economic development programs were responsible for the construction of a \$32,000,000 redevelopment project known as the Dogwood Festival Market Lifestyle Shopping Center. This Center encompasses approximately 297,000 square feet of retail shopping with seven out-parcels housing restaurants, a bank, and an import store. On the northeast corner, another mega retail shopping center, The Dogwood Promenade, was completed in late 2004 and 2005. The Lakeland Commons is located on the northwest corner of Lakeland Drive and Old Fannin Road and includes a home repair store and hotel, along with numerous national chain stores. A fourth center, known as Market Street Shopping Center, on the southwest corner of Lakeland Drive and Old Fannin Road,

CITY OF FLOWOOD, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS - CONTINUED:

has four national retail anchors along with restaurants and local small businesses. In fiscal year 2013, a new development was constructed which is anchored by a 70,000 square foot Academy Sports store. During fiscal year 2015, several new industries located on the southern end of the City, which include the U.S. Foods distribution center and Puckett Machinery.

During fiscal year 2017, the City purchased land adjacent to the City owned Refuge Golf Course along Airport Road and the Medical Parkway and began site work for a resort style 200 room hotel and conference center. The development was completed in April 2021 and will spur additional economic development along Airport Road and the Medical Parkway.

During fiscal year 2018, a ground breaking was held for the Water Pointe development along the East Metro Parkway just south of Dogwood Festival Market. The development consists of approximately 230 acres, 560 single family residences, and an estimated 800,000 square feet of commercial space in a town center atmosphere. Currently, construction has begun on the first phase of single-family residences and the completion of a commercial building for a bank headquarters and office space.

With the growth that has been realized in the past several years and with the expectation that the growth will continue in the future, the City of Flowood must maintain and create better access routes into and out of the City and provide additional public safety facilities and equipment. The City has committed its resources for new and expanded roadways, beautification enhancements, and recreational facilities throughout the City.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Josh Carlisle at 2101 Airport Road, Flowood, MS 39232.

CITY OF FLOWOOD, MISSISSIPPI

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 35,461,470	\$ 9,197,533	\$ 44,659,003
Investments	3,050,173	5,116,357	8,166,530
Receivables, net of allowances for uncollectibles:			
Accounts	1,673,737	1,193,426	2,867,163
Grants	44,344	-	44,344
Taxes	10,470,830	-	10,470,830
Special assessments receivable	1,837,724	-	1,837,724
Due from other governments	1,292,879	-	1,292,879
Internal balances	(58,167)	58,167	-
Lease receivable	784,006	-	784,006
Inventories	-	43,402	43,402
Prepays	210,815	94,244	305,059
Restricted assets:			
Cash and cash equivalents	1,561,824	187,595	1,749,419
Capital assets:			
Non-depreciable capital assets	43,114,619	4,474,978	47,589,597
Depreciable capital assets, net	90,086,832	40,707,917	130,794,749
Total assets	<u>189,531,086</u>	<u>61,073,619</u>	<u>250,604,705</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred charges on refunding	679,452	118,276	797,728
Deferred outflows related to pension	<u>6,755,396</u>	<u>948,399</u>	<u>7,703,795</u>
Total deferred outflows of resources	<u>7,434,848</u>	<u>1,066,675</u>	<u>8,501,523</u>

The accompanying notes are an integral part of this statement.

	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES</u>			
Accounts payable	\$ 1,226,375	\$ 2,009,985	\$ 3,236,360
Accrued liabilities	111,785	3,929	115,714
Accrued interest payable	400,249	49,094	449,343
Claims payable	222,933	-	222,933
Customer deposits	-	633,105	633,105
Funds held for others	50,360	-	50,360
Payable to other governments	470,190	-	470,190
Unearned revenue	3,797,470	-	3,797,470
Noncurrent liabilities:			
Due within one year:			
Compensated absences	75,266	16,273	91,539
Loans and leases payable	168,706	192,735	361,441
Bonds payable	4,680,950	600,120	5,281,070
Due in more than one year:			
Compensated absences	485,652	55,103	540,755
Loans and leases payable	537,728	1,572,578	2,110,306
Bonds payable	34,934,839	3,782,386	38,717,225
Net pension liability	33,280,982	4,672,361	37,953,343
Total liabilities	<u>80,443,485</u>	<u>13,587,669</u>	<u>94,031,154</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows related to lease	1,586,877	-	1,586,877
Deferred property tax revenue	6,814,801	-	6,814,801
Deferred inflows related to pension	398,632	55,965	454,597
Total deferred inflows of resources	<u>8,800,310</u>	<u>55,965</u>	<u>8,856,275</u>
<u>NET POSITION</u>			
Net investment in capital assets	92,879,228	39,035,076	131,914,304
Restricted for:			
Capital projects	18,365	-	18,365
Public safety	360,348	-	360,348
Debt service	1,114,259	187,595	1,301,854
Recreation and tourism	7,825,190	-	7,825,190
Unrestricted	<u>5,524,749</u>	<u>9,273,989</u>	<u>14,798,738</u>
	<u>\$ 107,722,139</u>	<u>\$ 48,496,660</u>	<u>\$ 156,218,799</u>

CITY OF FLOWOOD, MISSISSIPPI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Service	Grants and Contributions	Grants and Contributions
<u>Functions/Programs:</u>				
Governmental activities:				
Governmental activities:				
General government	\$ 2,106,795	\$ 546,684	\$ -	\$ -
Legal	394,596	-	-	-
Public safety	13,669,589	1,123,592	228,737	-
Court	755,711	-	-	-
Public property maintenance	1,072,701	-	-	-
Sanitation	574,690	-	-	-
Health	40,636	-	-	-
Street maintenance	6,109,557	-	3,426,192	4,365,672
Recreation and tourism	2,635,508	232,093	-	-
Shop and maintenance	761,100	-	-	-
Landscape	911,694	-	-	-
Engineering	100,113	-	-	-
Interest and fiscal charges on long-term debt	1,181,934	-	-	-
Total government activities	<u>30,314,624</u>	<u>1,902,369</u>	<u>3,654,929</u>	<u>4,365,672</u>
Business-type activities:				
Golf course	2,063,770	1,738,027	-	-
Water and sewer	<u>10,906,680</u>	<u>12,072,441</u>	<u>-</u>	<u>109,845</u>
Total business-type activities	<u>12,970,450</u>	<u>13,810,468</u>	<u>-</u>	<u>109,845</u>
Total government	<u>\$ 43,285,074</u>	<u>\$ 15,712,837</u>	<u>\$ 3,654,929</u>	<u>\$ 4,475,517</u>
General revenues:				
Taxes:				
Ad valorem taxes				
Special assessments				
Sales tax				
Recreation and tourism tax				
Utility in lieu of tax				
Franchise fees				
General intergovernmental revenue				
Interest and investment earnings				
Other				
Lease revenue				
Gain on disposal of capital assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position at beginning of year				
Net position at end of year				

The accompanying notes are an integral part of this statement.

CITY OF FLOWOOD, MISSISSIPPI

**STATEMENT OF ACTIVITIES - CONTINUED:
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business- Type Activities	Total
\$ (1,560,111)	\$ -	\$ (1,560,111)
(394,596)	-	(394,596)
(12,317,260)	-	(12,317,260)
(755,711)	-	(755,711)
(1,072,701)	-	(1,072,701)
(574,690)	-	(574,690)
(40,636)	-	(40,636)
1,682,307	-	1,682,307
(2,403,415)	-	(2,403,415)
(761,100)	-	(761,100)
(911,694)	-	(911,694)
(100,113)	-	(100,113)
(1,181,934)	-	(1,181,934)
(20,391,654)	-	(20,391,654)
-	(325,743)	(325,743)
-	1,275,606	1,275,606
-	949,863	949,863
(20,391,654)	949,863	(19,441,791)
7,444,175	-	7,444,175
47,880	-	47,880
15,275,116	-	15,275,116
5,451,817	-	5,451,817
477,178	-	477,178
765,081	-	765,081
396,265	-	396,265
213,035	230,962	443,997
59,684	-	59,684
297,301	-	297,301
47,846	-	47,846
(350,000)	350,000	-
30,125,378	580,962	30,706,340
9,733,724	1,530,825	11,264,549
97,988,415	46,965,835	144,954,250
<u>\$ 107,722,139</u>	<u>\$ 48,496,660</u>	<u>\$ 156,218,799</u>

CITY OF FLOWOOD, MISSISSIPPI

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	General Fund	Recreation and Tourism Special Tax	City-Wide Debt Service
<u>ASSETS</u>			
Cash and cash equivalents	\$ 23,088,512	\$ 6,919,154	\$ 397,356
Investments	3,050,173	-	-
Receivables, net of allowance for uncollectibles:			
Accounts	1,103,021	-	-
Grants	17,401	-	-
Taxes	9,534,358	918,066	18,406
Special assessments receivable	1,371,786	-	465,938
Due from other governments	-	-	1,292,879
Due from other funds	947,404	-	101,328
Lease receivable	784,006	-	-
Prepaid expenses	164,147	-	-
Restricted cash	-	-	1,561,824
Total assets	<u>\$ 40,060,808</u>	<u>\$ 7,837,220</u>	<u>\$ 3,837,731</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 590,969	\$ 660	\$ -
Accrued liabilities	111,785	-	-
Funds held for others	-	-	50,360
Unearned revenue	64,888	-	-
Due to other funds	557,538	11,370	895,889
Total liabilities	<u>1,325,180</u>	<u>12,030</u>	<u>946,249</u>
Deferred Inflows of Resources:			
Unavailable revenue - property taxes	6,796,395	-	18,406
Unavailable revenue - special assessments	1,367,095	-	465,938
Unavailable revenue - court fines	972,444	-	-
Lease related	1,586,877	-	-
Unavailable revenue - Rankin County	-	-	1,292,879
Total deferred inflows of resources	<u>10,722,811</u>	<u>-</u>	<u>1,777,223</u>
Fund Balances:			
Nonspendable:			
Prepays	164,147	-	-
Restricted for:			
Capital projects	-	-	-
Public safety	-	-	-
Debt service	-	-	1,114,259
Recreation and tourism	-	7,825,190	-
Assigned to:			
Fiscal year 2023 budget deficit	1,525,112	-	-
Unassigned	26,323,558	-	-
Total fund balances	<u>28,012,817</u>	<u>7,825,190</u>	<u>1,114,259</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 40,060,808</u>	<u>\$ 7,837,220</u>	<u>\$ 3,837,731</u>

The accompanying notes are an integral part of this statement.

City-Wide Capital Projects	Other Nonmajor Funds	Total Governmental Funds
\$ 3,895,496	\$ 355,907	\$ 34,656,425
-	-	3,050,173
-	-	1,103,021
-	26,943	44,344
-	-	10,470,830
-	-	1,837,724
-	-	1,292,879
447,970	-	1,496,702
-	-	784,006
-	46,668	210,815
-	-	1,561,824
<u>\$ 4,343,466</u>	<u>\$ 429,518</u>	<u>\$ 56,508,743</u>
\$ 634,746	\$ -	\$ 1,226,375
-	-	111,785
-	-	50,360
3,690,355	42,227	3,797,470
-	26,943	1,491,740
<u>4,325,101</u>	<u>69,170</u>	<u>6,677,730</u>
-	-	6,814,801
-	-	1,833,033
-	-	972,444
-	-	1,586,877
-	-	1,292,879
-	-	12,500,034
-	-	164,147
18,365	-	18,365
-	360,348	360,348
-	-	1,114,259
-	-	7,825,190
-	-	1,525,112
-	-	26,323,558
<u>18,365</u>	<u>360,348</u>	<u>37,330,979</u>
<u>\$ 4,343,466</u>	<u>\$ 429,518</u>	<u>\$ 56,508,743</u>

CITY OF FLOWOOD, MISSISSIPPI

**RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

Total fund balances - governmental funds		\$ 37,330,979
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in the operation of governmental funds are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$228,365,745	
Less accumulated depreciation	(95,164,294)	133,201,451
Fines revenue that was earned in the current period but not received within 60 days is not recognized in the fund statement but recognized under full accrual.		
		972,444
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds and recognized as revenue in the Statement of Activities.		
		3,125,912
An internal service fund is used by management to charge the cost of health and dental insurance to individual funds. The assets and liabilities of the internal service revenue fund are included in governmental activities in the Statement of Net Position.		
		619,519
Some liabilities, including net pension obligations, are not due and payable in the current period and therefore, are not reported in the funds:		
Net pension liability		(33,280,982)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds:		
Deferred outflows of resources related to pension	6,755,396	
Deferred inflows of resources related to pension	(398,632)	6,356,764
Long-term liabilities of governmental funds, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds. These long-term liabilities consist of:		
Bond obligations	(39,615,789)	
Loan and lease obligations	(706,434)	
Unamortized deferred charges on refunding bonds	679,452	
Accrued interest payable	(400,249)	
Compensated absences	(560,928)	(40,603,948)
Net position of governmental activities		<u>\$ 107,722,139</u>

The accompanying notes are an integral part of this statement.

CITY OF FLOWOOD, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	<u>General Fund</u>	<u>Recreation and Tourism Special Tax</u>	<u>City-Wide Debt Service</u>
REVENUES:			
Taxes:			
Ad valorem	\$ 7,423,857	\$ -	\$ 20,318
Special assessments	175,581	-	82,702
Franchise fees	765,081	-	-
Licenses and permits	524,884	-	-
Intergovernmental	19,411,921	5,451,817	868,337
Charges for services	253,893	-	-
Fines and forfeitures	791,384	-	-
Lease revenue	297,301	-	-
Interest and investment earnings	172,218	17,169	3,095
Miscellaneous	7,184	52,500	-
Total revenues	<u>29,823,304</u>	<u>5,521,486</u>	<u>974,452</u>
EXPENDITURES:			
Current:			
General government	1,621,429	133,226	-
Legal	326,488	-	-
Public safety	10,913,991	-	-
Court	650,886	-	-
Public property maintenance	884,113	-	-
Sanitation	574,690	-	-
Health	35,332	-	-
Street and maintenance	4,027,667	-	-
Recreation and tourism	1,214,727	218,677	-
Shop and maintenance	651,370	-	-
Landscape	793,288	-	-
Engineering	90,499	-	-
Debt service:			
Principal	163,698	-	4,522,097
Interest and other fiscal charges	26,626	-	1,078,638
Capital outlay:			
Capital projects	-	-	-
General government	-	-	-

The accompanying notes are an integral part of this statement.

City-Wide Capital Projects	Other Nonmajor Funds	Total Governmental Funds
\$ -	\$ -	\$ 7,444,175
-	-	258,283
-	-	765,081
-	-	524,884
4,365,672	117,396	30,215,143
-	-	253,893
-	322,082	1,113,466
-	-	297,301
15,927	2,069	210,478
-	-	59,684
<u>4,381,599</u>	<u>441,547</u>	<u>41,142,388</u>

-	-	1,754,655
-	-	326,488
-	165,472	11,079,463
-	-	650,886
8	-	884,121
-	-	574,690
-	-	35,332
-	-	4,027,667
-	-	1,433,404
-	-	651,370
-	-	793,288
-	-	90,499
-	-	4,685,795
-	-	1,105,264
-	-	-
-	-	-

CITY OF FLOWOOD, MISSISSIPPI

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - CONTINUED:
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	<u>General Fund</u>	<u>Recreation and Tourism Special Tax</u>	<u>City-Wide Debt Service</u>
EXPENDITURES - CONTINUED:			
Public safety	\$ 404,926	\$ -	\$ -
Court	5,180	-	-
Recreation and tourism	-	332,555	-
Street and maintenance	117,609	-	-
Public property maintenance	89,154	-	-
Shop and maintenance	49,135	-	-
Landscape	105,810	-	-
Total expenditures	<u>22,746,618</u>	<u>684,458</u>	<u>5,600,735</u>
Excess (deficiency) of revenues over expenditures	<u>7,076,686</u>	<u>4,837,028</u>	<u>(4,626,283)</u>
Other financing sources (uses):			
Transfers in	-	-	4,650,098
Transfers out	(2,959,376)	(2,474,793)	-
Sale of capital assets	67,100	-	-
Total other financing sources (uses)	<u>(2,892,276)</u>	<u>(2,474,793)</u>	<u>4,650,098</u>
Excess (deficiency) of revenues and and other uses	4,184,410	2,362,235	23,815
Fund balances at beginning of year	<u>23,828,407</u>	<u>5,462,955</u>	<u>1,090,444</u>
Fund balances at end of year	<u>\$ 28,012,817</u>	<u>\$ 7,825,190</u>	<u>\$ 1,114,259</u>

The accompanying notes are an integral part of this statement.

City-Wide Capital Projects	Other Nonmajor Funds	Total Governmental Funds
\$ -	\$ 362,824	\$ 767,750
-	-	5,180
-	-	332,555
4,953,652	-	5,071,261
-	-	89,154
-	-	49,135
-	-	105,810
<u>4,953,660</u>	<u>528,296</u>	<u>34,513,767</u>
 (572,061)	 (86,749)	 6,628,621
 434,071	 -	 5,084,169
-	-	(5,434,169)
-	-	67,100
<u>434,071</u>	<u>-</u>	<u>(282,900)</u>
 (137,990)	 (86,749)	 6,345,721
<u>156,355</u>	<u>447,097</u>	<u>30,985,258</u>
<u>\$ 18,365</u>	<u>\$ 360,348</u>	<u>\$ 37,330,979</u>

CITY OF FLOWOOD, MISSISSIPPI

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

Net change in fund balances - total governmental funds	\$ 6,345,721
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Amounts reported for governmental activities in the Statement of
Activities are different because:

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

Expenditures for capital assets	\$ 6,420,845	
Less current year depreciation expense	<u>(3,857,741)</u>	2,563,104

The net effect of other miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	(19,255)
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Revenues in the funds that provide current financial resources but have been included in the Statement of Activities in prior fiscal years.	(794,445)
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The amortization of bond premiums and discounts is reported on the fund financial statements when debt is issued but amortized in the Statement of Activities.	69,680
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Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long- term liabilities in the Statement of Net Position.	4,685,795
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The Statement of Activities reports pension expense and other activity related to the net pension liability:	
Contributions made after the measurement date	477,182
Pension expense	(3,495,424) (3,018,242)

An internal service fund is used by management to charge the cost of health and dental insurance to individual funds. The net revenue (expense) is reported with governmental activities.	77,432
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CITY OF FLOWOOD, MISSISSIPPI

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - CONTINUED:
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

Certain expenses reported in the Statement of Activities
do not require the use of current financial resources and
therefore, are not reported as expenditures in the
governmental funds:

Change in accrued interest payable	\$ 43,695	
Amortization of deferred charges on refunding bonds	(190,045)	
Change in compensated absences	(29,716)	<u>(176,066)</u>

Change in net position of governmental activities		<u>\$ 9,733,724</u>
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The accompanying notes are an integral part of this statement.

CITY OF FLOWOOD, MISSISSIPPI

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023**

	Business-Type Activities Enterprise Funds			
	Water and Sewer Enterprise Fund	Golf Course Enterprise Fund	Totals	Internal Service Fund
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 8,842,275	\$ 355,258	\$ 9,197,533	\$ 805,045
Investments	5,116,357	-	5,116,357	-
Receivables (net of allowance for uncollectibles, where applicable):				
Accounts	1,183,754	9,672	1,193,426	100,529
Grants	-	-	-	-
Inventories	-	43,402	43,402	-
Prepaid expenses	94,244	-	94,244	-
Due from other funds	10,820	-	10,820	8,790
Total current assets	<u>15,247,450</u>	<u>408,332</u>	<u>15,655,782</u>	<u>914,364</u>
Restricted assets:				
Principal reserve escrow account	187,595	-	187,595	-
Total restricted assets	<u>187,595</u>	<u>-</u>	<u>187,595</u>	<u>-</u>
Property, plant and equipment:				
Land	772,808	-	772,808	-
Machinery and equipment	1,379,171	-	1,379,171	-
Water distribution system	70,800,648	-	70,800,648	-
Golf course facilities	-	7,712,655	7,712,655	-
	72,952,627	7,712,655	80,665,282	-
Less: accumulated depreciation	<u>(35,298,001)</u>	<u>(3,886,556)</u>	<u>(39,184,557)</u>	<u>-</u>
	37,654,626	3,826,099	41,480,725	-
Construction in progress	3,702,170	-	3,702,170	-
Net property, plant and equipment	<u>41,356,796</u>	<u>3,826,099</u>	<u>45,182,895</u>	<u>-</u>
Total assets	<u>56,791,841</u>	<u>4,234,431</u>	<u>61,026,272</u>	<u>914,364</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred charge on refunding	118,276	-	118,276	-
Deferred outflows related to pension	948,399	-	948,399	-
Total deferred outflows of resources	<u>1,066,675</u>	<u>-</u>	<u>1,066,675</u>	<u>-</u>

The accompanying notes are an integral part of this statement.

	Business-Type Activities Enterprise Funds			
	Water and Sewer Enterprise Fund	Golf Course Enterprise Fund	Totals	Internal Service Fund
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 2,000,563	\$ 9,422	\$ 2,009,985	\$ 222,933
Accrued interest payable	49,094	-	49,094	-
Accrued liabilities	3,929	-	3,929	-
Due to other funds	24,572	-	24,572	-
Compensated absences - current	16,273	-	16,273	-
Notes payable - current	192,735	-	192,735	-
Bonds payable - current	600,120	-	600,120	-
Total current liabilities	<u>2,887,286</u>	<u>9,422</u>	<u>2,896,708</u>	<u>222,933</u>
Current liabilities payable from restricted assets:				
Customer deposits	<u>633,105</u>	<u>-</u>	<u>633,105</u>	<u>-</u>
Long-term liabilities:				
Compensated absences - net of current portion	55,103	-	55,103	-
Notes payable - net of current portion	1,572,578	-	1,572,578	-
Bonds payable - net of current portion	3,782,386	-	3,782,386	-
Net pension liability	<u>4,672,361</u>	<u>-</u>	<u>4,672,361</u>	<u>-</u>
Total long-term liabilities	<u>10,082,428</u>	<u>-</u>	<u>10,082,428</u>	<u>-</u>
Total liabilities	<u>13,602,819</u>	<u>9,422</u>	<u>13,612,241</u>	<u>222,933</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows related to pension	<u>55,965</u>	<u>-</u>	<u>55,965</u>	<u>-</u>
Total deferred inflows of resources	<u>55,965</u>	<u>-</u>	<u>55,965</u>	<u>-</u>
<u>NET POSITION</u>				
Net investment in capital assets	35,208,977	3,826,099	39,035,076	-
Restricted for debt service	187,595	-	187,595	-
Unrestricted	<u>8,803,160</u>	<u>398,910</u>	<u>9,202,070</u>	<u>691,431</u>
Total net position	<u>\$ 44,199,732</u>	<u>\$ 4,225,009</u>	<u>48,424,741</u>	<u>\$ 691,431</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>71,919</u>	
Net assets of business-type activities			<u>\$48,496,660</u>	

CITY OF FLOWOOD, MISSISSIPPI

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023**

	Business-Type Activities Enterprise Funds			
	Water and Sewer Enterprise Fund	Golf Course Enterprise Fund	Totals	Internal Service Fund
OPERATING REVENUES:				
Water sales	\$ 2,993,772	\$ -	\$ 2,993,772	\$ -
Sewer charges	8,704,198	-	8,704,198	-
Tap fees and connection fees	286,996	-	286,996	-
Late fees	87,475	-	87,475	-
Health and dental contributions	-	-	-	2,995,256
Golf course revenue	-	1,738,027	1,738,027	-
Total operating revenues	<u>12,072,441</u>	<u>1,738,027</u>	<u>13,810,468</u>	<u>2,995,256</u>
OPERATING EXPENSES:				
Personal services	2,094,117	-	2,094,117	-
Supplies	740,708	-	740,708	-
Other service charges	5,927,151	-	5,927,151	-
Depreciation	1,974,596	132,910	2,107,506	-
Claims expense	-	-	-	2,908,443
Golf course expenses	-	1,930,860	1,930,860	-
Total operating expenses	<u>10,736,572</u>	<u>2,063,770</u>	<u>12,800,342</u>	<u>2,908,443</u>
OPERATING INCOME (LOSS)	<u>1,335,869</u>	<u>(325,743)</u>	<u>1,010,126</u>	<u>86,813</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest income	169,615	512	170,127	2,561
Unrealized gain (loss)	60,835	-	60,835	-
Bond interest and fiscal charges	(182,050)	-	(182,050)	-
Total non-operating revenues (expenses)	<u>48,400</u>	<u>512</u>	<u>48,912</u>	<u>2,561</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>1,384,269</u>	<u>(325,231)</u>	<u>1,059,038</u>	<u>89,374</u>
Capital contributions	109,845	-	109,845	-
Transfers in (out)	-	350,000	350,000	-
CHANGE IN NET POSITION	<u>1,494,114</u>	<u>24,769</u>	<u>1,518,883</u>	<u>89,374</u>
NET POSITION AT BEGINNING OF YEAR	<u>42,705,618</u>	<u>4,200,240</u>	<u>46,905,858</u>	<u>602,057</u>
NET POSITION AT END OF YEAR	<u>\$44,199,732</u>	<u>\$4,225,009</u>	<u>\$48,424,741</u>	<u>\$ 691,431</u>
Net change in net position - total proprietary funds			\$ 1,518,883	
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds			<u>11,942</u>	
Net change in net position of business-type activities			<u>\$ 1,530,825</u>	

The accompanying notes are an integral part of this statement.

CITY OF FLOWOOD, MISSISSIPPI

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
SEPTEMBER 30, 2023**

	Business-Type Activities			
	Enterprise Funds			
	Water and Sewer Enterprise Fund	Golf Course Enterprise Fund	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 11,762,496	\$ 1,811,514	\$ 13,574,010	\$ -
Health and dental contributions received	-	-	-	3,050,435
Cash paid to suppliers and employees	(8,011,453)	(1,927,440)	(9,938,893)	(2,861,642)
Net cash provided by (used in) operating activities	3,751,043	(115,926)	3,635,117	188,793
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfers in (out)	-	350,000	350,000	-
Net cash provided by (used in) non-capital financing activities	-	350,000	350,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on bonds and notes	(1,336,239)	-	(1,336,239)	-
Increase (decrease) in amount due to other funds				
Interest paid on bonds and notes	(181,000)	-	(181,000)	-
Capital grant revenue	151,257	-	151,257	-
Proceeds from sale of capital assets	-	-	-	-
Acquisition of capital assets	(2,876,860)	(92,077)	(2,968,937)	-
Net cash used in capital and related financing activities	(4,242,842)	(92,077)	(4,334,919)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments	(3,766,334)	-	(3,766,334)	-
Sales/maturities of investments	3,626,818	-	3,626,818	-
Earnings on invested proceeds	169,615	512	170,127	2,561
Net cash provided by (used in) investing activities	30,099	512	30,611	2,561
Net increase (decrease) in cash and cash equivalents	(461,700)	142,509	(319,191)	191,354
Cash and cash equivalents at beginning of year (including \$184,974 in restricted accounts)	9,491,570	212,749	9,704,319	613,691
Cash and cash equivalents at end of year (including \$187,595 in restricted accounts)	\$ 9,029,870	\$ 355,258	\$ 9,385,128	\$ 805,045

CITY OF FLOWOOD, MISSISSIPPI

**STATEMENT OF CASH FLOWS - CONTINUED:
PROPRIETARY FUNDS
SEPTEMBER 30, 2023**

	Business-Type Activities			
	Enterprise Funds			
	Water and Sewer Enterprise Fund	Golf Course Enterprise Fund	Totals	Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 1,335,869	\$ (325,743)	\$ 1,010,126	\$ 86,813
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,974,596	132,910	2,107,506	-
(Increase) decrease in:				
Accounts receivable	(346,780)	73,487	(273,293)	55,179
Due from other funds	(598,290)	-	(598,290)	(9,164)
Inventories	-	(6,002)	(6,002)	-
Prepaid expenses	91,484	-	91,484	-
Deferred outflows related to pension	362,706	-	362,706	-
Increase (decrease) in:				
Accounts payable	1,226,855	9,422	1,236,277	55,965
Accrued compensated absences	922	-	922	-
Accrued liabilities	(2,699)	-	(2,699)	-
Customer deposits	36,835	-	36,835	-
Compensated absences - long-term	(10,272)	-	(10,272)	-
Net pension liability	464,582	-	464,582	-
Deferred inflows related to pension	(784,765)	-	(784,765)	-
Total adjustments	2,415,174	209,817	2,624,991	101,980
Net cash provided by (used in) operating activities	\$ 3,751,043	\$ (115,926)	\$ 3,635,117	\$ 188,793
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Amortization of deferred charges	\$ 26,936	\$ -	\$ 26,936	\$ -
Amortization of bond premium included in interest expense	\$ (11,390)	\$ -	\$ (11,390)	\$ -

CITY OF FLOWOOD, MISSISSIPPI
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2023

ASSETS

Cash and cash equivalents	\$ 1,008,960
Due from other governments	<u>68,291</u>
Total assets	<u>1,077,251</u>

LIABILITIES

Accounts payable	423,405
Unearned revenue	<u>316,019</u>
Total liabilities	<u>739,424</u>

NET POSITION

Restricted for other governments	<u>\$ 337,827</u>
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The accompanying notes are an integral part of this statement.

CITY OF FLOWOOD, MISSISSIPPI

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2023**

ADDITIONS:

Intergovernmental	\$ 3,268,411
Interest	<u>8,351</u>
Total additions	<u>3,276,762</u>

DEDUCTIONS:

Public works	12,931
Capital outlay	<u>4,187,221</u>
Total deductions	<u>4,200,152</u>

Net decrease in fiduciary net position (923,390)

Net position - beginning 1,261,217

Net position - ending \$ 337,827

The accompanying notes are an integral part of this statement.

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Flowood, Mississippi (the City) was incorporated in 1953 and operates under a Mayor - Board of Alderpersons form of government. The City is a primary government with two separate component units. The City is organized into the following divisions: general government, legal, public safety (police and fire), court, public property maintenance, sanitation, health, street maintenance, recreation and tourism, shop and maintenance, landscape, and engineering.

The financial statements of the City of Flowood have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

A. Individual Component Unit Disclosures

Blended Component Units

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component units' balances and transactions are blended with the balances and transactions of the primary government.

The Flowood Civic Improvement Corporation and the Flowood Golf Course Improvement Corporation are governed by a seven-member board consisting of the Mayor, Board of Alderpersons, and City Clerk of the City. Although the corporations are legally separate from the City, the corporations are reported as if they were part of the primary government because their sole purpose is to finance and construct public facilities for the City.

B. Government-Wide and Fund Financial Statements

Basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all of the nonfiduciary activities of the Primary Government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net position

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

B. Government-Wide and Fund Financial Statements - continued:

have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column.

Both of the 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 a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, legal, public safety (police and fire), court, public works, sanitation, health, street maintenance, recreation and tourism, shop and maintenance, landscape, and engineering. The business-type activities of the City include operation of the municipal golf course and water and sewer systems.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Indirect expenses are allocated based on the annual cost allocation plan. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City, in general, considers revenues available if they are collected

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

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

within 60 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when payment is due.

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the City except those required to be accounted for in other specialized funds.

The **Recreation and Tourism Special Tax Fund** is a special revenue fund. It accounts for the proceeds and expenditures of the 2% special tax levied on food and beverages.

The **City-Wide Debt Service Fund** is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

The **City-Wide Capital Projects Fund** is used to account for financial resources to be used for the acquisition of construction of major capital facilities (other than those financed by business-type funds).

The City reports the following major proprietary funds:

The **Water and Sewer Enterprise Fund** accounts for the activities of providing water and sewer services to the citizens of the City.

The **Golf Course Fund** accounts for the activities of the eighteen-hole golf course located in the City.

Additionally, the City reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

CITY OF FLOWOOD, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

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

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, generally on a cost reimbursement basis.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds of the City are charges to customers for sales and services. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Cash Equivalents

Cash and cash equivalents include demand deposit accounts, petty cash, and certificates of deposit with a maturity date within 90 days of the date acquired by the City. Collateral as further discussed in Note 3, is pledged by the various financial institutions to secure City funds.

E. Investments

The City is allowed by state statute to invest excess funds in any bonds or other direct obligations of the United States of America, the State of Mississippi, any county or municipality of the state, or in interest-bearing time deposits with any financial institution approved for the deposit of state funds. Investments are reported at fair value. Investment earnings are reported in the fund reporting the investment and consist of interest and dividends received and the change in fair value of the investments.

F. Receivables

Receivables, net of estimated uncollectible amounts, are reported in the governmental and proprietary financial statements for goods and services, taxes, loans, grants, and interest. The estimated uncollectible amounts by fund are reported in Note 4.

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide statements and fund financial statements.

H. Deferred Outflows/Inflows of Resources

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

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

I. Budgets and Budgetary Accounting

The Mayor and Board of Alderpersons annually approve the budget ordinance for the funds of the City of Flowood.

The governmental fund types are budgeted in accordance with the laws of the State of Mississippi which require that municipalities budget on a modified-cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. Capital project funds, however, are budgeted per project and do not lapse at year end. The required budgetary basis is, therefore, not considered to be in accordance with generally accepted accounting principles. Governmental accounting requires that the "Budget to Actual" statement be prepared according to budgetary laws and the "Combined Statement of Revenues, Expenditures, and Fund Balance" be prepared according to the modified accrual basis (GAAP).

Budgets of proprietary funds are adopted on a basis consistent with generally accepted accounting principles. Budgetary control is maintained at a department level. Budgets are amended by resolution of the Board of Alderpersons to authorize expenditures of various grants received and to adjust department budgets as required. The reported budgetary data has been revised for amendments authorized by the governing board.

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

J. Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, machinery and equipment, motor vehicles, water system, sewer system, and infrastructure assets (street systems, storm drains, traffic signals, etc.), are reported in both the governmental activities, business-type activities columns of the government-wide financial statements, and the proprietary fund statements. Capital asset thresholds are as follows:

<u>Asset</u>	<u>Threshold</u>
Land	\$ N/A
Infrastructure	N/A
Furniture, vehicles and equipment	5,000
Improvements other than buildings	25,000
Buildings	50,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide financial statements on a straight-line basis over the useful life of the assets. The useful lives and salvage values are as follows:

<u>Assets</u>	<u>Useful Life</u>	<u>Salvage Value</u>
Computers	3	1%
Vehicles and equipment	5	10%
Heavy equipment	10	10%
Furniture and fixtures	7	10%
Improvements other than buildings	25	20%
Buildings	40	20%
Infrastructure:		
Roads	20	30%
Concrete bridges	50	0%
Timber bridges	30	0%

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

K. Unearned Revenue and Deferred Inflows of Resources

Unearned revenue is a liability that arises when resources are obtained before revenue recognition criteria, other than time recognition criteria, have been satisfied. Resources that are obtained before time recognition criteria have been satisfied are classified as deferred inflows of resources.

L. Compensated Absences

City employees are granted vacation and sick leave in varying amounts in accordance with administrative policy. The accrual rate is based on the years of service. Employees are allowed to carryover the equivalent of one year's accrual plus three days. Any amount of vacation in excess of the carryover amount is forfeited if not used by December 31. For the proprietary funds and the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP for the governmental funds in the fund financial statements, all of the compensated absences are considered long-term and, therefore, are not a fund liability. An accrual of \$611,928 has been made in the Statement of Net Position for vacation time at September 30, 2023. No liability is recorded for nonvesting accumulating rights to receive sick pay.

M. Encumbrances

An encumbrance system is maintained to account for commitments resulting from approved purchase orders, work orders, and contracts. All encumbrances lapse at year end; accordingly, no encumbrances were outstanding at September 30, 2023.

N. Net Position and Fund Balances

Net position in government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as follows:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and is reduced by any debt outstanding against 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 is included in this component of net position.

Restricted net position - This component of net position consists of restricted assets plus deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets.

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

N. Net Position and Fund Balances - continued:

Unrestricted net position - 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 the net investment in capital assets or restricted net position.

In the fund financial statements, fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balances are composed of two major types which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

In addition to the nonspendable fund balance, spendable fund balance is composed of four classifications designed to disclose the hierarchy of spending constraints.

- **Restricted:** Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** Fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority.
- **Assigned:** Fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- **Unassigned:** Fund balance of the general fund that is not constrained for any particular purpose.

When expenditures are incurred for purposes for which amounts in any of the spendable fund balance classifications can be used, it is the City's policy to use restricted resources first, followed by committed amounts, assigned amounts and then unassigned amounts.

O. Restricted Assets

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted on the Statement of Net Position because they are maintained in separate bank accounts, and their use is limited by applicable debt covenants. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as they are needed.

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

P. Capitalization of Interest

The City capitalizes interest costs for business-type activities only, net of related interest earned, from the date of the borrowing until the projects acquired with those funds are ready for their intended use.

Q. Pensions

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

R. Long-Term Liabilities

In the government-wide financial statements and 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 fund type Statement of Net Position. Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. The unamortized portion of the deferred amount on refunding is recorded as either a deferred outflow of resources or deferred inflow of resources. Bonds payable are reported net of the unamortized portion of applicable premium or discount. Bond issuance costs are expensed during the current period. Amortization of bond premiums, discounts, and deferred amounts on refunding are included in interest expense.

S. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Accordingly, actual results could differ from those estimates.

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2 - PROPERTY TAX

Property taxes for fiscal year 2023 were levied in August 2022 on the assessed valuation of property located in the City of Flowood, Mississippi as of the preceding January 1, the lien date. Revenues from property taxes are recognized in the fiscal year for which property taxes are levied. The financial statements reflect the accrual of the estimated fiscal year 2024 property taxes levied in August 2023. The City has recorded deferred inflows for the estimated fiscal year 2024 real and personal property taxes as of September 30, 2023.

The City levies property taxes annually based upon assessed valuations. The City bills and collects its own public utility taxes. Real, personal property, automobile ad valorem taxes, and certain road taxes are collected by the tax collector of Rankin County and are disbursed to the City accordingly. Current collections of real, public utility, and personal property taxes for the year ended September 30, 2023, were approximately 99% of the total tax levy.

The tax rate levied by the City for 2023 was set at 20.0 mills. The City allocated the property tax per \$100 of assessed value for the year as follows:

General Fund	\$ 1.170
General Fund - Debt Service	0.685
General Fund - Sanitation	<u>0.145</u>
	<u>\$2.000</u>

NOTE 3 - CASH AND INVESTMENTS

Cash and investments are comprised of the following at September 30, 2023:

	Cash and Cash <u>Equivalents</u>	<u>Investments</u>	Restricted Cash and Cash <u>Equivalents</u>	<u>Total</u>
Governmental activities:				
General fund	\$ 23,088,512	\$ 3,050,173	\$ -	\$ 26,138,685
Recreation and tourism special tax fund	6,919,154	-	-	6,919,154
City-wide debt service	397,356	-	1,561,824	1,959,180
City-wide capital projects	3,895,496	-	-	3,895,496
Nonmajor governmental funds	355,907	-	-	355,907
Internal service fund	805,045	-	-	805,045
Total governmental activities	<u>35,461,470</u>	<u>3,050,173</u>	<u>1,561,824</u>	<u>40,073,467</u>

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3 - CASH AND INVESTMENTS - CONTINUED:

	Cash and Cash <u>Equivalents</u>	Investments	Restricted Cash and Cash <u>Equivalents</u>	<u>Total</u>
Business-type activities:				
Water and sewer fund	\$ 8,842,275	\$ 5,116,357	\$ 187,595	\$ 14,146,227
Golf course fund	<u>355,258</u>	<u>-</u>	<u>-</u>	<u>355,258</u>
Total business-type activities	<u>9,197,533</u>	<u>5,116,357</u>	<u>187,595</u>	<u>14,501,485</u>
Government-wide total	44,659,003	8,166,530	1,749,419	54,574,952
Fiduciary activities - custodial funds	<u>1,008,960</u>	<u>-</u>	<u>-</u>	<u>1,008,960</u>
Total cash and investments	<u>\$ 45,667,963</u>	<u>\$ 8,166,530</u>	<u>\$ 1,749,419</u>	<u>\$ 55,583,912</u>

Deposits

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 City'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. Deposits at September 30, 2023, are summarized as follows:

	Reported <u>Amount</u>	Bank <u>Balance</u>
Cash	\$ 47,417,382	\$ 47,720,831
Total deposits	<u>\$ 47,417,382</u>	<u>\$ 47,720,831</u>

The difference of \$303,449 was principally due to outstanding checks. Of the bank balance, \$313,182 was covered by Federal Depository Insurance.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2023, \$47,407,649 of the City's bank balance of \$47,720,831 was exposed to custodial credit risk as follows:

Collateralized by the State Public Funds	
Guaranty Pool	<u>\$ 47,407,649</u>
Total	<u>\$ 47,407,649</u>

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3 - CASH AND INVESTMENTS - CONTINUED:

Investments

The City is allowed, by statute, to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved; or in interest-bearing time deposits with any financial institution approved for the deposit of state funds. Investments are reported at fair value.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's investment policy is limited to complying with the State's investment statutes. State law has not addressed interest rate risk. The City uses the specific identification method to disclose interest rate risk. Under this method, the notes provide an actual list of the maturities for different individual investments.

Concentration of Credit Risk. Disclosures of investments held by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of September 30, 2023, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Ratings</u>	<u>Percentage of Investments</u>	<u>Interest Rates</u>
U.S. Treasury Notes and Bills	\$ 7,535,727	AAA	92.28%	0.125-3.5%
Governmental National Mortgage Association (GNMA)	439,913	AA+	5.39%	3.50%
State of Mississippi bonds	190,890	AA	2.33%	2.83%
Total investments	<u>\$ 8,166,530</u>		<u>100.00%</u>	

Investment Maturities in Years:

<u>Investment Type</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
U.S. Treasury Bills	\$ 7,008,464	527,263	-	-
Governmental National Mortgage Association (GNMA)	-	-	-	439,913
State of Mississippi bonds	-	190,890	-	-
Total investments	<u>\$ 7,008,464</u>	<u>718,153</u>	<u>-</u>	<u>439,913</u>

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 3 - CASH AND INVESTMENTS - CONTINUED:

Investments - continued:

Credit Risk. The City is allowed, by State Statute, to invest excess funds in any bonds or other direct obligations of the United States of America, of the State of Mississippi, or of any county or municipality of Mississippi, when such county or municipal bonds have been properly approved; or in obligations issued or guaranteed in full as to principal and interest by the United States of America which are subject to a repurchase agreement with a qualified depository; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of state funds.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of failure of the counter party to a transaction, the City will not be able to recover the value of its investments that are held by an outside party. The City does not have a formal investment policy that addresses custodial credit risk. As of September 30, 2023, all investments were held by a third-party custodian counterparty and all investments which were held by the counterparty's trust department or agent are registered in the City's name.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lower priority to unobservable inputs (Level 3 measurements). At September 30, 2023, the City had an unrealized loss of \$121,246, which reflects changes in the fair market value of investments. The City's level 2 investments are valued using pricing models maximizing the use of observable inputs for similar securities.

The City has the following recurring fair value measurements as of September 30, 2023:

- US Treasury Bills and Agency Securities of \$7,535,727 are valued using quoted market prices (Level 1 inputs).
- Mortgage-Backed Securities of \$439,913 and State of Mississippi bonds of \$190,890 are valued based on price data obtained from observed transactions and market price quotations from brokers/dealers and/or pricing (Level 2 inputs).

CITY OF FLOWOOD, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 4 - RECEIVABLES

Receivables at September 30, 2023, were as follows:

	<u>Accounts</u>	<u>Grants</u>	<u>Taxes</u>	<u>Special Assessments</u>	<u>Due from Other Governments</u>	<u>Total Receivables</u>
Governmental activities:						
General fund	\$2,971,991	\$ 17,401	\$ 9,534,358	\$ 1,371,786	\$ -	\$13,895,536
Recreation and tourism special tax fund	-	-	918,066	-	-	918,066
City-wide debt service fund	-	-	18,406	465,938	1,292,879	1,777,223
Internal service fund	100,529	-	-	-	-	100,529
Other non-major funds	-	26,943	-	-	-	26,943
Gross receivables	3,072,520	44,344	10,470,830	1,837,724	1,292,879	16,718,297
Less: Allowance for uncollectible accounts	(1,398,783)	-	-	-	-	(1,398,783)
Total governmental activities	<u>1,673,737</u>	<u>44,344</u>	<u>10,470,830</u>	<u>1,837,724</u>	<u>1,292,879</u>	<u>15,319,514</u>
Business-type activities:						
Water and sewer fund	1,502,536	-	-	-	-	1,502,536
Golf course fund	9,672	-	-	-	-	9,672
Gross receivables	1,512,208	-	-	-	-	1,512,208
Less: Allowance for uncollectible accounts	(318,782)	-	-	-	-	(318,782)
Total business-type activities	<u>1,193,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,193,426</u>
Government-wide total	<u>\$ 2,867,163</u>	<u>\$ 44,344</u>	<u>\$ 10,470,830</u>	<u>\$ 1,837,724</u>	<u>\$ 1,292,879</u>	<u>\$16,512,940</u>

NOTE 5 - LONG-TERM RECEIVABLES

Special assessments receivable in the amount of \$1,837,724 at September 30, 2023, are reported at the net present value of amounts due from property owners to fund the debt service on special assessment bonds issued to fund improvements on the North Flowood Drive extension and Wirtz Road extension projects.

Amounts due from other governments at September 30, 2023, in the amount of \$1,292,879 represents the net present value of amounts due from Rankin County, Mississippi in accordance with five interlocal pledge agreements designed to provide funds for the payment of the tax increment financing bonds in the City. The amounts to be paid are based on the added incremental increase in ad valorem taxes to be collected by the County as a result of the projects completed by the City in prior years. The amounts due from the County are irrevocable until all outstanding liabilities of the projects are paid in full.

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 5 - LONG-TERM RECEIVABLES - CONTINUED:

Long-term receivables are expected to be collected as follows:

Fiscal Year Ending <u>September 30,</u>	Special Assessments <u>Receivable</u>	Due from Other <u>Governments</u>
2024	\$ 255,811	\$ 478,264
2025	255,811	472,608
2026	255,888	189,948
2027	255,965	91,452
2028	256,081	92,232
2029-2031	<u>782,898</u>	<u>-</u>
Total payments due under agreements	2,062,454	1,324,504
Less discount to present value	<u>(224,730)</u>	<u>(31,625)</u>
Total long-term receivables	<u>\$ 1,837,724</u>	<u>\$ 1,292,879</u>

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

	Balance at October 1, 2022	Increases	Decreases	Completed Construction Transfers	Balance at September 30, 2023
Governmental activities:					
Nondepreciable assets:					
Land	\$ 37,868,559	\$ -	\$ -	\$ -	\$ 37,868,559
Construction in progress	<u>1,860,766</u>	<u>5,174,118</u>	<u>-</u>	<u>(1,788,824)</u>	<u>5,246,060</u>
Total	<u>39,729,325</u>	<u>5,174,118</u>	<u>-</u>	<u>(1,788,824)</u>	<u>43,114,619</u>
Depreciable assets:					
Buildings	32,082,702	-	-	680,882	32,763,584
Improvements other than buildings	29,346,458	27,995	-	1,107,942	30,482,395
Machinery and equipment	13,911,651	1,218,732	(193,616)	-	14,936,767
Infrastructure	<u>107,068,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,068,380</u>
Total	<u>182,409,191</u>	<u>1,246,727</u>	<u>(193,616)</u>	<u>1,788,824</u>	<u>185,251,126</u>
Total capital assets	<u>222,138,516</u>	<u>6,420,845</u>	<u>(193,616)</u>	<u>-</u>	<u>228,365,745</u>
Less accumulated depreciation for:					
Buildings	(4,841,916)	(596,814)	-	-	(5,438,730)
Improvements other than buildings	(9,803,656)	(1,051,716)	-	-	(10,855,372)
Machinery and equipment	(10,816,584)	(721,195)	174,361	-	(11,363,418)
Infrastructure	<u>(66,018,758)</u>	<u>(1,488,016)</u>	<u>-</u>	<u>-</u>	<u>(67,506,774)</u>
Total accumulated depreciation	<u>(91,480,914)</u>	<u>(3,857,741)</u>	<u>174,361</u>	<u>-</u>	<u>(95,164,294)</u>
Total governmental activities - capital assets, net	<u>\$ 130,657,602</u>	<u>\$ 2,563,104</u>	<u>\$ (19,255)</u>	<u>\$ -</u>	<u>\$ 133,201,451</u>

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 - CAPITAL ASSETS - CONTINUED:

Approximately \$29,523,000 of the land reported in the governmental activities above was purchased by the Airport Parkway Commission and deeded to the City as part of the Airport Parkway project. The City has also purchased approximately \$856,000 of land reported in the governmental activities above to be used for construction of the West Rankin Parkway. The land will ultimately be conveyed to the State of Mississippi upon completion of both projects.

Depreciation expense for governmental activities is charged to functions as follows:

General government	\$ 108,060
Public safety	677,657
Court	606
Public property maintenance	151,684
Street maintenance	1,806,983
Recreation and tourism	1,077,394
Shop and maintenance	13,268
Landscape	20,809
Engineering	1,280
Total depreciation expense - governmental activities	<u>\$3,857,741</u>

	October 1, 2022	Increases	Decreases	Construction Transfers	September 30, 2023
Business-type activities:					
Nondepreciable assets:					
Land	\$ 772,808	\$ -	\$ -	\$ -	\$ 772,808
Construction in progress	1,150,643	2,598,996	-	(47,469)	3,702,170
Total	<u>1,923,451</u>	<u>2,598,996</u>	<u>-</u>	<u>(47,469)</u>	<u>4,474,978</u>
Depreciable assets:					
Machinery and equipment	1,149,515	229,656	-	-	1,379,171
Water distribution systems	70,704,971	48,208	-	47,469	70,800,648
Golf course facilities	7,620,578	92,077	-	-	7,712,655
Total	<u>79,475,064</u>	<u>369,941</u>	<u>-</u>	<u>47,469</u>	<u>79,892,474</u>
Total capital assets	<u>81,398,515</u>	<u>2,968,937</u>	<u>-</u>	<u>-</u>	<u>84,367,452</u>
Less accumulated depreciation for:					
Machinery and equipment	(981,303)	(38,327)	-	-	(1,019,630)
Water distribution systems	(32,342,102)	(1,936,269)	-	-	(34,278,371)
Golf course facilities	(3,753,646)	(132,910)	-	-	(3,886,556)
Total accumulated depreciation	<u>(37,077,051)</u>	<u>(2,107,506)</u>	<u>-</u>	<u>-</u>	<u>(39,184,557)</u>
Total business-type activities - capital assets, net	<u>\$ 44,321,464</u>	<u>\$ 861,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,182,895</u>

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 6 - CAPITAL ASSETS - CONTINUED:

Depreciation expense for business-type activities is charged to functions as follows:

Golf course	\$ 132,910
Water and sewer	<u>1,974,596</u>
Total depreciation expense - business-type activities	<u>\$2,107,506</u>

NOTE 7 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended September 30, 2023:

	Beginning Balance October 1, 2022	Additions/ Proceeds	Reductions/ Payments	Ending Balance September 30, 2023	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 43,608,063	\$ -	\$ (4,496,097)	\$ 39,111,966	\$ 4,584,270
General obligation premium	517,503	-	(69,680)	447,823	69,680
Limited obligation bonds	82,000	-	(26,000)	56,000	27,000
Financing lease obligations	870,131	-	(163,697)	706,434	168,706
Compensated absences	<u>531,202</u>	<u>29,716</u>	<u>-</u>	<u>560,918</u>	<u>75,266</u>
Government activities total	<u>45,608,899</u>	<u>29,716</u>	<u>(4,755,474)</u>	<u>40,883,141</u>	<u>4,924,922</u>
Business-type activities:					
General obligation bonds	4,873,937	-	(576,903)	4,297,034	588,730
General obligation premium	96,862	-	(11,390)	85,472	11,390
Revenue bonds	570,000	-	(570,000)	-	-
Notes	1,954,649	-	(189,336)	1,765,313	192,735
Compensated absences	<u>80,726</u>	<u>-</u>	<u>(9,350)</u>	<u>71,376</u>	<u>16,273</u>
Business-type activities total	<u>7,576,174</u>	<u>-</u>	<u>(1,356,979)</u>	<u>6,219,195</u>	<u>809,128</u>
Government-wide total	<u>\$ 53,185,073</u>	<u>\$ 29,716</u>	<u>\$ (6,112,453)</u>	<u>\$ 47,102,336</u>	<u>\$ 5,734,050</u>

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED:

Debt service requirements at September 30, 2023, were as follows:

Fiscal Year Ending September 30,	<u>Governmental Activities</u>							
	General		Limited		Leases Payable		Total	
	Obligation Bonds		Obligation Bonds					
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 4,584,270	\$ 969,599	\$ 27,000	\$ 2,240	\$ 168,706	\$ 21,617	\$ 4,779,976	\$ 993,456
2025	4,050,501	877,565	29,000	1,160	173,868	16,455	4,253,369	895,180
2026	4,020,301	791,925	-	-	179,189	11,134	4,199,490	803,059
2027	3,752,356	706,883	-	-	184,671	5,651	3,937,027	712,534
2028	3,659,268	706,883	-	-	-	-	3,659,268	706,883
2029-2033	12,215,270	2,324,379	-	-	-	-	12,215,270	2,324,379
2034-2038	6,830,000	917,771	-	-	-	-	6,830,000	917,771
	<u>\$ 39,111,966</u>	<u>\$ 7,295,005</u>	<u>\$ 56,000</u>	<u>\$ 3,400</u>	<u>\$ 706,434</u>	<u>\$ 54,857</u>	<u>\$ 39,874,400</u>	<u>\$ 7,353,262</u>

Fiscal Year Ending September 30,	<u>Business-Type Activities</u>					
	General		Notes Payable		Total	
	Obligation Bonds					
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 588,730	\$ 104,846	\$ 192,735	\$ 32,320	\$ 781,465	\$ 137,166
2025	520,498	90,513	187,782	27,155	708,280	117,668
2026	531,699	77,264	191,226	23,711	722,925	100,975
2027	547,644	63,314	194,734	20,203	742,378	83,517
2028	562,732	48,663	198,305	16,632	761,037	65,295
2029-2033	1,545,731	58,991	800,531	30,058	2,346,262	89,049
	<u>\$ 4,297,034</u>	<u>\$ 443,591</u>	<u>\$ 1,765,313</u>	<u>\$ 150,079</u>	<u>\$ 6,062,347</u>	<u>\$ 593,670</u>

Bonds and notes payable at September 30, 2023, are comprised of the following individual issues:

General Obligation Bonds:

\$1,540,000 Special Assessment Bonds Series 2009 due in annual installments of \$80,000 to \$115,000 on 11-1 of each year through 11-1-2029; and interest at 3.20% to 4.55%, payable on 5-1 and 11-1 of each year.

\$ 700,000

\$9,450,000 Refunding Series 2014 due in annual installments of \$565,000 to \$1,020,000, payable on 10-1 of each year through 10-1-28, net of unamortized premium of \$525,797 at September 30, 2020; and interest at 2.00% to 3.50%, payable on 4-1 and 10-1 of each year.

General Fund

\$ 3,364,449

Water & Sewer Enterprise Fund

695,551

4,060,000

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED:

General Obligation Bonds - continued:

\$5,200,000 Tax-Exempt Refunding Series 2015 due in annual installments of \$330,000 to \$560,000, payable on 11-1 of each year through 11-1-25; and interest at 1.7125%, payable on 5-1 and 11-1 of each year. \$ 1,240,000

\$20,000,000 Taxable General Obligation Urban Renewal Series 2017 due in annual installments of \$855,000 to \$1,470,000 (initial payment due 11-1-2020), payable on 11-1 of each year through 11-1-37; and interest at 2.073% to 3.772%, payable on 5-1 and 11-1 of each year. 17,380,000

\$10,765,000 Taxable General Obligation Bonds, Refunding Series 2019. The funds were used to refund a portion of the \$19,080,000 Mississippi Development Bank Special Obligation Bond. The bonds are due in annual installments of \$135,000 to \$1,260,000, payable on 11-1 of each year through 11-1-30, net of unamortized premium of \$205,414 at September 30, 2020; and interest at 1.870% to 2.650%, payable on 5-1 and 11-1 of each year.

General Fund	\$ 5,663,518	
Water & Sewer Enterprise Fund	<u>3,601,482</u>	9,265,000

\$1,969,000 General Obligation Refunding Bonds, Series 2021A. The funds were used to currently refund and redeem all of the outstanding maturities of the \$1,695,000 Tax Increment Financing Bonds, Series 2006 (Lakeland Commons Project) and all of the outstanding maturities of the \$2,700,000 Mississippi Development Bank Special Obligation Bonds, Series 2009. The bonds are due in annual installments of \$177,000 to \$303,000, payable on 5-1 of each year through 5-1-28; and interest at 0.80% payable on 5-1 and 11-1 of each year. 1,136,000

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED:

General Obligation Bonds - continued:

\$6,227,000 General Obligation Refunding Bonds, Series 2021B. The funds were used to currently refund and redeem all of the outstanding maturities of the \$6,413,000 General Obligation Refunding Bonds, Series 2017. The bonds are due in annual installments of \$667,000 to \$713,000, payable on 3-1 of each year through 3-1-30; and interest at 0.90% payable on 3-1 and 9-1 of each year.

\$ 4,886,000

\$5,430,000 Taxable General Obligation Refunding Bonds, Series 2021C. The funds were used to currently refund and redeem all of the outstanding maturities of the \$1,845,000 Taxable General Obligation Refunding Bonds, Series 2015 and advance refund and defease a portion of the outstanding maturities of the \$5,000,000 Taxable General Obligation Bonds, Series 2017. The bonds are due in annual installments of \$342,000 to \$573,000, payable on 11-1 of each year through 11-1-32; and interest at 1.230% payable on 5-1 and 11-1 of each year.

4,742,000

\$ 43,409,000

Limited Obligation Bonds:

\$25,000 to \$29,000, payable 5-1-2011 through 5-1-2025; and interest at 4.00%, payable on 5-1 and 11-1 of each year beginning with 5-1-11 and ending with 5-1-2025. The bonds are to be funded by ad valorem taxes collected annually on the incremental increase in the value of real and personal property located within the specified benefiting area. In accordance with an interlocal cooperation agreement between the City and Rankin County, Mississippi, the County has pledged its ad valorem tax collections on benefiting property up to 20.00 mills annually.

\$ 56,000

\$ 56,000

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED:

Notes:

\$1,000,000 note payable to the Mississippi Development Authority under the Authority's Capital Improvement Revolving Loan Program. The note is due in monthly installments starting June 2013 through May 2033, with interest at 2.00%. The note is to be paid by the City's Water and Sewer Enterprise Fund.

\$ 536,971

\$2,582,892 note payable to the State of Mississippi Commission on Environmental Quality acting through the Department of Environmental Quality under MDEQ's Water Pollution Control Revolving Loan Fund. The note is payable in monthly installments for 238 months starting on June 2012 with interest at 1.75%. This note is to be paid by the City's Water and Sewer Enterprise Fund.

1,228,342

\$ 1,765,313

Financing Lease Obligations

The City has entered into a lease agreement for financing the acquisition of a fire truck. The lease has been reported at the present value of the future minimum lease payments as of the inception dates. The fire truck purchased under capital leases had an original cost in the amount of \$870,131. No depreciation has been recorded as the fire truck had not been delivered as of year end. Obligations of the City's governmental activities under capital leases at September 30, 2023, are \$706,434. Future lease payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending September 30,			
2024	\$ 168,706	\$ 21,617	\$ 190,323
2025	173,868	16,455	190,323
2026	179,189	11,134	190,323
2027	<u>184,671</u>	<u>5,651</u>	<u>190,322</u>
Total lease payments	<u>\$ 706,434</u>	<u>\$ 54,857</u>	<u>\$ 761,291</u>

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED:

Advance Refunding

During fiscal year 2015, the City issued \$9,450,000 General Obligation Refunding Bonds, Series 2014. Of the proceeds, \$6,189,817 was deposited into an irrevocable trust to provide for future debt service payments on certain maturities of the \$9,125,000 Mississippi Development Bank Special Obligation Bonds, Series 2009 Refunding Project. As a result, the refunded portion of the Series 2009 bonds is considered defeased and the escrowed assets and liability for the bonds have been removed from the financial statements. The balance of the bonds considered defeased was \$5,365,000. The refunded bonds were fully paid off on December 31, 2018. The reacquisition price exceeded the net carrying amount of the old debt by \$824,826. This amount is amortized over the life of the refunded debt, which is the same as the original debt and is presented as a deferred outflow of resources. The unamortized balance at September 30, 2023, was \$128,296. This advance refunding was undertaken to reduce debt service payments over the years 2015 through 2028 by \$826,584 and resulted in an economic gain of \$722,125.

During fiscal year 2020, the City issued \$10,765,000 General Obligation Refunding Bonds, Series 2019. Of the proceeds, \$11,757,038 was deposited into an irrevocable trust to provide for future debt service payments on certain maturities of the \$19,080,000 Special Obligation Refunding Series 2011, callable as of November 1, 2021. As a result, the refunded portion of the Series 2011 bonds is considered defeased and the escrowed assets and liability for the bonds have been removed from the financial statements. The balance of the bonds considered defeased was \$11,145,000. The reacquisition price exceeded the net carrying amount of the old debt by \$612,038. This amount is amortized over the life of the refunded debt, which is the same as the original debt and is presented as a deferred outflow of resources. The unamortized balance at September 30, 2023, was \$364,573. This advance refunding was undertaken to reduce debt service payments over the years 2020 through 2030 which equates to a net present value savings of \$953,783.

During fiscal year 2021, the City issued \$6,227,000 General Obligation Refunding Bonds, Series 2021B. The funds were used to currently refund and redeem all of the outstanding maturities of the \$6,413,000 General Obligation Refunding Bonds, Series 2017, which had an unamortized deferred outflow of \$129,952 at September 30, 2023. This amount will be amortized over the life of the refunding debt.

During fiscal year 2021, the City issued \$5,430,000 Taxable General Obligation Refunding Bonds, Series 2021C. Of the proceeds, \$4,295,800 was deposited into an irrevocable trust to provide for future debt service payments on certain maturities of the \$5,000,000 Taxable General Obligation Bonds, Series 2017, callable as of November 1, 2022. As a result, the refunded portion of the Series 2017 bonds is considered defeased and the escrowed assets and liability for the bonds have been removed from the financial statements. The balance of the bonds considered defeased was \$4,040,000. The reacquisition price exceeded the net carrying amount of the old debt by \$255,800.

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED:

Advance Refunding - continued:

This amount is amortized over the life of the refunding det and is presented as a deferred outflow of resources. The unamortized balance at September 30, 2023, was \$174,907. This advance refunding was undertaken to reduce debt service payments over the years 2021 and 2032 which equates to a net present value savings of \$172,511.

NOTE 8 - INTERFUND ADVANCES AND TRANSFERS

The following tables summarize interfund advances from/to, and transfers in/out at September 30, 2023:

Advances

Advances to/from other funds at September 30, 2023, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Nonmajor Funds	\$ 26,943
	City-Wide Debt Service	895,889
	Water and Sewer Enterprise Fund	24,572
City-Wide Capital Projects	Recreational and Tourism	11,370
	General Fund	436,600
City-Wide Debt Service	General Fund	101,328
Water and Sewer Fund	General Fund	10,820
Internal Service Fund	General Fund	8,790
		<u>\$ 1,516,312</u>

The above interfund balances resulted from the time lag between the dates that reimbursable expenses occur and payments between the funds are made. The balances are expected to be paid within one year.

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 8 - INTERFUND ADVANCES AND TRANSFERS - CONTINUED:

Transfers

Transfers in/out from other funds at September 30, 2023, are as follows:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>
City-Wide Debt Service	General Fund	\$ 2,667,348
	Recreational and Tourism	1,982,750
City-Wide Capital Projects	General Fund	292,028
	Recreational and Tourism	142,043
Golf Course Enterprise Fund	Recreational and Tourism	<u>350,000</u>
		<u>\$ 5,434,169</u>

Transfers are used to: (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, and (2) move receipts identified for debt service from the funds collecting the receipts to the Debt Service Funds to make debt service payments when they become due.

NOTE 9 - CONTINGENT LIABILITIES

Grant Audits

The City receives Federal and state grants for specific purposes that are subject to review and audit by Federal and state agencies. Such audits could result in a request for reimbursements for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be significant.

Litigation

The City has pending legal claims incurred in the normal course of operations that in the opinion of City Officials can be disposed of without material adverse effect on the financial position or results of operations of the City.

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description. The City contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005, by calling (601) 359-3589 or 1-800-444-PERS, or by visiting online at www.pers.ms.gov.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi (the State), state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. 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

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLAN - CONTINUED:

General Information about the Pension Plan - continued:

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.

For the year ended September 30, 2023, the City's total payroll for all employees was \$11,609,609. Total covered payroll was \$11,533,640. Covered payroll refers to all compensation paid by the City to active employees covered by the Plan.

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 rate for the year ended September 30, 2023, was 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the fiscal years ended September 30, 2023, 2022, and 2021 were \$2,006,853, \$1,830,539, and \$1,759,058, respectively, which equaled the required contributions for each year.

At September 30, 2023, the City reported a liability of \$37,953,342 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the City's proportion was 0.1509 percent, which was a decrease of 0.0003 percentage points from its proportion measured as of June 30, 2022.

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

For the year ended September 30, 2023, the City recognized pension expense of \$5,064,395. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLAN - CONTINUED:

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 951,303	\$ -
Changes in assumptions	4,462,098	-
Net difference between projected and actual earnings on pension plan investments	1,444,222	-
Changes in proportion and differences between City contributions and proportionate share of contributions	301,998	454,597
City contributions subsequent to the measurement date	<u>544,174</u>	<u>-</u>
Total	<u>\$ 7,703,795</u>	<u>\$ 454,597</u>

The \$544,174 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending September 30,	
2024	\$ 2,550,695
2025	1,574,023
2026	2,639,445
2027	<u>(59,139)</u>
Total	<u>\$ 6,705,024</u>

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2022 and a measurement date of June 30, 2023, using standard rollforward techniques, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	2.65-17.90 percent, including inflation
Investment rate of return	7.00 percent, net of Plan investment expense, including inflation

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLAN - CONTINUED:

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

Mortality rates were based on 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 female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 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 are based on the experience investigation for the four-year period ending June 30, 2022.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00%	4.35 %
International Equity	22.00%	4.25 %
Global Equity	12.00%	4.55 %
Fixed Income	20.00%	(0.50)%
Real Estate	10.00%	3.50 %
Private Equity	8.00%	5.75 %
Cash	<u>1.00%</u>	(1.05)%
Total	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00 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

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 10 - DEFINED BENEFIT PENSION PLAN - CONTINUED:

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

were made at the current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table presents the City's proportionate share of the net pension liability of PERS, calculated using the discount rate of 7.00 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 one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	City's Proportionate Share of Net <u>Pension Liability</u>
1.00% decrease (6.00%)	\$ 48,941,797
Current discount rate (7.00%)	37,953,342
1.00% increase (8.00%)	28,936,094

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Public Employees' Retirement System of Mississippi's financial report.

NOTE 11 - 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 participates in State insurance funds for risks of loss for all liability and workers' compensation insurance. Settled claims resulting from these risks have not exceeded State insurance coverage in any of the past three fiscal years.

The City has joined with other municipalities to pool its risk as a member of the Mississippi Municipal Liability Plan and the Mississippi Municipal Workers' Compensation Pool, both of which are public

CITY OF FLOWOOD, MISSISSIPPI

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 11 - RISK MANAGEMENT - CONTINUED:

entity risk pools. The City pays annual premiums to the liability plan and quarterly premiums to the pool for its workers' compensation coverage. The agreements establishing the pools provide that the pools will be self-sustaining through member premiums.

NOTE 12 - HEALTH SELF-INSURANCE PLAN

The City has established a Risk Pool Agreement authorized by Section 25-15-101 of the Mississippi Code to be self-insured for its employee group health and dental plan. The City contributes \$767 per month per employee to the plan to cover each employee and each employee, at their option, authorizes payroll withholdings to pay contributions for dependent coverage. The City's monthly premiums to cover all employees have been expensed in the General Fund and the Water and Sewer Enterprise Fund in the same manner as the employees' salary.

The City has contracted with a third party administrator to act on behalf of the City in the administration of the plan. The administrator is to perform enrollment and underwriting functions and to audit, process and pay all medical expense claims of the plan. Provisions for administrative fees and stop loss premiums are included in the contractual provisions. The administrative contract can be terminated upon ninety days written notice.

An excess loss insurance policy issued by Companion Life is in effect to reimburse the City for claims for any covered person in excess of \$75,000 incurred and paid during the policy year. In addition, the policy will reimburse the City if total losses for the policy year exceed the annual aggregate attachment point (AAAP). The AAAP is an amount equal to the product of an aggregate monthly factor times the number of covered individuals.

For the fiscal year ended September 30, 2023, the City was reimbursed \$271,138 for losses in excess of \$75,000 per individual. The AAAP was not exceeded for the fiscal year. The liability reported at September 30, 2023, is based on the requirements that a liability for claims 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 the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on numerous complex factors, the process used in computing the claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Changes in this claims liability during fiscal years 2021 through 2023 were as follows:

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 12 - HEALTH SELF-INSURANCE PLAN - CONTINUED:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claims Payments	Balance at End of Fiscal Year
2020-2021	\$ 135,190	\$ 1,850,832	\$1,918,014	\$ 68,008
2021-2022	68,008	1,912,926	1,813,966	166,968
2022-2023	166,968	2,037,248	1,981,283	222,933

NOTE 13 - COMMITMENTS

At September 30, 2023, the City had entered into contracts to acquire and construct municipal facilities and infrastructure as follows:

Project	Contract Type	Total Contract Amount	Cost Incurred as of September 30, 2023	Commitment Outstanding as of September 30, 2023
FEMA Flood Map Review	Engineering	\$ 84,000	\$ 12,870	\$ 71,130
Highway 475/Flowood Drive Water line	Construction	1,496,216	1,292,763	203,453
Highway 475/Flowood Drive Water line	Engineering	94,900	94,575	325
Highway 471 Water and Sewer Improvements	Engineering	72,000	20,982	51,018
Highway 471 Water and Sewer Improvements	Construction	1,492,785	924,729	568,056
North Flowood Drive Well Improvements	Engineering	154,000	73,738	80,262
N. Flowood Dr. and GrantsFerry Well Improvements	Construction	1,550,300	353,023	1,197,277
Water Meter Changeout	Construction	104,100	27,770	76,330
Water and wastewater master planning	Engineering	225,300	-	225,300
Total				<u>\$ 2,473,151</u>

NOTE 14 - TAX ABATEMENTS

The City has granted seven local businesses ad valorem tax exemption as allowed under Section 27-31-105, Mississippi Code of 1972, as amended. Under applicable Sections of Mississippi Code of 1972, as amended, municipal authorities are authorized and empowered, in their discretion, to grant exemptions from ad valorem taxation to new enterprises or additions to, or expansions of facilities or properties, or replacement of equipment used in connection with certain enterprises as defined in Section 27-31-101 and Section 21-31-105, Mississippi Code of 1972, as amended.

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 14 - TAX ABATEMENTS - CONTINUED:

For the fiscal year ended September 30, 2023, the City abated ad valorem taxes for local businesses in the amount of \$301,021 as allowed by Section 27-31-101 and Section 27-31-105, Mississippi Code of 1972, as amended. The exemptions expire in fiscal years 2023 through 2028.

NOTE 15 - LESSOR FINANCING LEASE

In September 2018, the City entered into an amended lease agreement with a commercial entity to lease property owned by the City. The amended lease commenced on October 27, 2018, and extended the original agreement for five additional consecutive five-year periods which are deemed automatically exercised without notice by the lessee. The City received a payment in the amount of \$1,100,000 upon commencement of the amended lease. The amended lease agreement also provides for monthly payments beginning at \$2,000 and increasing 3% per year. At September 30, 2023, the monthly payment amount was \$2,185.

In June 2021, the City entered into two lease agreements with commercial entities to lease property owned by the City. The leases are both for five years beginning June 1, 2021. The lease agreements provide for monthly payments beginning at \$3,450 and \$3,000 and increasing 3% per year. At September 30, 2023, the monthly payment amounts were \$3,554 and \$3,090.

In accordance with GASB Statement No. 87, *Leases*, the City recognizes a lease receivable and a deferred inflow of resources for the foregoing leases in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the year was \$164,317.

CITY OF FLOWOOD, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations and eliminates a diversity in practices associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. The requirements of this standard had no impact on the City's financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020, with the primary objective to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPP's meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements. The requirements of this standard had no impact on the City's financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. Additionally, GASB Statement No. 99, *Omnibus 2022*, issued April 2022, as it relates to SBITAs was also implemented. The requirements of this standard had no impact on the City's beginning balances. This statement was applied to a new SBITA entered into during 2023.

CITY OF FLOWOOD, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS - CONTINUED:

Recently Issued Accounting Pronouncements

Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

GASB Statement No. 99, *Omnibus 2022*, issued April 2022, enhances the comparability in accounting and financial reporting and to improve the consistency of authoritative literature. The requirements of this statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, are effective for fiscal years beginning after June 15, 2023. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*, issued June 2022, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2023. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

GASB Statement No. 101, *Compensated Absences*, issued June 2022, better meets the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

NOTE 17 - SUBSEQUENT EVENTS

The City has evaluated subsequent events through May 23, 2024, the date the financial statements were approved by the City's management and thereby available to be issued, and has determined that there are no subsequent events of a material nature requiring adjustment to or disclosure in the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MD&A**

CITY OF FLOWOOD, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
Ad valorem	\$ 7,245,000	\$ 7,190,000	\$ 7,487,838	\$ 297,838
Special assessments	172,000	172,000	175,311	3,311
Franchise fees	650,000	750,000	765,081	15,081
Licenses and permits	460,000	475,000	524,884	49,884
Intergovernmental	16,645,000	18,715,000	19,347,940	632,940
Charges for services	180,000	220,000	253,893	33,893
Fines and forfeits	760,000	760,000	780,636	20,636
Lease revenue	-	-	297,301	297,301
Interest earned	115,000	100,000	172,218	72,218
Miscellaneous	280,000	200,000	7,184	(192,816)
Total revenues	<u>26,507,000</u>	<u>28,582,000</u>	<u>29,812,286</u>	<u>1,230,286</u>
EXPENDITURES:				
General government	1,775,000	1,735,000	1,623,022	111,978
Public safety	12,496,800	12,219,676	11,331,102	888,574
Court	794,000	744,000	659,495	84,505
Public property maintenance	1,175,000	1,165,000	995,754	169,246
Sanitation	580,000	580,000	574,690	5,310
Health	95,000	95,000	35,332	59,668
Street maintenance	3,890,000	4,340,000	4,112,911	227,089
Shop and maintenance	751,500	740,000	700,505	39,495
Landscape	1,001,500	980,000	899,814	80,186
Legal	400,500	350,500	326,620	23,880
Recreation	1,287,000	1,280,000	1,217,352	62,648
Engineering	121,000	111,000	90,631	20,369
Debt service	-	190,324	190,324	-
Total expenditures	<u>24,367,300</u>	<u>24,530,500</u>	<u>22,757,552</u>	<u>1,772,948</u>
Excess of revenues over expenditures	<u>2,139,700</u>	<u>4,051,500</u>	<u>7,054,734</u>	<u>3,003,234</u>
Other financing sources (uses):				
Sale of capital assets	-	-	67,100	67,100
Transfers out	<u>(4,188,347)</u>	<u>(4,188,347)</u>	<u>(2,959,376)</u>	<u>1,228,971</u>
Total financing sources (uses)	<u>(4,188,347)</u>	<u>(4,188,347)</u>	<u>(2,892,276)</u>	<u>1,296,071</u>

CITY OF FLOWOOD, MISSISSIPPI

**BUDGETARY COMPARISON SCHEDULE - CONTINUED:
GENERAL FUND
SEPTEMBER 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u>
	<u>Original</u>	<u>Final</u>	<u>Basis)</u>	<u>(Negative)</u>
EXPENDITURES - CONTINUED:				
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	\$ (2,048,647)	\$ (136,847)	\$ 4,162,458	\$ 4,299,305
Fund balances at beginning of year	<u>23,828,406</u>	<u>20,240,327</u>	<u>23,828,406</u>	<u>3,588,079</u>
Fund balances at end of year	<u>\$ 21,779,759</u>	<u>\$ 20,103,480</u>	<u>\$ 27,990,864</u>	<u>\$ 7,887,384</u>
EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY FUND BALANCE AND GAAP FUND BALANCE:				
Fund Balance - budgetary basis			\$ 27,990,864	
Adjustment to GAAP basis:				
Net accrued revenue:				
Ad valorem taxes			(63,981)	
Special assessments			271	
Intergovernmental			63,981	
Police fines			10,748	
Net prepaid expenses			22,221	
Net deferred inflows related to lease			-	
Net accounts payable paid after October 30, 2023			<u>(11,287)</u>	
Fund Balance - GAAP basis			<u>\$ 28,012,817</u>	

See accompanying notes to required supplemental information schedules.

CITY OF FLOWOOD, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND EXPENDITURES
SEPTEMBER 30, 2023

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
General government:				
Personal services	\$ 1,285,000	\$ 1,260,000	\$ 1,213,129	\$ 46,871
Supplies	60,000	60,000	49,411	10,589
Other services and charges	400,000	400,000	360,482	39,518
Capital outlay	30,000	15,000	-	15,000
Total general government	1,775,000	1,735,000	1,623,022	111,978
Public safety:				
Police:				
Personal services	5,010,000	4,900,000	4,585,681	314,319
Supplies	375,000	400,000	305,621	94,379
Other services and charges	575,800	700,000	661,198	38,802
Capital outlay	320,000	470,000	369,210	100,790
Total police	6,280,800	6,470,000	5,921,710	548,290
Fire:				
Personal services	5,365,000	4,959,676	4,895,088	64,588
Supplies	240,000	220,000	193,800	26,200
Other services and charges	340,000	320,000	284,788	35,212
Capital outlay	271,000	250,000	226,040	23,960
Total fire	6,216,000	5,749,676	5,599,716	149,960
Total public safety	12,496,800	12,219,676	11,521,426	698,250
Court:				
Personal services	510,000	510,000	486,604	23,396
Supplies	14,000	24,000	13,419	10,581
Other services and charges	260,000	200,000	154,292	45,708
Capital outlay	10,000	10,000	5,180	4,820
Total court	794,000	744,000	659,495	84,505
Public property maintenance:				
Personal services	120,000	120,000	104,880	15,120
Supplies	60,000	120,000	72,683	47,317
Other services and charges	635,000	750,000	729,037	20,963
Capital outlay	360,000	175,000	89,154	85,846
Total public property maintenance	1,175,000	1,165,000	995,754	169,246

CITY OF FLOWOOD, MISSISSIPPI

**BUDGETARY COMPARISON SCHEDULE - CONTINUED:
GENERAL FUND EXPENDITURES
SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Sanitation:				
Personal services	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	-	-
Other services and charges	580,000	580,000	574,690	5,310
Capital outlay	-	-	-	-
Total sanitation	580,000	580,000	574,690	5,310
Health:				
Personal services	30,000	30,000	22,181	7,819
Supplies	63,500	63,500	13,116	50,384
Other services and charges	1,500	1,500	35	1,465
Capital outlay	-	-	-	-
Total health	95,000	95,000	35,332	59,668
Street maintenance:				
Personal services	1,525,000	1,575,000	1,516,423	58,577
Supplies	205,000	285,000	246,897	38,103
Other services and charges	1,980,000	2,350,000	2,231,982	118,018
Capital outlay	180,000	130,000	117,609	12,391
Total street maintenance	3,890,000	4,340,000	4,112,911	227,089
Shop:				
Personal services	285,000	255,000	242,939	12,061
Supplies	315,000	355,000	336,248	18,752
Other services and charges	66,500	80,000	72,183	7,817
Capital outlay	85,000	50,000	49,135	865
Total shop	751,500	740,000	700,505	39,495
Landscape:				
Personal services	660,000	550,000	513,124	36,876
Supplies	151,500	160,000	146,316	13,684
Other services and charges	60,000	155,000	134,564	20,436
Capital outlay	130,000	115,000	105,810	9,190
Total landscape	1,001,500	980,000	899,814	80,186
Legal:				
Personal services	375,000	325,000	307,518	17,482
Supplies	1,500	1,500	-	1,500
Other services and charges	24,000	24,000	19,102	4,898
Capital outlay	-	-	-	-
Total legal	400,500	350,500	326,620	23,880

CITY OF FLOWOOD, MISSISSIPPI

**BUDGETARY COMPARISON SCHEDULE - CONTINUED:
GENERAL FUND EXPENDITURES
SEPTEMBER 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Recreation:				
Personal services	\$ 910,000	\$ 765,000	\$ 735,410	\$ 29,590
Supplies	177,000	235,000	219,272	15,728
Other services and charges	200,000	280,000	262,670	17,330
Capital outlay	-	-	-	-
Total recreation	<u>1,287,000</u>	<u>1,280,000</u>	<u>1,217,352</u>	<u>62,648</u>
Engineering:				
Personal services	85,000	85,000	68,192	16,808
Supplies	8,000	6,000	4,570	1,430
Other services and charges	28,000	20,000	17,869	2,131
Capital outlay	-	-	-	-
Total engineering	<u>121,000</u>	<u>111,000</u>	<u>90,631</u>	<u>20,369</u>
Total expenditures	<u>\$ 24,367,300</u>	<u>\$ 24,340,176</u>	<u>\$ 22,757,552</u>	<u>\$ 1,582,624</u>

CITY OF FLOWOOD, MISSISSIPPI

BUDGETARY COMPARISON SCHEDULE
RECREATION AND TOURISM SPECIAL TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$ 4,575,000	\$ 5,250,000	\$ 5,276,540	\$ 26,540
Interest earned	5,000	17,000	17,169	169
Special event sponsorships	-	-	52,500	52,500
Total revenues	<u>4,580,000</u>	<u>5,267,000</u>	<u>5,346,209</u>	<u>79,209</u>
EXPENDITURES:				
Recreation:				
Other services and charges	225,000	375,000	218,677	156,323
Capital outlay	<u>641,630</u>	<u>550,000</u>	<u>367,111</u>	<u>182,889</u>
Total expenditures	<u>866,630</u>	<u>925,000</u>	<u>585,788</u>	<u>339,212</u>
Excess of revenues over expenditures	<u>3,713,370</u>	<u>4,342,000</u>	<u>4,760,421</u>	<u>418,421</u>
Other financing sources (uses):				
Transfers out	<u>(3,883,000)</u>	<u>(2,833,000)</u>	<u>(2,474,793)</u>	<u>358,207</u>
Total other financing sources (uses)	<u>(3,883,000)</u>	<u>(2,833,000)</u>	<u>(2,474,793)</u>	<u>358,207</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	(169,630)	1,509,000	2,285,628	776,628
Fund balance at beginning of year	<u>5,462,955</u>	<u>5,462,955</u>	<u>5,462,955</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,293,325</u>	<u>\$ 6,971,955</u>	<u>\$ 7,748,583</u>	<u>\$ 776,628</u>
EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY FUND BALANCE AND GAAP FUND BALANCE:				
Fund balance - budgetary basis			\$ 7,748,583	
Adjustment to GAAP basis:				
Net accounts payable paid after 30 days			(98,670)	
Net accrued sales tax revenue			<u>175,277</u>	
Fund balance - GAAP basis			<u>\$ 7,825,190</u>	

CITY OF FLOWOOD, MISSISSIPPI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY & RELATED RATIOS
LAST 10 FISCAL YEARS***

		<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City's proportion of the collective net pension liability	*	\$23,140,668	\$26,686,571	\$25,350,675	\$26,280,095	\$26,968,495	\$28,786,592	\$22,554,947	\$31,122,462	\$37,953,342	
City's proportionate share of the collective net pension liability	*	0.1497%	0.1494%	0.1525%	0.1580%	0.1533%	0.1487%	0.1526%	0.1512%	0.1509%	
City's covered payroll	*	\$ 9,352,502	\$ 9,560,603	\$ 9,782,089	\$10,091,644	\$ 9,983,048	\$ 9,904,448	\$10,147,849	\$10,408,136	\$11,183,432	
City's proportionate share of the net pension liability as a percentage of its covered payroll	*	247.43%	279.13%	259.15%	260.41%	270.14%	290.64%	222.26%	299.02%	339.37%	
PERS' fiduciary net position as a percentage of the total pension liability	*	61.70%	57.47%	61.49%	62.54%	61.59%	58.97%	70.44%	59.93%	55.70%	

*Information is unavailable for years prior to the City's implementation of GASB 68 in fiscal year 2015.
The amounts presented for each year were determined as of the measurement date of June 30 of the year presented.

CITY OF FLOWOOD, MISSISSIPPI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST 10 FISCAL YEARS*

		<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined employer contribution	*	\$ 1,470,323	\$1,507,347	\$ 1,550,838	\$ 1,588,950	\$ 1,613,064	\$ 1,748,625	\$ 1,759,058	\$ 1,830,539	\$ 2,006,853	
Contributions in relation to the actuarially determined contributions	*	<u>1,470,323</u>	<u>1,507,347</u>	<u>1,550,838</u>	<u>1,588,950</u>	<u>1,613,064</u>	<u>1,748,625</u>	<u>1,759,058</u>	<u>1,830,539</u>	<u>2,006,853</u>	
Annual contribution deficiency (excess)	*	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	*	\$ 9,335,386	\$9,570,458	\$ 9,846,592	\$10,088,570	\$ 9,989,102	\$10,049,571	\$10,109,527	\$10,520,339	\$11,533,640	
Actual contributions as a percentage of covered payroll	*	15.75%	15.75%	15.75%	15.75%	16.15%	17.40%	17.40%	17.40%	17.40%	17.40%

*Information is unavailable for years prior to the City's implementation of GASB 68 in fiscal year 2015.
The amounts presented for each fiscal year were determined as of the employer's fiscal year-end.

CITY OF FLOWOOD, MISSISSIPPI

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SEPTEMBER 30, 2023**

Budgetary Comparison Schedules

NOTE A - BASIS OF PRESENTATION

The City's governmental fund types are budgeted in accordance with the laws of the State of Mississippi which require that municipalities budget on a modified-cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days are recorded under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. Capital project funds, however, are budgeted per project and do not lapse at year end. The required budgetary basis is, therefore, not considered to be in accordance with generally accepted accounting principles. Governmental accounting requires that the "Budget to Actual" statement be prepared according to budgetary laws and the "Combined Statement of Revenues, Expenditures, and Fund Balance" be prepared according to the modified accrual basis (GAAP).

Pension Schedules

**NOTE A - METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY
DETERMINED CONTRIBUTIONS**

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2021 valuation for the September 30, 2023 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 fair value
Price inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

NOTE B - CHANGES IN BENEFIT PROVISIONS

None.

NOTE C - CHANGES OF ASSUMPTIONS

None

CITY OF FLOWOOD, MISSISSIPPI

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES - CONTINUED:
SEPTEMBER 30, 2023**

Pension Schedules - continued:

NOTE D - DATA AVAILABLE AND PRESENTED

The required supplementary pension schedules are presented to illustrate the requirement to show information for ten years, as required by GASB 68. GASB 68 was implemented during the fiscal year ended September 30, 2015, and only reflects data for years for which trend information is available.

OTHER INFORMATION

CITY OF FLOWOOD, MISSISSIPPI

**SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
SEPTEMBER 30, 2023**

<u>Bond Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Gary L. Rhoads	Mayor	Western Surety	\$ 100,000
Josh Carlisle	City Clerk	Liberty	100,000
Richard McMillian	Chief of Police	Merchants Bonding Co.	100,000
	Alderpersons (5)	Western Surety	100,000 each
Barbara Watkins	Accountant/Deputy Clerk	Merchants Bonding Co.	50,000
Barbara Watkins	Notary	RLI	5,000
Michelle Denham	Accountant	Liberty	50,000
Jennifer Chapin	Court Clerk	Merchants Bonding Co.	50,000
Jennifer Chapin	Notary	RLI	5,000
Public Employees Honesty Bond	All Employees	Western Surety	50,000 each
Unemployment Bond	All Employees	Western Surety	60,000 total

STATE COMPLIANCE SECTION

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

To the Honorable Mayor and Board of Alderpersons
City of Flowood, Mississippi

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 Flowood, Mississippi as of and for the year ended September 30, 2023, which collectively comprise the City of Flowood, Mississippi's basic financial statements and have issued our report thereon dated May 23, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

As required by the state legal compliance audit program prescribed by the Mississippi 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 those procedures and our audit of the financial statements disclosed no material instances of noncompliance with state laws and regulations.

This report is intended solely for the information of the City of Flowood, Mississippi's management, Mayor and Board of Alderpersons, and the Mississippi Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

BMSS, LLC

Ridgeland, Mississippi
May 23, 2024