

## 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.

**City of Starkville, Mississippi**

**Audit Report**

**September 30, 2023**

# City of Starkville, Mississippi

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## City of Starkville, Mississippi

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**FINANCIAL SECTION**

**INDEPENDENT AUDITORS' REPORT**



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**INDEPENDENT AUDITORS’ REPORT**

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

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Starkville, Mississippi, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Starkville, Mississippi’s basic financial statements as listed in the contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Starkville, Mississippi, as of September 30, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Starkville, Mississippi and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditors’ Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material



misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Starkville, Mississippi's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Starkville, Mississippi's ability to continue as a going concern for a reasonable period of time.

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Schedules of the City's proportionate share of the net pension liability and contributions, Schedules of Starkville Electric Department's proportionate share of the net pension liability and contributions, and related notes to the required supplementary information on pages 4-15 and 59-70 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Starkville, Mississippi's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedule of surety bonds for municipal officials, schedule of bonded indebtedness, schedule of long-term notes, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and related notes to the schedule of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of surety bonds for municipal officials, schedule of bonded indebtedness, schedule of long-term notes, the schedule of expenditures of federal awards, and the related notes to the schedule of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2025, on our consideration of the City of Starkville, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Starkville, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Starkville, Mississippi's internal control over financial reporting and compliance.

Starkville, Mississippi  
March 24, 2025

*Watkins Ward and Stafford, PLLC*

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**City of Starkville**  
**Management Discussion and Analysis**  
**September 30, 2023**

**Introduction**

The discussion and analysis of the City of Starkville’s financial performance provides a narrative review of the municipality’s financial activities for the fiscal year ended September 30, 2023. The intent of this document is to view the City’s performance during the subject year as a whole. The notes to financial statements as well as the financial statements must be considered to fully develop an understanding of the City’s overall financial performance and condition.

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

The City of Starkville is located in Oktibbeha County which is in the northeastern portion of the State of Mississippi, approximately 37 miles from the Alabama state line along U.S Highway 82. The population, according to the most recent 2020 United States census, is 24,360. The current report from the United States Census Bureau for 2023 shows a population estimate of 25,444. The completion of the annexation of approximately 2.3 square miles to the east finalized in April of 2022 is an element of that increased population base coupled with the business climate growth of the Golden Triangle Regional industrial development. The growth in the population of the City continues to show an incremental growth from the increased interest in and development of such new businesses as Aluminum Dynamics and expansion of existing businesses as Steel Dynamics and Paccar Industries.

Starkville remains the largest municipality in the Golden Triangle Region with no indication of a change in that position. The local Golden Triangle economic base from which Starkville receives the largest measure of the population influx is driven by retail, manufacturing, healthcare and Mississippi State University with emphasis on transportation and sciences and technology research.

**Financial Highlights**

The City of Starkville is financially sound and has an economic base shifting slightly to the east and toward the increased quantity of retail, commercial and residential investment. Through the adoption of a unified development code the core zoning changes for density and greater urbanization the City enhances the development of mixed-use projects in its urban core. Starkville continues to see multiple areas being redeveloped with projects that include campus style student housing owned by the University and private commercial entities. From mixed use urban housing developments to the prospect of additional hotel and office development, the interest in investing in Starkville is robust.

Due to the expanded emphasis on athletics and historical attractions the alumni of the University are steadily returning to enjoy the various aspects of a university town. Starkville is a Mississippi Certified Retirement community. This designation is bringing in the investment in additional retirement homes and residential opportunities that cater to those with the disposable income to select their post working environment.

The City and the University are finding ways to share a focus on the quality of life available in a university town with growing proximity to new university properties and city amenities. The partnership between the University and the City has never been stronger and our continued partnership with transportation and housing projects highlights that positive approach to our mutual benefit.

**City of Starkville**  
**Management Discussion and Analysis**  
**September 30, 2023**

**Financial Highlights (Continued)**

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

The City is aggressively moving forward with transformational projects that improve the potential for the entire central business district to become more economically viable through quality of life amenities and transportation enhancements. One of the projects has received over \$35,000,000 in Federal and State funding and will be the catalyst for further development in an area that has been in steady decline for the past five decades. The downtown redevelopment and redesign project will dramatically alter the economic options for encouraging enhanced retail and dining in the corridor that the City shares with the University. This future will create an atmosphere that will focus on the University and City relationship and its future successes together.

Starkville enjoys strong growth in both residential and commercial real estate development. Sales tax collections continue to grow. The city derives additional revenue from a two percent (2%) tax on food and beverage sales which then supports economic development, tourism, parks, and student activity. The City's sports tournament facility has been in operation for a year and has proven to support the businesses during those times when the university is not in session making the financial impact that keeps a steadier stream of business and revenue throughout the year. This project was designed to provide a strong tourism base as well as provide an enhanced recreation venue for residents thereby improving the quality-of-life aspects so necessary to attract businesses and retain residents.

Starkville's unemployment rate for September 2023 is roughly 3.2%. This is one of the lower rates for the State of Mississippi during this timeframe.

Capital improvement in fiscal year 2023 continued to focus on improvements to electric, water, wastewater, road, bicycle and pedestrian infrastructure. The City has placed an emphasis on a long-term response for handling future projected growth by adding redundancy and improving reliability within our basic infrastructure systems. The commitment to replacement of infrastructure is intended to stay well ahead of the cycle of maintenance only and replacement as a last resort. To that end, the city invested in studies that will guide our capital expenditures based on data and not whim. We have studied our water and wastewater systems as well as our street infrastructure in order to maximize our tax dollars and effectuate the most impactful methodologies using the best procedures and products available.

The City's retail base has been stable and the demand for properties in the commercial corridors remains high. The newest mixed-use developments have filled with tenants for the additional spaces they have created. The SMART bus system contributes to increased transportation alternatives for the City of Starkville and the campus of MSU at no cost to the participants through grant funding. This city-wide service offers options for all the residents of Starkville to access the healthcare system and the multiple shopping venues. The Triangle Crossing shopping center has been hugely successful and continues to draw from surrounding counties as well as support and answer the needs and desires of the student population.

**City of Starkville**  
**Management Discussion and Analysis**  
**September 30, 2023**

**Financial Highlights (Continued)**

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

Fiscal Year 2023 brought significant gains in multi-family and single-family housing. Starkville continued to experience construction starts. Steady enrollment growth and successful athletic programs at Mississippi State University create an expectation that the recent construction surge will continue. The development requests for subdivisions and business construction have been steady through the 2023 year.

The Mill conference center continues to provide options for conferences and activities for the city and the university. The organizations that are using Starkville as a meeting location is growing and allowing activities throughout the calendar year. The MSU Foundation, the fundraising arm of Mississippi State University, has recently invested in the hotels in the area. With that investment they are upgrading existing hotels and planning on developing further retail, shopping, living and hotel space with the city.

The City's investment with Oktibbeha County in an industrial park is the new home to an Amazon last mile fulfillment center. Garan Manufacturing has been a longtime industrial resident of the City of Starkville and continues its presence in the park. The plans for a new 200,000 square foot pad and preparation for a spec building in the park should provide an additional attraction for future industry.

Total net position increased by \$7,462,375, which includes a \$2,159 prior period adjustment, represents a 30.59% increase from the prior fiscal year. The City's ending cash balance decreased by \$17,475,027 which represents a 71.71% decrease from the prior fiscal year. Investments increased by \$17,041,054 from prior fiscal year.

The City had \$98,652,853 in total revenues. General revenues accounted for \$35,026,241 or 35.50%. Program specific revenues in the form of charges for services and grants and contributions accounted for \$63,626,612 or 64.50% of total revenues.

The City had \$91,192,637 in total expenses; only \$63,626,612 of these expenses were offset by charges for services, grants or outside contributions. General revenues of \$35,026,241 were adequate to provide for the remainder of the expenses.

Among the major funds, the General Fund, Park Bonds 2020 Fund, 2022 G.O. Public Improvement Bonds Fund, and ARPA Fund had \$27,871,577, \$14,433, \$116,423, and \$162,074 in revenues and \$29,076,852, \$6,477,654, and 3,129,373 in expenditures. The ARPA fund did not have any expenditures. The General Fund, 2022 G.O. Public Improvements Bond Fund, and ARPA Fund's fund balance increased \$107,729, 1,987,050, and 163,850 respectively, from the prior year. The Park Bond 2020 Fund's fund balance decreased 4,494,267 from prior year.

**City of Starkville  
Management Discussion and Analysis  
September 30, 2023**

**Financial Highlights (Continued)**

Capital assets, net of accumulated depreciation, increased by \$20,282,086.

Long-term debt increased by \$1,323,767.

**Overview of the Financial Statements**

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

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

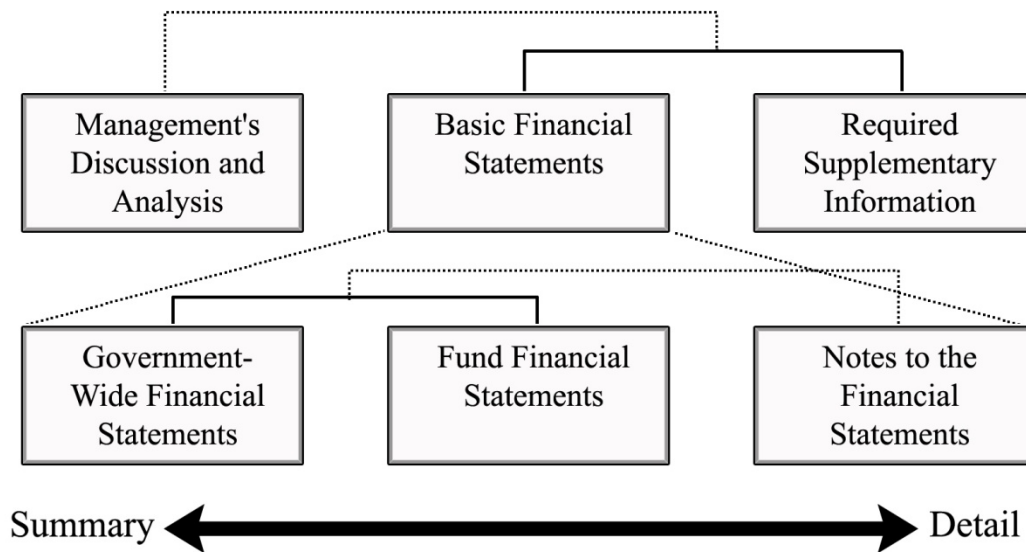


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

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

**City of Starkville  
Management Discussion and Analysis  
September 30, 2023**

	<b>Government-Wide Financial Statements</b>	<b>Fund Financial Statements</b>	
		<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	<b>Entire City government (except fiduciary funds) and component units</b>	<b>All activities of the City that are not business-type or fiduciary in nature</b>	<b>The City is the trustee or agent for someone else's resources</b>
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>● <b>Statement of net position</b></li> <li>● <b>Statement of activities</b></li> </ul>	<ul style="list-style-type: none"> <li>● <b>Balance sheet</b></li> <li>● <b>Statement of revenues, expenditures and changes in fund balances</b></li> </ul>	<ul style="list-style-type: none"> <li>● <b>Statement of net position</b></li> </ul>
<b>Accounting basis and measurement focus</b>	<b>Accrual accounting and economic resources focus</b>	<b>Modified accrual accounting and current financial resources focus</b>	<b>Accrual accounting and economic resources focus</b>
<b>Type of asset/liability information</b>	<b>All assets and liabilities, both financial and capital and short and long term</b>	<b>Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included</b>	<b>All assets and liabilities, both short and long term</b>
<b>Type of inflow/outflow information</b>	<b>All revenues and expenses during year, regardless of when cash is received or paid</b>	<b>Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter</b>	<b>All revenues and expenses during year, regardless of when cash is received or paid</b>



**City of Starkville**  
**Management Discussion and Analysis**  
**September 30, 2023**

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

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

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

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

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

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

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

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

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

**City of Starkville**  
**Management Discussion and Analysis**  
**September 30, 2023**

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

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

**Notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 28 through 57 of this report.

In addition to the basic financial statements and accompanying notes, this report presents certain **Required Supplementary Information** concerning the budgetary comparative information for the general fund and each major special revenue fund, schedules of the City and Electric Department's proportionate share of the net pension liability and schedules of City and Electric Department's contributions. This information can be found on page 59-64 of this report.

**Government-wide Financial Analysis**

**Net Position** – Net position may serve over time as a useful indicator of government's financial position. In the case of the City of Starkville, assets exceeded liabilities by \$79,128,575 as of September 30, 2023.

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

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

**City of Starkville**  
**Management Discussion and Analysis**  
**September 30, 2023**

The following table presents a summary of the City’s net position for the fiscal year ended September 30, 2023 and 2022.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and Other assets	\$ 32,050,399	32,437,092	27,422,662	23,149,586	59,473,061	55,586,678
Capital Assets, net	76,217,142	65,004,485	84,657,467	83,224,584	160,874,609	148,229,069
Total Assets	108,267,541	97,441,577	112,080,129	106,374,170	220,347,670	203,815,747
Deferred outflows of resources	7,083,387	3,481,389	3,468,986	2,664,250	10,552,373	6,145,639
Current and other liabilities	14,905,393	12,730,777	15,848,810	14,047,275	30,754,203	26,778,052
Long-term debt	87,817,078	78,574,526	33,058,917	31,298,436	120,875,995	109,872,962
Total Liabilities	102,722,471	91,305,303	48,907,727	45,345,711	151,630,198	136,651,014
Deferred inflows of resources	-	-	141,270	1,644,172	141,270	1,644,172
Net Position:						
Net investment						
in capital assets	20,241,768	12,560,964	63,282,454	60,420,451	83,524,222	72,981,415
Restricted	9,080,727	19,498,590	3,625,690	3,660,107	12,706,417	23,158,697
Restricted- Inventory	-	-	1,788,436	-	1,788,436	-
Unrestricted	(16,694,038)	(22,441,891)	(2,196,462)	(2,032,021)	(18,890,500)	(24,473,912)
Total Net Position	\$ 12,628,457	9,617,663	66,500,118	62,048,537	79,128,575	71,666,200

**Changes in Net Position** – The City’s total revenues for the fiscal year ended September 30, 2023 was \$98,652,853. The total cost for all services provided was \$91,192,637. The increase in net position was \$7,462,375. The following table presents a summary of the change in net position for the fiscal year ended September 30, 2023.

**City of Starkville**  
**Management Discussion and Analysis**  
**September 30, 2023**

	2023	2022
<b>Revenues:</b>		
Program revenues	\$ 63,626,612	54,230,379
General revenues	35,026,241	35,560,885
<b>Total revenues</b>	<b>98,652,853</b>	<b>89,791,264</b>
<b>Expenses:</b>		
Governmental Activities	33,521,717	27,693,164
Business-type Activities	57,670,920	51,112,928
<b>Total expenses</b>	<b>91,192,637</b>	<b>78,806,092</b>
<b>Prior period adjustments</b>	2,159	(234,503)
<b>Increase (decrease) in net position</b>	<b>\$ 7,462,375</b>	<b>10,750,669</b>

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

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

	Total Costs	Net Costs
General Government	\$ 7,150,709	\$ 6,587,359
Public Safety	15,162,814	13,019,824
Public Services	9,347,561	9,347,561
Utilities	57,670,920	(3,249,352)
Interest on long-term debt	1,860,633	1,860,633

**City of Starkville**  
**Management Discussion and Analysis**  
**September 30, 2023**

**Financial Analysis of the City's Funds**

**Governmental funds** – At the close of the fiscal year, the City of Starkville's governmental funds reported a combined fund balance of \$20,657,019 a decrease of \$2,114,427. The primary reasons for this decrease are highlighted in the analysis of governmental activities on page 23.

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

**Budgetary Highlights of Major Funds**

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

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

**Capital Assets and Debt Administration**

**Capital Assets** – As of September 30, 2023, the City of Starkville's total capital assets were \$314,068,561. This includes infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress. This amount represents an increase over the previous year of \$20,282,086.

Total accumulated depreciation as of September 30, 2023 was \$153,193,952 including \$8,647,590 of depreciation expense for the year. The balance in total net capital assets was \$160,874,609 at year-end.

Additional information on the City of Starkville's capital assets can be found in Note 4 on pages 40 and 41 of this report.

**Debt Administration** – At September 30, 2023, the City of Starkville had \$77,959,720 in long-term debt outstanding. This includes compensated absences, general obligation bonds, other loans, and obligations under capital lease. Of this debt, \$5,520,535 is due within one year.

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

Additional information on City of Starkville's long-term debt can be found in Note 5 on pages 41 - 43 of this report.

**City of Starkville**  
**Management Discussion and Analysis**  
**September 30, 2023**

**Current and Future Items of Impact**

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

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

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

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

**Contacting the City's Financial Management**

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

## **BASIC FINANCIAL STATEMENTS**

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

- Government-wide financial statements
- Fund financial statements:
  - Governmental funds
  - Proprietary (enterprise) funds

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**City of Starkville, Mississippi**  
**Statement of Net Position**  
**September 30, 2023**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 2,261,077	13,026,340	15,287,417
Cash - restricted	9,080,727	-	9,080,727
Investments	17,041,054	-	17,041,054
Accounts receivable, net	1,491,529	8,026,298	9,517,827
Other receivables, net	285,296	134,679	419,975
Notes receivable, net	370,970	-	370,970
Internal balances	1,519,746	(1,398,275)	121,471
Prepaid expense	-	3,003,897	3,003,897
Inventory	-	1,788,436	1,788,436
Capital assets:			
Land and construction in progress	1,792,946	5,002,671	6,795,617
Other capital assets	156,175,198	151,097,746	307,272,944
Less: accumulated depreciation	(81,751,002)	(71,442,950)	(153,193,952)
Other assets		208,736	208,736
Total assets	<u>108,267,541</u>	<u>109,447,578</u>	<u>217,715,119</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Unamortized debt expense	-	392,255	392,255
Deferred outflows related to pensions	7,083,387	3,076,731	10,160,118
Total deferred outflows of resources	<u>7,083,387</u>	<u>3,468,986</u>	<u>10,552,373</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	3,308,774	6,754,757	10,063,531
Accrued liabilities	1,613,764	657,771	2,271,535
Cash deficit	-	4,603	4,603
Unearned revenue	6,404,006	-	6,404,006
Customer deposits	-	3,509,832	3,509,832
Other liabilities	66,836	280,774	347,610
Long-term liabilities:			
Due within one year	3,512,013	2,008,522	5,520,535
Due in more than one year	52,463,361	19,108,893	71,572,254
Compensated absences	793,144	73,787	866,931
Unfunded pension liability	34,560,573	13,876,237	48,436,810
Total liabilities	<u>102,722,471</u>	<u>46,275,176</u>	<u>148,997,647</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred inflows related to pensions	-	141,270	141,270
Total deferred inflows of resources	<u>-</u>	<u>141,270</u>	<u>141,270</u>
<b><u>NET POSITION</u></b>			
Invested in capital assets, net of related debt	20,241,768	63,282,454	83,524,222
Restricted	9,080,727	3,625,690	12,706,417
Restricted- Inventory	-	1,788,436	1,788,436
Unrestricted	(16,694,038)	(2,196,462)	(18,890,500)
Total net position	<u>\$ 12,628,457</u>	<u>66,500,118</u>	<u>79,128,575</u>

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

**City of Starkville, Mississippi**  
**Statement of Activities**  
**For the Year Ended September 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) / Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities					
General government	\$ 7,150,709	563,350	-	-	(6,587,359)
Public safety					
Police	8,631,855	963,093	317,729	-	(7,351,033)
Fire	6,191,763	-	862,168	-	(5,329,595)
Public inspection	320,403	-	-	-	(320,403)
Civil defense	18,793	-	-	-	(18,793)
Highways and streets	2,679,035	-	-	-	(2,679,035)
Health and sanitation	120,116	-	-	-	(120,116)
Culture and recreation	3,947,403	-	-	-	(3,947,403)
Economic development and assistance	2,601,007	-	-	-	(2,601,007)
Interest on long-term debt	1,860,633	-	-	-	(1,860,633)
Total governmental activities	<u>33,521,717</u>	<u>1,526,443</u>	<u>1,179,897</u>	<u>-</u>	<u>(30,815,377)</u>
Business-type Activities					
Electric utilities	46,114,979	47,894,775	-	-	1,779,796
Water and sewer utilities	8,136,082	9,598,728	-	-	1,462,646
Sanitation and waste	3,419,507	3,126,777	-	-	(292,730)
Sanitary landfill	352	299,992	-	-	299,640
Total business-type activities	<u>57,670,920</u>	<u>60,920,272</u>	<u>-</u>	<u>-</u>	<u>3,249,352</u>
Total primary government	<u>\$ 91,192,637</u>	<u>62,446,715</u>	<u>1,179,897</u>	<u>-</u>	<u>(27,566,025)</u>
			<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Changes in Net Position:					
Net (expense) / revenue			\$ (30,815,377)	3,249,352	(27,566,025)
General revenues					
Taxes					
Property taxes			9,416,625	-	9,416,625
Sales and use taxes			14,312,508	-	14,312,508
Other taxes			1,006,933	-	1,006,933
Investment income			630,824	101,307	732,131
Other			8,459,281	1,098,763	9,558,044
Total general revenues			<u>33,826,171</u>	<u>1,200,070</u>	<u>35,026,241</u>
Change in net position			3,010,794	4,449,422	7,460,216
Net position, October 1, 2022, as previously reported			9,617,663	62,048,537	71,666,200
Prior Period Adjustments (See Note 15)			-	2,159	2,159
Net position, October 1, 2022, as restated			<u>9,617,663</u>	<u>62,050,696</u>	<u>71,668,359</u>
Net position, September 30, 2023			<u>\$ 12,628,457</u>	<u>66,500,118</u>	<u>79,128,575</u>

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

**FUND FINANCIAL STATEMENTS**

**City of Starkville, Mississippi**  
**Balance Sheet - Governmental Funds**  
**September 30, 2023**

	<u>General</u>	<u>Park Bonds 2020</u>	<u>2022 G.O Public Improvement Bonds</u>	<u>ARPA</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>						
Cash and cash equivalents	\$ 1,514,225	-	-	-	746,852	2,261,077
Cash - restricted	294,508	1,154,086	317,331	41,276	7,273,526	9,080,727
Investments	10,244,944	-	1,667,162	5,128,948	-	17,041,054
Receivables (Net)						
Accounts	1,225,243	-	-	-	266,286	1,491,529
Other	282,685	-	2,557	-	54	285,296
Notes receivable	370,970	-	-	-	-	370,970
Due from other funds	2,699	-	-	1,517,047	-	1,519,746
Total Assets	<u>\$ 13,935,274</u>	<u>1,154,086</u>	<u>1,987,050</u>	<u>6,687,271</u>	<u>8,286,718</u>	<u>32,050,399</u>
<b><u>LIABILITIES</u></b>						
Accounts payable	1,564,762	1,173,055	-	210,131	360,826	3,308,774
Accrued liabilities	1,613,764	-	-	-	-	1,613,764
Other liabilities	66,836	-	-	-	-	66,836
Unearned revenue	98,834	-	-	6,305,172	-	6,404,006
Total Liabilities	<u>3,344,196</u>	<u>1,173,055</u>	<u>-</u>	<u>6,515,303</u>	<u>360,826</u>	<u>11,393,380</u>
<b><u>FUND BALANCES</u></b>						
Fund balances - restricted						
Restricted for police protection	5,148	-	-	-	-	5,148
Restricted for airport projects	88,759	-	-	-	-	88,759
Restricted for capital projects	-	-	1,987,050	171,968	7,386,742	9,545,760
Fund balances - assigned for budgetary purposes	-	-	-	-	539,150	539,150
Fund balances - unassigned	10,497,171	(18,969)	-	-	-	10,478,202
Total Fund Balances	<u>10,591,078</u>	<u>(18,969)</u>	<u>1,987,050</u>	<u>171,968</u>	<u>7,925,892</u>	<u>20,657,019</u>
Total Liabilities and Fund Balances	<u>\$ 13,935,274</u>	<u>1,154,086</u>	<u>1,987,050</u>	<u>6,687,271</u>	<u>8,286,718</u>	<u>32,050,399</u>

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

**City of Starkville, Mississippi**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2023**

Fund Balances - total governmental funds		\$ 20,657,019
<p>Amounts reported for governmental activities in Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:</p>		
Governmental capital assets	157,968,144	
Less accumulated depreciation	<u>(81,751,002)</u>	76,217,142
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:</p>		
Deferred Outflows of Resources	<u>7,083,387</u>	7,083,387
<p>Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds:</p>		
Long-Term Liabilities	(91,329,091)	<u>(91,329,091)</u>
Net Position of Governmental Activities		<u><u>\$ 12,628,457</u></u>

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

**City of Starkville, Mississippi**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Governmental Funds**  
**For the Year Ended September 30, 2023**

	General	Park Bonds 2020	2022 G.O. Public Improvement Bonds	ARPA	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
General property taxes	\$ 9,416,625	-	-	-	-	9,416,625
Licenses and permits	563,350	-	-	-	-	563,350
Intergovernmental:						
Federal	576,137	-	-	-	735,086	1,311,223
State of Mississippi	10,679,402	-	-	-	2,000,000	12,679,402
State of Mississippi- 1% & 2% tax		-	-	-	3,120,605	3,120,605
State of Mississippi- modernization use tax		-	-	-	2,066,595	2,066,595
Oktibbeha County and Mississippi State	1,583,921	-	43,566	-	-	1,627,487
Fines and forfeits	963,093	-	-	-	-	963,093
Interest income	344,566	13,610	72,857	162,074	32,268	625,375
Penalties and interest	30,098	-	-	-	-	30,098
Other revenues	3,714,385	823	-	-	400,000	4,115,208
Total Revenues	<u>27,871,577</u>	<u>14,433</u>	<u>116,423</u>	<u>162,074</u>	<u>8,354,554</u>	<u>36,519,061</u>
<b>EXPENDITURES</b>						
General government	5,390,315	-	-	-	-	5,390,315
Public safety:						
Police	7,207,790	-	-	-	-	7,207,790
Fire	4,714,209	-	-	-	-	4,714,209
Public inspection	275,102	-	-	-	-	275,102
Civil defense	18,793	-	-	-	-	18,793
Highways and streets	1,918,243	-	-	-	-	1,918,243
Health and sanitation	120,116	-	-	-	-	120,116
Culture and recreation	2,078,584	-	-	-	-	2,078,584
Economic Development and Assistance	1,996,137	-	-	-	25,202	2,021,339
Capital outlay	1,717,628	6,449,795	3,019,215	-	4,137,648	15,324,286
Contractual services		27,859	110,158	-	441,651	579,668
Debt service:						
Principal	2,809,794	-	-	-	1,035,000	3,844,794
Interest	830,141	-	-	-	1,030,491	1,860,632
Total Expenditures	<u>29,076,852</u>	<u>6,477,654</u>	<u>3,129,373</u>	<u>-</u>	<u>6,669,992</u>	<u>45,353,871</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,205,275)</u>	<u>(6,463,221)</u>	<u>(3,012,950)</u>	<u>162,074</u>	<u>1,684,562</u>	<u>(8,834,810)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	260,000	1,968,954	-	-	527,401	2,756,355
Transfers out	(527,401)	-	-	-	(2,228,954)	(2,756,355)
Sale of cemetery plots	8,000	-	-	-	-	8,000
Sale of surplus equipment	25,287	-	-	-	-	25,287
Investment gain	3,673	-	-	1,776	-	5,449
Leases issued	181,647	-	-	-	-	181,647
Proceeds from bonds	1,361,798	-	5,000,000	-	138,202	6,500,000
Net other financing sources	<u>1,313,004</u>	<u>1,968,954</u>	<u>5,000,000</u>	<u>1,776</u>	<u>(1,563,351)</u>	<u>6,720,383</u>
Net change in fund balances	107,729	(4,494,267)	1,987,050	163,850	121,211	(2,114,427)
<b>Fund balances, October 1, 2022</b>	10,483,349	4,475,298	-	8,118	7,804,681	22,771,446
<b>Fund balances, September 30, 2023</b>	<u>\$ 10,591,078</u>	<u>(18,969)</u>	<u>1,987,050</u>	<u>171,968</u>	<u>7,925,892</u>	<u>20,657,019</u>

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

**City of Starkville, Mississippi**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended September 30, 2023**

Net change in Fund Balances - total governmental funds \$ (2,114,427)

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

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

Expenditures for capital assets	15,324,286	
Less current year depreciation	(4,086,342)	
Less disposal of capital assets	<u>(25,287)</u>	11,212,657

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

Proceeds from capital leases	(181,647)	
Proceeds from bonds	(6,500,000)	
Principal payments	<u>3,844,793</u>	(2,836,854)

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

Change in unfunded pension liability	(6,622,068)	
Change in deferred outflows of resources	3,601,999	
Change in long-term compensated absences	<u>(230,513)</u>	<u>(3,250,582)</u>

Change in Net Position of Governmental Funds \$ 3,010,794

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

**City of Starkville, Mississippi**  
**Statement of Fund Net Position - Proprietary Funds**  
**September 30, 2023**

	<u>June 30, 2023</u>	<u>September 30, 2023</u>			<u>Total Enterprise Funds</u>
	<u>Electric Department</u>	<u>Water &amp; Sewer Department</u>	<u>Sanitation and Waste Fund</u>	<u>Non-major Enterprise Fund</u>	
<b><u>ASSETS</u></b>					
Current assets:					
Cash and cash equivalents	\$ 7,880,515	4,224,727	-	921,098	13,026,340
Accounts receivables, net	5,511,227	1,928,384	565,821	20,866	8,026,298
Other receivables, net	134,679	-	-	-	134,679
Due from other funds	343,540	890,736	-	-	1,234,276
Prepaid expense	3,003,897	-	-	-	3,003,897
Inventory	1,299,092	489,344	-	-	1,788,436
Total current assets	<u>18,172,950</u>	<u>7,533,191</u>	<u>565,821</u>	<u>941,964</u>	<u>27,213,926</u>
Non-current assets:					
Other assets	208,736	-	-	-	208,736
Capital assets, net of depreciation	51,799,422	31,600,013	1,157,823	100,209	84,657,467
Total non-current assets	<u>52,008,158</u>	<u>31,600,013</u>	<u>1,157,823</u>	<u>100,209</u>	<u>84,866,203</u>
Total Assets	<u>70,181,108</u>	<u>39,133,204</u>	<u>1,723,644</u>	<u>1,042,173</u>	<u>112,080,129</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>					
Unamortized debt expense	186,407	205,848	-	-	392,255
Deferred outflows related to pensions	1,409,456	883,368	783,907	-	3,076,731
Total Deferred Outflows of Resources	<u>1,595,863</u>	<u>1,089,216</u>	<u>783,907</u>	<u>-</u>	<u>3,468,986</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 71,776,971</u>	<u>40,222,420</u>	<u>2,507,551</u>	<u>1,042,173</u>	<u>115,549,115</u>
<b><u>LIABILITIES</u></b>					
Current liabilities:					
Accounts payable	\$ 6,574,805	140,670	39,282	-	6,754,757
Cash deficit	-	-	4,603	-	4,603
Accrued liabilities	350,279	307,492	-	-	657,771
Compensated absences	-	-	73,787	-	73,787
Due to other funds	1,109,835	1,522,716	-	-	2,632,551
Accrued interest - long-term debt	46,106	-	-	-	46,106
Bonds payable, current	500,000	583,058	-	-	1,083,058
Notes payable, current	-	557,030	368,434	-	925,464
Other current liabilities	72,296	-	-	-	72,296
Total current liabilities	<u>8,653,321</u>	<u>3,110,966</u>	<u>486,106</u>	<u>-</u>	<u>12,250,393</u>
Non-current liabilities:					
Bonds payable, non-current	6,590,000	8,755,248	-	-	15,345,248
Notes payable, non-current	-	3,231,854	531,791	-	3,763,645
Customer deposits	3,058,379	451,453	-	-	3,509,832
Other liabilities	3,686	158,686	-	-	162,372
Unfunded pension liability	6,092,551	4,097,570	3,686,116	-	13,876,237
Total non-current liabilities	<u>15,744,616</u>	<u>16,694,811</u>	<u>4,217,907</u>	<u>-</u>	<u>36,657,334</u>
Total Liabilities	<u>24,397,937</u>	<u>19,805,777</u>	<u>4,704,013</u>	<u>-</u>	<u>48,907,727</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Deferred inflows related to pensions	141,270	-	-	-	141,270
Total Deferred Inflows of Resources	<u>141,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,270</u>
<b><u>NET POSITION</u></b>					
Invested in capital assets, net of related debt	44,709,422	18,472,823	-	100,209	63,282,454
Restricted	1,229,250	1,454,476	-	941,964	3,625,690
Nonspendable	1,299,092	489,344	-	-	1,788,436
Unrestricted	-	-	(2,196,462)	-	(2,196,462)
Total Net Position	<u>47,237,764</u>	<u>20,416,643</u>	<u>(2,196,462)</u>	<u>1,042,173</u>	<u>66,500,118</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 71,776,971</u>	<u>40,222,420</u>	<u>2,507,551</u>	<u>1,042,173</u>	<u>115,549,115</u>

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



**City of Starkville, Mississippi**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds**  
**For the Year Ended September 30, 2023**

	<u>June 30, 2023</u>	<u>September 30, 2023</u>			<u>Total Enterprise Funds</u>
	<u>Electric Department</u>	<u>Water &amp; Sewer Department</u>	<u>Sanitation and Waste Fund</u>	<u>Non-Major Enterprise Fund</u>	
<b><u>OPERATING REVENUES</u></b>					
Charges for services	\$ 47,894,775	9,598,728	3,126,777	299,992	60,920,272
Total operating revenues	<u>47,894,775</u>	<u>9,598,728</u>	<u>3,126,777</u>	<u>299,992</u>	<u>60,920,272</u>
<b><u>OPERATING EXPENSES</u></b>					
Purchased power	37,304,372	-	-	-	37,304,372
Operating and maintenance	5,962,090	6,132,188	3,143,321	287	15,237,886
Depreciation	2,655,706	1,584,852	245,755	65	4,486,378
Total operating expenses	<u>45,922,168</u>	<u>7,717,040</u>	<u>3,389,076</u>	<u>352</u>	<u>57,028,636</u>
Operating income (loss)	<u>1,972,607</u>	<u>1,881,688</u>	<u>(262,299)</u>	<u>299,640</u>	<u>3,891,636</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>					
Other revenue (expenses)	30,871	939,603	128,289	-	1,098,763
Interest on investments	70,478	30,829	-	-	101,307
Amortization expense	(15,978)	(13,959)	-	-	(29,937)
Interest and fiscal charges	(176,833)	(405,083)	(30,431)	-	(612,347)
Total non-operating revenues (expenses)	<u>(91,462)</u>	<u>551,390</u>	<u>97,858</u>	<u>-</u>	<u>557,786</u>
Changes in net position	<u>1,881,145</u>	<u>2,433,078</u>	<u>(164,441)</u>	<u>299,640</u>	<u>4,449,422</u>
Net position, October 1, 2022, as previously reported	45,356,619	17,983,565	(2,032,021)	740,374	62,048,537
Prior Period Adjustment (See Note 15)	-	-	-	2,159	2,159
Net position, October 1, 2022, as restated	<u>45,356,619</u>	<u>17,983,565</u>	<u>(2,032,021)</u>	<u>742,533</u>	<u>62,050,696</u>
Net Position, September 30, 2023	<u>\$ 47,237,764</u>	<u>\$ 20,416,643</u>	<u>\$ (2,196,462)</u>	<u>\$ 1,042,173</u>	<u>\$ 66,500,118</u>

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

**City of Starkville, Mississippi**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended September 30, 2023**

	<u>June 30, 2023</u>	<u>September 30, 2023</u>			<u>Total Enterprise Funds</u>
	<u>Electric Department</u>	<u>Water &amp; Sewer Department</u>	<u>Sanitation and Waste Fund</u>	<u>Non-Major Enterprise Fund</u>	
<b><u>Cash Flows from Operating Activities</u></b>					
Cash received from customers	\$ 47,894,775	9,598,728	3,126,777	299,640	60,919,920
Cash paid to employees	(2,331,673)	(1,452,717)	(1,910,314)	-	(5,694,704)
Cash paid to suppliers	(41,380,955)	(4,517,194)	(854,152)	(20,801)	(46,773,102)
<b>Net Cash Provided By Operating Activities</b>	<u>4,182,147</u>	<u>3,628,817</u>	<u>362,311</u>	<u>278,839</u>	<u>8,452,114</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>					
Proceeds from issuance of debt	-	-	436,524	-	436,524
Payment of debt	(485,000)	(1,132,979)	(331,630)	-	(1,949,609)
Payment of interest	(149,232)	(405,083)	(30,431)	-	(584,746)
Purchase of capital assets	(1,784,623)	(3,096,789)	(436,774)	-	(5,318,186)
Removal cost	(158,346)	-	-	-	(158,346)
Salvage	5,502	-	-	-	5,502
Reclassifications	23,397	-	-	-	23,397
Other receipts (payments)	(3,995)	931,425	-	-	927,430
<b>Net Cash Flows (Used in) Capital and Related Financing Activities</b>	<u>(2,552,297)</u>	<u>(3,703,426)</u>	<u>(362,311)</u>	<u>-</u>	<u>(6,618,034)</u>
<b><u>Cash Flows from Investing Activities</u></b>					
Interest received on investments	70,478	30,829	-	-	101,307
Change in other investments	(1,054)	-	-	-	(1,054)
Collections on energy conservation loans receivable	3,850	-	-	-	3,850
<b>Net Cash Flows Provided by Investing Activities</b>	<u>73,274</u>	<u>30,829</u>	<u>-</u>	<u>-</u>	<u>104,103</u>
<b>Net Change in Cash</b>	1,703,124	(43,780)	-	278,839	1,938,183
<b>Cash and Cash Equivalents, October 1, 2022</b>	<u>6,177,391</u>	<u>4,268,507</u>	<u>-</u>	<u>642,259</u>	<u>11,088,157</u>
<b>Cash and Cash Equivalents, September 30, 2023</b>	<u>\$ 7,880,515</u>	<u>4,224,727</u>	<u>-</u>	<u>921,098</u>	<u>13,026,340</u>
<b><u>Reconciliation of Operating Income to Net Cash Flows from Operating Activities:</u></b>					
Operating Income (Loss)	\$ 1,972,607	1,881,688	(262,299)	299,640	3,891,636
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	2,730,580	1,584,852	245,755	65	4,561,252
Debt issuance costs	-	-	1,158	-	1,158
Other non-operating revenues	30,871	970,432	128,289	-	1,129,592
Other non-operating expenses	(31,239)	-	-	-	(31,239)
Changes in operating assets and liabilities:					
(Increase) decrease in receivables	(896,048)	(897,039)	(42,033)	(20,866)	(1,855,986)
(Increase) decrease in inventory	(133,290)	(338,303)	-	-	(471,593)
(Increase) decrease in other assets	(23,085)	12,975	-	-	(10,110)
(Increase) decrease in deferred outflows of resources	45,936	(447,725)	(418,925)	-	(820,714)
Increase (decrease) in payables	(15,964)	(55,061)	398	-	(70,627)
Increase (decrease) accrued liabilities	99,127	70,395	-	-	169,522
Increase (decrease) in deficit cash	-	-	(55,557)	-	(55,557)
Increase (decrease) in customer deposits	91,773	9,385	-	-	101,158
Increase (decrease) in unfunded pension liability	1,812,875	847,401	771,170	-	3,431,446
Increase (decrease) in other liabilities	906	(10,183)	(5,645)	-	(14,922)
Increase (decrease) in deferred inflows of resources	(1,502,902)	-	-	-	(1,502,902)
Total adjustments	<u>2,209,540</u>	<u>1,747,129</u>	<u>624,610</u>	<u>(20,801)</u>	<u>4,560,478</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 4,182,147</u>	<u>3,628,817</u>	<u>362,311</u>	<u>278,839</u>	<u>8,452,114</u>

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

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 1: Summary of Significant Accounting Policies**

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

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

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

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

**a. Reporting Entity**

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

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service.

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 1: Summary of Significant Accounting Policies (Continued)**

Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

Excluded from the reporting entity:

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

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

**b. Basic Financial Statements – Government-Wide Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's police and fire protection, parks and recreation, public works, and general administrative services are classified as governmental activities. The City's electric, water and sewer, sanitation, and landfill services are classified as business-type activities.

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

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

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

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

**c. Basic Financial Statements – Fund Financial Statements**

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

The City reports the following major Governmental Funds:

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

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

The *2022 G.O. Public Improvement Bonds Fund* is a capital projects fund which accounts for expenditures related to infrastructure improvements, outdoor recreation, and sewerage systems within the community.

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

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

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**1. Governmental Funds**

- a. General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund includes General Activities, Multi-Unit Drug Task Force Operations, Airport Activities, Restricted Police Activities, Restricted Fire Activities, Accounts Payable Clearing and Payroll Clearing.
- b. Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds are the CDBG Henderson Street Area Redevelopment Project Fund, the Law Enforcement Grants Fund, the Computer Assessments Fund, the CDBG Rehabilitation Loan Program Fund, Federal Forfeited Funds Fund, American Recovery Reinvestment Fund, and the TVA Hewlett Wood Products, Inc. Loan Fund.
- c. Debt Service Funds** are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs. The Debt Service Funds are the City Bond and Interest Fund and the School Bond and Interest Fund.
- d. Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Capital Projects Funds are the Parking Mill Project Fund, Public Improvement Bonds Fund, Parks and Recreation Bond 2020 Fund, the Parks and Recreation Tourism Fund, Industrial Park Bond Fund, Fire Station #5 Fund, Build Grant 182/MLK Corridor Fund, 2022 G.O. Public Improvement Bonds, 2022 Local Improvements Project Fund, Parks Capital Project Fund, and Stark/Hospital Road Expansion Fund.

**2. Proprietary Funds**

The City reports the following major Proprietary Funds:

The *Starkville Electric Department* is a fund which accounts for the distribution of electricity to the residents of the City of Starkville and Mississippi State University. The Electric Department's fiscal year ends on June 30<sup>th</sup> as required by regulatory bodies. Therefore, all statements and information relating to the Electric Department in this report are for the fiscal year beginning July 1, 2022 and ending June 30, 2023.

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

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

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

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

**d. Basis of Accounting**

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

**1. Accrual:**

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

**2. Modified Accrual:**

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

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**e. Financial Statement Amounts**

**1. Deposits and Investments:**

State law authorizes the City to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or municipality of this state. Further, the City may invest in certain repurchase agreements. Investments in governmental securities are stated at fair value.

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

**2. Receivables:**

Receivables are reported net of allowances for uncollectible accounts, where applicable.

**3. Inventory:**

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

**4. Capital Assets:**

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

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

**5. Revenues:**

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



**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**6. Expenditures:**

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

**7. Compensated Absences:**

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

**8. Interfund Activity:**

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**9. Basis of Budgeting:**

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

**10. Deferred Outflows / Inflows**

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

Deferred outflows related to pensions- This amount represents the City's proportionate share of the deferred outflows of resources reported by the pension plan in which the City participates. See Note 16 for additional details.

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

Deferred inflows of resources- This amount represents the City's proportionate share of the deferred inflows of resources reported by the pension plan in which the City participates. See Note 16 for additional details.

**11. Leases**

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases* (GASB 87), to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency, and comparability of lease activities reported by governments. GASB 87 was implemented during fiscal year 2022.

**12. Subscription-Based Information Technology Arrangements**

The Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Technology Arrangements* (SBITAs) (GASB 96), to establish uniform accounting and financial reporting requirements for SBITAs, and to enhance understandability, reliability, relevance, and consistency of information about SBITAs.

**13. Long-term Liabilities**

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

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

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

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**14. Pensions**

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

**15. Net Position:**

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

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

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Net Position Flow Assumption**

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

**16. Fund Balance:**

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

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

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

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

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

- e. **Unassigned fund balance** – the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Fund Balance Flow Assumption:**

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

**17. Use of Estimates:**

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

**18. Changes in Accounting Standards:**

GASB 96, *Subscription-Based Information Technology Arrangements*, was implemented during the 2023 fiscal year. Prior to the issuance of the statement, there was no accounting or financial reporting guidance specifically for SBITAs. The purpose of the standard is to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance the understandability, reliability, relevance, and consistency of information about SBITAs.

**Note 2: Cash, Other Deposits, and Investments**

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. All of the City's funds eligible to be included in the state's collateral pool program were properly included and were fully collateralized as of September 30, 2023.

The carrying amount of the City's deposits with financial institutions was \$16,487,629 on September 30, 2023 and the bank balance was \$19,855,153.

The balances do not reflect cash or other deposits held in the name of Starkville Electric Department in the amount of \$7,880,515 which are separately secured.

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 2: Cash, Other Deposits, and Investments (Continued)**

Investments:

Fair Value Measurements for Investments can be categorized by the following fair value hierarchy. The fair value hierarchy prioritizes the inputs used to measure fair value into three broad Levels (Levels 1, 2, and 3), moving from quoted prices in active markets in Level 1 to unobservable inputs in Level 3.

Level 1 inputs include US government and agency securities, foreign government debt, listed equities and money market securities.

Level 2 inputs include corporate bonds (investment grade, high yield), mortgage-backed securities, bank loans, loan commitments, less liquid listed equities, municipal bonds and certain OTC derivatives.

Level 3 inputs include distressed debt, private equity, exotic or non-standard derivatives.

Investment balances at September 30, 2023, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value Level</u>	<u>Fair Value</u>
First American Funds Inc. US Treasury Money MarketFund Class Y 3696	N/A	Level 1	\$ 4,873,461
USA Treasury Bills 5.1275%	1-2 years	Level 1	5,501,376
USA Treasury Bills 5.28875%	1-2 years	Level 1	5,002,217
USA Treasury State & Local Government	N/A	Level 1	1,664,000
Total			<u>\$ 17,041,054</u>

**Note 3: Interfund Transactions and Balances**

The following is a summary of interfund balances at September 30, 2023:

A. Due From/To Other Funds:

<u>Due From</u>	<u>Due to</u>		
General Fund	Electric Department	\$ 2,699	-
ARPA Fund	Water and Sewer Department	1,517,047	1,517,047
Water and Sewer Department	Electric Department	885,067	766,295
	Timing Difference		121,471
		<u>\$ 2,404,813</u>	<u>2,404,813</u>

The Electric Department has a fiscal year end of June 30<sup>th</sup>, whereas the rest of the funds have a fiscal year end of September 30<sup>th</sup>. Due to the three month gap in fiscal years, there is a reconciliation in the amount of \$121,471 to bridge the difference between due to/from other funds at September 30, 2023.

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 3: Interfund Transactions and Balances**

B. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Parks and Rec. Tourism Fund	\$ 260,000
Other Governmental Funds	General Fund	527,401
Park Bonds 2020 Fund	Other Governmental Funds	1,968,954
Total		\$ <u>2,756,355</u>

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

**Note 4: Capital Assets**

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

	<u>Balance</u>				<u>Balance</u>
	<u>10/1/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>9/30/2023</u>
<b>Governmental Activities</b>					
Land and construction in progress	\$ 1,792,946				1,792,946
Other capital assets	140,894,090	15,324,286	(43,178)		156,175,198
Less: Accumulated Depreciation	(77,682,551)	(4,086,342)	17,891		(81,751,002)
Governmental Activities Capital Assets	\$ <u>65,004,485</u>	<u>11,237,944</u>	<u>(25,287)</u>	<u>-</u>	<u>76,217,142</u>
<b>Business-type Activities:</b>					
Land and construction in progress - Electric	\$ 3,676,928	(2,211,558)			1,465,370
Property and equipment - Electric	74,805,779	3,996,181	(431,455)		78,370,505
Less: Accumulated Depreciation - Electric	(25,866,775)	(2,753,810)	584,132		(28,036,453)
Business Activities Capital Assets - Electric	\$ <u>52,615,932</u>	<u>(969,187)</u>	<u>152,677</u>	<u>-</u>	<u>51,799,422</u>
Land and construction in progress - Water - Sewer	\$ 2,892,200	2,866,419	(2,297,819)	(22,099)	3,438,701
Property and equipment - Water - Sewer	62,628,459	3,096,789			65,725,248
Less: Accumulated Depreciation - Water - Sewer	(35,979,088)	(1,584,848)			(37,563,936)
Business Activities Capital Assets - Water - Sewer	\$ <u>29,541,574</u>	<u>4,378,360</u>	<u>(2,297,819)</u>	<u>(22,099)</u>	<u>31,600,013</u>
Land and construction in progress - Sanitation - Landfill	\$ 96,800			1,800	98,600
Property and equipment - Sanitation - Landfill	6,999,273	436,774	(432,254)	(1,800)	7,001,993
Less: Accumulated Depreciation - Sanitation-Landfill	(6,028,995)	(245,820)	432,254		(5,842,561)
Business Activities Capital Assets - Sanitation-Landfill	\$ <u>1,067,078</u>	<u>190,954</u>	<u>-</u>	<u>-</u>	<u>1,258,032</u>
Business Activities Capital Assets	<u>83,224,584</u>	<u>3,600,127</u>	<u>(2,145,142)</u>	<u>(22,099)</u>	<u>84,657,467</u>
Total Capital Assets	\$ <u>148,229,069</u>	<u>14,838,071</u>	<u>(2,170,429)</u>	<u>(22,099)</u>	<u>160,874,609</u>

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

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 4: Capital Assets (Continued)**

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 970,126
Public safety - Police	334,380
Public safety - Fire	394,756
Highways and streets	530,341
Culture and recreation	<u>1,856,739</u>
Total governmental activities depreciation expense	<u><u>\$4,086,342</u></u>
Business-type activities:	
Electric	\$2,730,580
Water and sewer	1,584,848
Sanitation	<u>245,820</u>
Total business-type activities depreciation expense	<u><u>\$4,561,248</u></u>

Starkville Electric Department's depreciation of \$2,730,580 which consists of \$2,655,706 charged to depreciation expense and \$74,874 charged to building and transportation clearings.

**Note 5: Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2023, was as follows:

	Balance 10/1/2022	Additions	Reductions	Balance 9/30/2023	Amount Due Within One Year
Governmental Activities					
General obligation bonds					
TIF Revenue Bonds, Series 2011	\$ 138,000		44,000	94,000	46,000
GO Utility Refunding Bonds, Series 2015	1,955,000		120,000	1,835,000	125,000
GO Public Improvement, Series 2016A	2,420,000		130,000	2,290,000	130,000
GO Public Improvement, Series 2016B	1,935,000		100,000	1,835,000	105,000
TIF Revenue Bonds, Series 2016	520,000		120,000	400,000	125,000
GO Refunding Bond, Series 2018	1,895,000		350,000	1,545,000	380,000
GO Development Bonds, Series 2017	5,600,000		350,000	5,250,000	350,000
2018 Refunding Bond-City Hall	3,735,000			3,735,000	290,000
Special Obligation, Series 2018	3,700,000		415,000	3,285,000	430,000
Special Obligation, Series 2018	2,667,000		173,000	2,494,000	178,000
Special Obligation, Series 2020A	14,300,000		55,000	14,245,000	55,000
Special Obligation, Series 2020B	9,680,000		30,000	9,650,000	30,000
TIF Revenue Bonds, Series 2022	695,000		67,700	627,300	75,300
GO Bonds, Series 2022		5,000,000	600,000	4,400,000	555,000
TIF Revenue Bonds, Series 2022		1,500,000	62,600	1,437,400	65,800
Total	\$ 49,240,000	6,500,000	2,617,300	53,122,700	2,940,100



**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 5: Long-Term Liabilities (Continued)**

	<b>Balance</b>			<b>Balance</b>	<b>Amount Due</b>
	<b>10/1/2022</b>	<b>Additions</b>	<b>Reductions</b>	<b>9/30/2023</b>	<b>Within One</b>
					<b>Year</b>
Notes payable					
Capital Improvements - City Hall	370,000		370,000	-	
Asphalt Truck (Kenworth)	83,269		66,481	16,788	16,788
Fire Truck	640,386		102,310	538,076	104,039
John Deere Park Mower	8,862		8,862	-	
Nissan Kicks	3,496		3,496	-	
2 Pumper Trucks	760,399		73,679	686,720	76,173
Street Excavator	95,601		28,294	67,307	29,277
Police Dodge Chargers	218,352		218,352	-	
2022 Dodge Durango	36,377		12,890	23,487	13,273
2020 Fire Truck-Bankfirst	1,299,779		143,949	1,155,830	146,258
Utility Associates-Body Cameras	233,100		77,700	155,400	77,700
FUSUS Real Time Crime Center	130,000		65,000	65,000	65,000
Harley-Davidson Motorcycles	18,900		12,600	6,300	6,300
Dell Server Lease		134,590	31,086	103,504	23,050
Dell Server Lease		25,259		25,259	5,052
Flexible Multisensor Fixed Cameras/Surveillance Cameras		21,798	12,795	9,003	9,003
Compensated absences	562,631	230,513		793,144	
Total	<u>\$ 4,461,152</u>	<u>412,160</u>	<u>1,227,494</u>	<u>3,645,818</u>	<u>571,913</u>
Total Governmental Activities	<u>\$ 53,701,152</u>	<u>6,912,160</u>	<u>3,844,794</u>	<u>56,768,518</u>	<u>3,512,013</u>
					<b>Amount Due</b>
	<b>Balance</b>			<b>Balance</b>	<b>Within One</b>
	<b>10/1/2022</b>	<b>Additions</b>	<b>Reductions</b>	<b>9/30/2023</b>	<b>Year</b>
Business-type Activities					
Bonds and notes payable					
Utility Revenue Bonds, Series 2019	\$ 8,950,000		380,000	8,570,000	395,000
Electric System Revenue Bond, Series 2020	7,575,000		485,000	7,090,000	500,000
GO Utility Refunding Bond Series 2012	952,747		184,441	768,306	188,058
Drinking Water Improvements Revolving Loan	224,189		55,172	169,017	56,567
Water Pollution Control Revolving Loan	695,259		215,410	479,849	219,210
Water Pollution Control Revolving Loan	105,317		15,436	89,881	15,865
MDA Capital Improvements Loan	290,967		17,760	273,207	16,683
MDA Capital Improvements Loan	209,882		27,421	182,461	25,758
MDA Capital Improvements Loan	414,014		55,374	358,640	52,016
MDA Capital Improvements Loan	973,929		65,577	908,352	61,600
MDA Capital Improvements Loan	166,336		41,067	125,269	38,577
MDA Capital Improvements Loan	410,960		27,860	383,100	26,170
MDA Capital Improvements Loan	629,177		34,839	594,338	32,727
MDA Capital Improvements Loan	237,393		12,623	224,770	11,857
Street Sweeper	3,736		3,736	-	
3 Refuse Trucks & Knuckle Boom	367,385		119,344	248,041	122,435
2021 Tractor and Cutter	37,315		23,389	13,926	13,926
Garbage Truck/Front End Loader	161,845		38,981	122,864	39,952
2021 Rear Loader Truck	156,449		56,068	100,381	56,796
2022 Kubota Tractor	68,601		24,308	44,293	25,032
2022 Knuckleboom Loader		189,500	30,608	158,892	62,372
2023 Freightliner M2 #9147		247,024	35,196	211,828	47,921
Compensated absences	79,432		5,645	73,787	
Total	<u>\$ 22,709,933</u>	<u>436,524</u>	<u>1,955,255</u>	<u>21,191,202</u>	<u>2,008,522</u>

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 5: Long-Term Liabilities (Continued)**

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

The seven outstanding issues of General Obligation Bonds are due in annual installments ranging from \$100,000 to \$600,000 each through various dates, the last of which is the year 2038. Interest rates range from 2.12% to 5.00%.

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

**Legal Debt Margin**

The amount of debt, excluding specific exempted debt that can be incurred by the City is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the City, according to the last completed assessment for taxation. In no case shall the total indebtedness exceed 20% of the assessed value of the property. As of September 30, 2023, the amount of outstanding debt was equal to 17.67% of the latest property assessments.

**Note 6: Unemployment Compensation Fund**

The City has elected to establish a revolving fund for unemployment compensation which is to be maintained in the amount of 2% of the first \$6,000 of employee wages paid in the preceding calendar year. The Unemployment Compensation Fund was fully funded at September 30, 2023.

**Note 7: Defined Benefit Pension Plan – City of Starkville**

**General Information about the Pension Plan**

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

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

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

**General Information about the Pension Plan (Continued)**

employers have elected to participate. For those persons employed by political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the System's Board of Trustees. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. Current rates are 17.40 percent for employers and 9.00 percent for members. PERS employers contributed \$1,304 million and members contributed \$662 million for fiscal year 2023. A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest.

Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. § 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. The PERS plan financial report is included in the Annual Comprehensive Financial Report of the Public Employees' Retirement System available at [www.PERS.ms.gov](http://www.PERS.ms.gov).

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

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

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2023 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the fiscal years ending September 30, 2023, 2022 and 2021 were \$2,194,650, \$1,984,730, and \$1,994,173 respectively, which equaled the required contributions for each year.

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

At September 30, 2023, the City reported a liability of \$42,344,259 which was 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 that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2023, the City's proportion was 0.168211 percent. This was an increase of .002523 percent from its proportionate share used to calculate the September 30, 2022 net pension liability, which was based on a measurement date of June 30, 2022.

For the year ended September 30, 2023, the City recognized pension expense of \$5,995,005. At September 30, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,057,417	-
Net difference between projected and actual earnings on pension plan investments	1,550,068	-
Changes of assumptions	4,971,523	-
Change in proportion percentage	574,498	-
City contributions subsequent to the measurement date	597,156	-
	\$ 8,750,662	-

\$597,156 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**City of Starkville, Mississippi  
Notes to Financial Statements**

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

Year ended September 30,		
2024		3,192,281
2025		1,802,154
2026		3,146,478
2027		12,593
2028		-
		-
		\$ 8,153,506

*Actuarial assumptions.* The total pension liability as of June 30, 2023 was determined by an actuarial valuation prepared as of June 30, 2022, and by the investment experience for the fiscal year ending June 30, 2023. The following actuarial assumptions are applied to all periods in the measurement:

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

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

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the period from July 1, 2018 to June 30, 2022. This experience report is dated April 21, 2023.

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

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27 %	4.75 %
International Equity	22	4.75
Global Equity	12	4.95
Fixed Income	20	1.75
Real Estate	10	3.25
Private Equity	8	6.00
Cash Equivalents	1	0.25
Total	<u>100 %</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 will be phased in to 22.40 percent over three fiscal years (17.40% for FYE 2024, 19.40% for FYE 2025, 21.40% for FYE 2026, and 22.40% for FYE 2027). Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.00 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 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City’s proportionate share of the net pension liability	\$ 45,227,274	\$ 42,344,259	\$ 25,937,244

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

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 8: Defined Benefit Pension Plan – Starkville Electric Department**

**General Information about the Pension Plan**

*Plan Description.* PERS is a defined benefit cost-sharing plan administered by the PERS System that provides retirement benefits to all eligible employees. Membership in PERS is a condition of employment granted upon hiring for qualifying employees including officials of the State of Mississippi (the State), state universities, community and junior colleges, and teachers and employees of the public-school districts, and other public employees whose employers have elected to participate. For those persons employed by political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the System's Board of Trustees. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. Current rates are 17.40 percent for employers and 9.00 percent for members. PERS employers contributed \$1,211 million and members contributed \$615 million for fiscal year 2022.

A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

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

**General Information about the Pension Plan**

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

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the Electric Department is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2022 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The Electric Department's contributions to PERS for the fiscal years ending June 30, 2023, 2022, and 2021 were \$341,006, \$345,255, and \$304,227 respectively, which equaled the required contributions for each year.

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

At June 30, 2023, the Electric Department reported a liability of \$6,092,551 which was for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Electric Department's proportion of the net pension liability was based on a projection of the Electric Department's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2023, the Electric Department's proportion was 0.029599 percent. This was an increase of 0.000644 percent from its proportionate share used to calculate the June 30, 2022 net pension liability, which was based on a measurement date of June 30, 2021.



**City of Starkville, Mississippi**  
**Notes to Financial Statements**

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

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

For the year ended June 30, 2023, the Electric Department recognized pension expense of \$696,916. At June 30, 2023, the Electric Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 86,266	-
Net difference between projected and actual earnings on pension plan investments	320,010	
Changes of assumptions	210,718	-
Change in proportion percentage	451,456	141,270
City contributions subsequent to the measurement date	341,006	-
	\$ 1,409,456	141,270

\$341,006 reported as deferred outflows of resources related to pensions resulting from the Electric Department's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	
2024	278,106
2025	345,071
2026	(26,595)
2027	330,598
2028	-
	\$ 927,180

*Actuarial assumptions.* The total pension liability as of June 30, 2022 was determined by an actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022.

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

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

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

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

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

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

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

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

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

**City of Starkville, Mississippi  
Notes to Financial Statements**

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

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

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

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
Electric Department’s proportionate share of the net pension liability	\$ 7,951,402	\$ 6,092,551	\$ 4,560,024

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

**Note 9: Joint Ventures**

The City of Starkville entered into an agreement with the Golden Triangle Solid Waste Management Authority. This Authority was organized under laws of the State of Mississippi (Section 17-17-301 et seq. Miss. Code of 1972 as amended). The Authority’s purpose is to operate and maintain a landfill facility. The project was permitted by DEQ in December, 1994. The City of Starkville’s share of expense and liability is based on a pro rata share of waste tonnage. The City’s portion of this expense was \$388,900 in 2023. The members, in addition to the City of Starkville, are Noxubee County, City of West Point, Clay County, City of Columbus, Lowndes County, City of Macon, Oktibbeha County, Webster County, City of Eupora, Choctaw County, and the Town of Ackerman. Because of the nature of the Authority’s operations there is no determinable equity interest of the City of Starkville. The Authority is designed to generate revenues from its members in an amount adequate only to cover its operating costs. The Authority is audited separately and financial statements are available upon request.

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 10: Related Party**

The City of Starkville, Mississippi, is currently under a board-approved, two-year contract with an outside consulting company to provide support to the Electric Department. The owner of the consulting company is the father of the current General Manager for the Electric Department. For year ended June 30, 2023, the amount paid to the consulting company was \$97,730.

**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 carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Under GASB Statement No. 10, *Accounting and Financial Reporting for Risks Financing and Related Insurance Issues*, a liability for claims must be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. As of the date of this audit report, there were no known claims above the amount of coverage purchased for risks of loss related to torts, theft of, damage to, and the destruction of assets, errors and omissions, injuries to employees, and natural disasters at September 30, 2023, therefore no liability has been accrued at this time.

**Note 12: Property Tax**

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

The Mayor and Board of Aldermen, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year.

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

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

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 12: Property Tax (Continued)**

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

Delinquent taxes are not recorded as assets.

**Note 13: Economic Development, Tourism, and Convention Tax**

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

Economic Development Authority – 15%

Visitor and Convention Council – 15%

Starkville Parks and Recreation – 40%

Mississippi State University – 20%

Used for economic and community development projects, initiatives or opportunities – 10%

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

**Note 14: Contingent Liabilities**

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

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

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 15: Prior Period Adjustment**

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

Statement of Activities – Business-type Activities

Explanation	Amount
Error in reporting land in sanitation fund	\$ <u>2,159</u>
Total prior period adjustment(s)	\$ <u><u>2,159</u></u>

Statement of Revenues, Expenditures, and Changes in Fund Net Position – Proprietary Funds

Explanation	Amount
Error in reporting land in sanitation fund	\$ <u>2,159</u>
Total prior period adjustment(s)	\$ <u><u>2,159</u></u>

**Note 16: Effect of Deferred Amounts on Net Position**

The governmental activities' unrestricted net position amount of \$ (16,694,038) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$534,311 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. The \$6,549,076 balance of the deferred outflows of resources related to pensions at September 30, 2023, will be recognized in pension expense over the next 4 years.

The business-type activities' unrestricted net position amount of \$ (2,196,462) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$13,632 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. The \$ 770,275 balance of the deferred outflows of resources related to pensions at September 30, 2023, will be recognized in pension expense over the next 4 years.

The business-type activities' restricted net position amount of \$ 3,625,690 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$410,897 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. The \$ 2,524,564 balance of the deferred outflows of resources related to pensions at September 30, 2023, will be recognized in pension

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 16: Effect of Deferred Amounts on Net Position (Continued)**

expense over the next 4 years.

The business-type activities' restricted net position amount of \$ 3,625,690 includes the effect of deferred inflows of resources related to pensions. The \$ 141,270 balance of the deferred inflows of resources related to pensions at September 30, 2023, will be recognized in pension expense over the next 4 years.

**Note 17: Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the City of Starkville, Mississippi, evaluated the activity of the City through March 24, 2025, the date the financial statements were available to be issued, and determined that the following subsequent events should be noted in the financial statements:

- Approved to apply for a MDOT Multi Modal Grant for a new hangar for the purpose of leasing it to UMMC Air Care and Disaster Response Operations for \$1,371,600 with a local match of \$152,400 at George M. Bryan Field on February 20, 2024.
- Approved utilizing the City's remaining Northstar bond funds to match the required amount from the MDA grant of \$2,518,380 to construct a 200,000 square foot pad in Northstar Industrial Park. The cost will be shared in a 50% proportion with Oktibbeha County. The City's estimated portion of the match is \$139,910 on March 19, 2024.
- Approved issuance of GO Public Improvement Bond, Series 2024 (Street Improvements Project) in the amount of \$5,000,000 on May 7, 2024.
- Approved issuance of \$12,555,000 GO Public Improvement Bonds, Series 2024 (Parks and Recreation Improvements Project) on May 7, 2024.
- Approved lowest bid from Burns Dirt Construction in the amount of \$36,383,204 for the MS 182 Revitalization Project on July 16, 2024.
- Approved lowest bid from Ethos Contracting Group in the amount of \$6,705,557 for the McKee Park Improvements Project on August 20, 2024.
- Approved 5-year agreement with Axon Enterprise, Inc. in the amount of \$410,000 as a sole source provider and compatible with the existing FUSUS Real Time Intelligence Center on September 3, 2024.
- Approved lowest bid from Hemphill Construction Company in the amount of \$8,900,415 for the aeration improvements project on September 3, 2024.
- Approved acceptance of the Safe Streets and Roads for All (SS4A) implementation grant in the amount of \$8,900,415 with a local match of \$2,240,000 over 3 years on October 1, 2024.
- Approved issuance of \$7,000,000 combined Water and Sewer System Revenue Bonds, Series 2025 on October 1, 2024.

**City of Starkville, Mississippi**  
**Notes to Financial Statements**

**Note 17: Subsequent Events (Continued)**

- Approved the purchase of a 25-yard refuse truck from Ingram Equipment Company, the lowest bidder, in the amount of \$277,500.00 with financing to be a loan from the General Fund to Sanitation net of insurance proceeds on October 15, 2024. The loan amount will be \$179,407.
- Approved the purchase of a Street Sweeper from Ingram Equipment Company, the lowest bidder in the amount of \$344,500.00 with financing to be a five-year loan from General Fund to Sanitation Fund on October 15, 2024.
- Approved issuance of \$8,000,000 Combined Water and Sewer System Revenue Bonds, Series 2025B on November 5, 2024.
- Approved to lease six vehicles from Enterprise Fleet Management for a total one-time cost of \$32,400 plus a total annual vehicle cost of \$71,339 for five years on November 19, 2024.
- Approved authorizing and directing the issuance of TIF Revenue Bonds, Series 2025 (Garan Manufacturing Redevelopment Project) in the amount of \$4,250,000 on January 21, 2025.
- Approved contract between the City of Starkville Police Department and Mississippi State University to provide traffic control services at MSU athletic events not to exceed \$150,000 annually with the term of this agreement to automatically extend by one year term at the conclusion of each year up to a total of five years on February 4, 2025.



**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Starkville, Mississippi**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Non-GAAP Budgetary Basis) - General Fund**  
**For the Year Ended September 30, 2023**

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
<b><u>REVENUES</u></b>					
General property taxes	\$ 9,137,320	-	9,137,320	9,416,625	279,305
Licenses and permits	243,750	144,855	388,605	563,350	174,745
Intergovernmental	12,862,274	505,276	13,367,550	12,839,460	(528,090)
Fines and forfeitures	597,000	4,087	601,087	963,093	362,006
Charges for services	29,000	4,000	33,000	30,098	(2,902)
Other revenues	2,537,127	1,800,725	4,337,852	4,058,951	(278,901)
	<u>25,406,471</u>	<u>2,458,943</u>	<u>27,865,414</u>	<u>27,871,577</u>	<u>6,163</u>
Total Revenues before Prior Year Fund Balance					
<b><u>EXPENDITURES</u></b>					
General government	5,586,786	177,173	5,763,959	5,390,315	373,644
Public safety:					
Police	7,377,985	(123,566)	7,254,419	7,207,790	46,629
Fire	4,441,300	443,593	4,884,893	4,714,209	170,684
Public inspection	331,077	(28,000)	303,077	275,102	27,975
Civil defense	18,000	1,000	19,000	18,793	207
Highways and streets	1,977,041	(15,200)	1,961,841	1,918,243	43,598
Health and sanitation	113,291	12,000	125,291	120,116	5,175
Culture and recreation	1,763,950	310,050	2,074,000	2,078,584	(4,584)
Other	1,123,991	-	1,123,991	1,374,637	(250,646)
Capital outlay	1,053,200	58,883	1,112,083	1,717,628	(605,545)
Debt service	3,196,244	274,651	3,470,895	3,639,935	(169,040)
	<u>26,982,865</u>	<u>1,110,584</u>	<u>28,093,449</u>	<u>28,455,352</u>	<u>(361,903)</u>
Total Expenditures					
Excess (deficiency) of revenues over (under) expenditures	<u>(1,576,394)</u>	<u>1,348,359</u>	<u>(228,035)</u>	<u>(583,775)</u>	<u>(355,740)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Other financing sources (uses)	<u>265,000</u>	<u>23,000</u>	<u>288,000</u>	<u>691,504</u>	<u>403,504</u>
Net other financing sources (uses)	<u>265,000</u>	<u>23,000</u>	<u>288,000</u>	<u>691,504</u>	<u>403,504</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ (1,311,394)</u>	<u>1,371,359</u>	<u>59,965</u>	<u>107,729</u>	<u>47,764</u>
Fund balances, October 1, 2022				<u>10,483,349</u>	
Fund balances, September 30, 2023 (Non-GAAP budgetary basis)				<u>\$ 10,591,078</u>	

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

**City of Starkville, Mississippi**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (Non-GAAP Budgetary Basis) - ARPA**  
**For the Year Ended September 30, 2023**

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
<b><u>REVENUES</u></b>					
Intergovernmental revenues	\$ 1,412,701	-	1,412,701	-	(1,412,701)
Interest income	-	-	-	162,074	162,074
Total Revenues before Prior Year Fund Balance	<u>1,412,701</u>	<u>-</u>	<u>1,412,701</u>	<u>162,074</u>	<u>(1,250,627)</u>
Prior year fund balance:					
Appropriated for current year budget	-	-	-	-	-
Total Revenues and Prior Year Fund Balance	<u>1,412,701</u>	<u>-</u>	<u>1,412,701</u>	<u>162,074</u>	<u>(1,250,627)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Other financing sources (uses)	-	-	-	1,776	1,776
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,776</u>	<u>1,776</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ 1,412,701</u>	<u>-</u>	<u>1,412,701</u>	163,850	<u>(1,248,851)</u>
Fund balances, October 1, 2022				<u>8,118</u>	
Fund balances, September 30, 2023 (Non-GAAP budgetary basis)				<u>\$ 171,968</u>	

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	\$ 42,344,259	\$ 34,104,620	\$ 24,862,321	\$ 30,003,804	\$ 28,206,446	\$ 26,575,995	\$ 25,103,652	\$ 25,575,881	\$ 22,392,036
City's proportionate share of the net pension liability	0.168358%	0.165688%	0.168211%	0.160136%	0.161264%	0.159779%	0.151014%	0.143182%	0.144857%
City's covered-employee payroll	\$ 12,531,687	\$ 11,337,979	\$ 11,178,723	\$ 9,621,576	\$ 9,586,602	\$ 9,880,331	\$ 9,623,365	\$ 9,568,019	\$ 9,049,841
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	337.90%	300.80%	222.41%	311.84%	294.23%	268.98%	260.86%	267.31%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	55.70%	59.93%	70.44%	58.97%	61.59%	62.53%	61.49%	57.47%	61.70%

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

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

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,194,650	\$ 1,984,730	\$ 1,994,173	\$ 1,675,067	\$ 1,706,834	\$ 1,556,152	\$ 1,515,680	\$ 1,506,965	\$ 1,425,350
Contribution in relation to the contractually required contribution	2,194,650	1,984,730	1,994,173	1,675,067	1,706,834	1,556,152	1,515,680	1,506,965	1,425,350
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	12,612,931	11,406,494	11,460,764	9,626,822	10,549,036	9,880,331	9,623,365	9,568,019	9,049,841
Contributions as a percentage of covered-employee payroll	17.40%	17.40%	17.40%	17.40%	16.18%	15.75%	15.75%	15.75%	15.75%

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

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

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Electric Department's proportion of the net pension liability	\$ 6,092,551	\$ 4,279,676	\$ 4,802,928	\$ 5,146,708	\$ 4,139,614	\$ 4,172,472	\$ 4,254,311	\$ 3,506,344	\$ 2,851,499
Electric Department's proportionate share of the net pension liability	0.029599%	0.028955%	0.024810%	0.029256%	0.024888%	0.025100%	0.023817%	0.022683%	0.023492%
Electric Department's covered-employee payroll	\$ 1,984,224	\$ 1,748,429	\$ 1,692,371	\$ 1,709,067	\$ 1,617,397	\$ 1,544,343	\$ 1,523,613	\$ 1,417,092	\$ 1,011,314
Electric Department's proportionate share of the net pension liability as a percentage of its covered-employee payroll	307.05%	244.77%	283.80%	301.14%	294.23%	268.98%	260.86%	267.31%	281.96%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.53%	61.49%	57.47%	61.70%	66.77%

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

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 341,006	\$ 345,255	\$ 304,227	\$ 294,473	\$ 269,178	\$ 254,740	\$ 243,234	\$ 239,969	\$ 223,192
Contribution in relation to the contractually required contribution	341,006	345,255	304,227	294,473	269,178	254,740	243,234	239,969	223,192
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Electric Department's covered-employee payroll	1,959,805	1,984,224	1,748,429	1,692,371	1,709,067	1,617,397	1,544,343	1,523,613	1,417,092
Contributions as a percentage of covered-employee payroll	17.40%	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

**City of Starkville, Mississippi**  
**Notes to Required Supplementary Information**

**Budgetary Comparison Schedule**

**NOTE 1 – BASIS OF PRESENTATION**

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

**NOTE 2 – BUDGET AMENDMENTS AND REVISIONS**

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

**Pension Schedules**

**NOTE 1 – CHANGES OF ASSUMPTIONS**

2015

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

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

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

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

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

2016

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



**City of Starkville, Mississippi**  
**Notes to Required Supplementary Information**

**NOTE 1 – CHANGES OF ASSUMPTIONS (CONTINUED)**

2017

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

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

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

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

2019

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

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

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

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

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

**City of Starkville, Mississippi**  
**Notes to Required Supplementary Information**

**NOTE 1 – CHANGES OF ASSUMPTIONS (CONTINUED)**

2021

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

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

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

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

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

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

2023

- The investment rate of return assumption was changed from 7.55% to 7.00%.
- The assumed load for administrative expenses was decreased from 0.28% to 0.26% of payroll.
- Withdrawal rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely.
- The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility requirements for retirement was increased from 60% to 65%.

**City of Starkville, Mississippi**  
**Notes to Required Supplementary Information**

**NOTE 1 – CHANGES OF ASSUMPTIONS (CONTINUED)**

- For married members, the number of years that a male is assumed to be older than his spouse was changed from 3 years to 2 years.
- The assumed amount of unused sick leave at retirement was increased from 0.50 years to 0.55 years.
- The assumed average number of years of military service that participants will have at retirement was decreased from 0.25 years to 0.20 years.

**NOTE 2 – CHANGES IN BENEFIT PROVISIONS**

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

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

Method and assumptions used in calculations of actuarially determined contributions:

The actuarially determined contribution rates in the schedule of employer contributions are calculated as June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2020 valuation for the June 30, 2022 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	26.7 years
Asset valuation method	5-year smoothed market
Price inflation	2.40%
Salary increase	2.65% to 17.90%, including inflation
Investment rate of return	7.55%, net of pension plan investment expense, including inflation

## **SUPPLEMENTARY INFORMATION**

**City of Starkville, Mississippi**  
**Combining Balance Sheet by Activity**  
**General Fund**  
**September 30, 2023**

	<b>General Activities</b>	<b>Restricted Police Activities</b>	<b>Restricted Fire Activities</b>	<b>Airport Activities</b>	<b>Payroll Clearing</b>	<b>Total General Fund</b>
<b><u>Assets</u></b>						
Cash and cash equivalents	\$ -	-	-	-	1,856,996	1,856,996
Cash - restricted	-	5,148	-	289,360	-	294,508
Investments	10,244,944	-	-	-	-	10,244,944
Receivables (Net)						
Accounts	1,067,860	-	157,383	-	-	1,225,243
Other	282,685	-	-	-	-	282,685
Note receivable	370,970	-	-	-	-	370,970
Due from other funds	102,699	-	-	-	73,680	176,379
	<u>12,069,158</u>	<u>5,148</u>	<u>157,383</u>	<u>289,360</u>	<u>1,930,676</u>	<u>14,451,725</u>
Total Assets	<u>\$ 12,069,158</u>	<u>5,148</u>	<u>157,383</u>	<u>289,360</u>	<u>1,930,676</u>	<u>14,451,725</u>
<b><u>Liabilities</u></b>						
Cash deficit	\$ 173,686	-	169,085	-	-	342,771
Accounts payable	1,364,161	-	-	200,601	-	1,564,762
Accrued liabilities	-	-	-	-	1,613,764	1,613,764
Unearned revenue	98,834	-	-	-	-	98,834
Other payable	66,836	-	-	-	-	66,836
Due to other funds	73,680	-	-	-	100,000	173,680
	<u>1,777,197</u>	<u>-</u>	<u>169,085</u>	<u>200,601</u>	<u>1,713,764</u>	<u>3,860,647</u>
Total Liabilities	<u>1,777,197</u>	<u>-</u>	<u>169,085</u>	<u>200,601</u>	<u>1,713,764</u>	<u>3,860,647</u>
<b><u>Fund Equity</u></b>						
Fund balances - restricted						
Restricted for police protection	-	5,148	-	-	-	5,148
Restricted for airport projects	-	-	-	88,759	-	88,759
Fund balances - unassigned	10,291,961	-	(11,702)	-	216,912	10,497,171
	<u>10,291,961</u>	<u>5,148</u>	<u>(11,702)</u>	<u>88,759</u>	<u>216,912</u>	<u>10,591,078</u>
Total Fund Equity	<u>10,291,961</u>	<u>5,148</u>	<u>(11,702)</u>	<u>88,759</u>	<u>216,912</u>	<u>10,591,078</u>
Total Liabilities and Fund Equity	<u>\$ 12,069,158</u>	<u>5,148</u>	<u>157,383</u>	<u>289,360</u>	<u>1,930,676</u>	<u>14,451,725</u>

**City of Starkville, Mississippi**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance by Activity**  
**General Fund**  
**For the Year Ended September 30, 2023**

	<b>General Activities</b>	<b>Restricted Police Activities</b>	<b>Restricted Fire Activities</b>	<b>Airport Activities</b>	<b>Total</b>
<b><u>Revenues</u></b>					
Taxes					
General property taxes	\$ 9,416,625	-	-	-	9,416,625
Licenses and permits					
Privilege license	68,182	-	-	-	68,182
Permits and inspections	446,243	-	-	-	446,243
Franchise fees	48,925	-	-	-	48,925
Intergovernmental					
Federal					
DUI	97,210	-	-	-	97,210
JAG	3,563	-	-	-	3,563
FAA	-	-	-	382,989	382,989
COVID reimbursements	31,186	-	-	-	31,186
Homeland security grants	36,617	-	-	-	36,617
Other	24,572	-	-	-	24,572
State of Mississippi					
General sales and use tax	9,125,308	-	-	-	9,125,308
Liquor licenses	81,525	-	-	-	81,525
Municipal aid - gas tax	24,746	-	-	-	24,746
Law enforcement assistance grants	135,046	14,107	-	-	149,153
Fire protection grants	54,785	-	157,383	-	212,168
Municipal aid	24,352	-	-	-	24,352
Homestead	290,451	-	-	-	290,451
Tennessee Valley Authority	341,161	-	-	-	341,161
MDOT grant	-	-	-	392,228	392,228

**City of Starkville, Mississippi**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance by Activity**  
**General Fund**  
**For the Year Ended September 30, 2023**

	<b>General Activities</b>	<b>Restricted Police Activities</b>	<b>Restricted Fire Activities</b>	<b>Airport Activities</b>	<b>Total</b>
Telephone Utility Tax	28,310	-	-	-	28,310
Miscellaneous	10,000	-	-	-	10,000
Oktibbeha County and Mississippi State					
Road maintenance	750,469	-	-	-	750,469
Airport support		-	-	47,550	47,550
Fire control	650,000	-	-	-	650,000
Lieu of tax	7,894	-	-	-	7,894
TIF Reimbursement	128,008	-	-	-	128,008
Fines and forfeits	963,093	-	-	-	963,093
Interest income	344,566	-	-	-	344,566
Penalties and interest	30,098	-	-	-	30,098
Miscellaneous					
Administration/Electric	1,706,832	-	-	-	1,706,832
Administration/Sanitation	50,000	-	-	-	50,000
Atmos Energy	125,823	-	-	-	125,823
Rents	900	-	-	96,654	97,554
TV Cable Franchise	119,316	-	-	-	119,316
Administration/Water	75,000	-	-	-	75,000
Administration/Airport	15,000	-	-	-	15,000
Parks and Recreation Fees, Donations and Grants	75,549	-	-	-	75,549
Housing Project Tax	104,838	-	-	-	104,838
Other	264,358	3,088	-	1,077,027	1,344,473
<b>Total Revenues</b>	<b>25,700,551</b>	<b>17,195</b>	<b>157,383</b>	<b>1,996,448</b>	<b>27,871,577</b>

**City of Starkville, Mississippi**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance by Activity**  
**General Fund**  
**For the Year Ended September 30, 2023**

	<b>General Activities</b>	<b>Restricted Police Activities</b>	<b>Restricted Fire Activities</b>	<b>Airport Activities</b>	<b>Total</b>
<b><u>Expenditures</u></b>					
General government:					
Legislative					
Personnel services	214,274	-	-	-	214,274
Contractual services	14,864	-	-	-	14,864
Total Legislative	<u>229,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>229,138</u>
Judicial					
Personnel services	371,534	-	-	-	371,534
Supplies	11,444	-	-	-	11,444
Contractual services	107,553	-	-	-	107,553
Total Judicial	<u>490,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>490,531</u>
Executive					
Personnel services	529,350	-	-	-	529,350
Supplies	1,671	-	-	-	1,671
Contractual services	316,391	-	-	-	316,391
Total Executive	<u>847,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>847,412</u>
City Clerk and Tax Collector					
Personnel services	422,053	-	-	-	422,053
Supplies	6,473	-	-	-	6,473
Contractual services	231,624	-	-	-	231,624
Total City Clerk and Tax Collector	<u>660,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>660,150</u>
Legal					
Personnel services	70,587	-	-	-	70,587
Contractual services	189,730	-	-	-	189,730
Total Legal	<u>260,317</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,317</u>



**City of Starkville, Mississippi**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance by Activity**  
**General Fund**  
**For the Year Ended September 30, 2023**

	<b>General Activities</b>	<b>Restricted Police Activities</b>	<b>Restricted Fire Activities</b>	<b>Airport Activities</b>	<b>Total</b>
City Planner					
Personnel services	299,774	-	-	-	299,774
Supplies	1,202	-	-	-	1,202
Contractual services	48,426	-	-	-	48,426
Capital outlay	10,118	-	-	-	10,118
<b>Total City Planner</b>	<b>359,520</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>359,520</b>
Other Administrative					
Personnel services	312,406	-	-	-	312,406
Supplies	1,607	-	-	-	1,607
Contractual services	49,594	-	-	-	49,594
<b>Total Other Administrative</b>	<b>363,607</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>363,607</b>
City Hall					
Supplies	4,477	-	-	-	4,477
Contractual services	117,157	-	-	-	117,157
<b>Total City Hall</b>	<b>121,634</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>121,634</b>
Other Miscellaneous					
Personnel services	400,889	-	-	241,039	641,928
Supplies	6,592	-	-	828,838	835,430
Contractual services	101,376	-	-	128,547	229,923
Capital outlay	-	-	-	350,725	350,725
<b>Total Other Miscellaneous</b>	<b>508,857</b>	<b>-</b>	<b>-</b>	<b>1,549,149</b>	<b>2,058,006</b>
<b>Total General Government</b>	<b>3,841,166</b>	<b>-</b>	<b>-</b>	<b>1,549,149</b>	<b>5,390,315</b>

**City of Starkville, Mississippi**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance by Activity**  
**General Fund**  
**For the Year Ended September 30, 2023**

	<b>General Activities</b>	<b>Restricted Police Activities</b>	<b>Restricted Fire Activities</b>	<b>Airport Activities</b>	<b>Total</b>
Public Safety					
Public Safety - Police and E911					
Personnel services	5,931,068	-	-	-	5,931,068
Supplies	337,686	8,311	-	-	345,997
Contractual services	894,124	3,736	-	-	897,860
Capital outlay	32,865	-	-	-	32,865
Total Public Safety - Police and E911	<u>7,195,743</u>	<u>12,047</u>	<u>-</u>	<u>-</u>	<u>7,207,790</u>
Public Safety - Fire					
Personnel services	4,265,778	-	-	-	4,265,778
Supplies	113,900	-	2,026	-	115,926
Contractual services	332,505	-	-	-	332,505
Total Public Safety - Fire	<u>4,712,183</u>	<u>-</u>	<u>2,026</u>	<u>-</u>	<u>4,714,209</u>
Public Safety - Public Inspection					
Personnel services	247,922	-	-	-	247,922
Supplies	3,454	-	-	-	3,454
Contractual services	23,726	-	-	-	23,726
Total Public Safety - Public Inspection	<u>275,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,102</u>
Public Safety - Civil Defense					
Contractual services	18,793	-	-	-	18,793
Total Public Safety - Civil Defense	<u>18,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,793</u>
 Total Public Safety	 <u>12,201,821</u>	 <u>12,047</u>	 <u>2,026</u>	 <u>-</u>	 <u>12,215,894</u>

**City of Starkville, Mississippi**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance by Activity**  
**General Fund**  
**For the Year Ended September 30, 2023**

	<b>General Activities</b>	<b>Restricted Police Activities</b>	<b>Restricted Fire Activities</b>	<b>Airport Activities</b>	<b>Total</b>
Highways and Streets					
City Streets					
Personnel services	934,537	-	-	-	934,537
Supplies	285,803	-	-	-	285,803
Contractual services	178,530	-	-	-	178,530
Capital outlay	33,901	-	-	-	33,901
Total City Streets	<u>1,432,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,432,771</u>
Street Lights					
Contractual services	485,472	-	-	-	485,472
Total Street Lights	<u>485,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>485,472</u>
Total Highways and Streets	<u>1,918,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,918,243</u>
Health and Sanitation					
Health and welfare - animals					
Personnel services	108,915	-	-	-	108,915
Supplies	5,189	-	-	-	5,189
Contractual services	6,012	-	-	-	6,012
Total Health and Welfare - Animals	<u>120,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,116</u>
Total Health and Sanitation	<u>120,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,116</u>
Culture and Recreation					
Parks and Recreation					
Supplies	10	-	-	-	10
Contractual services	2,078,574	-	-	-	2,078,574
Total Parks and Recreation	<u>2,078,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,078,584</u>
Total Culture and Recreation	<u>2,078,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,078,584</u>

**City of Starkville, Mississippi**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance by Activity**  
**General Fund**  
**For the Year Ended September 30, 2023**

	<b>General Activities</b>	<b>Restricted Police Activities</b>	<b>Restricted Fire Activities</b>	<b>Airport Activities</b>	<b>Total</b>
Economic Development and Assistance					
Contractual services	621,500				621,500
Capital Outlay	1,374,637	-	-	-	1,374,637
Total Economic Delopment and Assistance	<u>1,996,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,996,137</u>
Debt Service					
Principal	2,592,166		217,627		2,809,793
Interest	784,525	-	45,617	-	830,142
Total Debt Service	<u>3,376,691</u>	<u>-</u>	<u>263,244</u>	<u>-</u>	<u>3,639,935</u>
Miscellaneous					
Capital outlays	610,878	-	-	1,106,750	1,717,628
Total Miscellaneous	<u>610,878</u>	<u>-</u>	<u>-</u>	<u>1,106,750</u>	<u>1,717,628</u>
Total Expenditures	<u>26,143,636</u>	<u>12,047</u>	<u>265,270</u>	<u>2,655,899</u>	<u>29,076,852</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(443,085)</u>	<u>5,148</u>	<u>(107,887)</u>	<u>(659,451)</u>	<u>(1,205,275)</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	260,000	-	110,000	25,604	395,604
Operating transfers out	(663,005)	-	-	-	(663,005)
Sale of cemetery plots	8,000	-	-	-	8,000
Sale of surplus equipment	25,287	-	-	-	25,287
Gain on investment	3,673	-	-	-	3,673
Proceeds from bond sale	1,361,798	-	-	-	1,361,798
Leases issued	181,647	-	-	-	181,647
Total Other Financing Sources (Uses)	<u>1,177,400</u>	<u>-</u>	<u>110,000</u>	<u>25,604</u>	<u>1,313,004</u>

**City of Starkville, Mississippi**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance by Activity**  
**General Fund**  
**For the Year Ended September 30, 2023**

	<b>General Activities</b>	<b>Restricted Police Activities</b>	<b>Restricted Fire Activities</b>	<b>Airport Activities</b>	<b>Total</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	734,315	5,148	2,113	(633,847)	107,729
<b><u>Fund Balances</u></b>					
September 30, 2022	9,557,646	-	(13,815)	722,606	10,483,349
September 30, 2023	<u>10,291,961</u>	<u>5,148</u>	<u>(11,702)</u>	<u>88,759</u>	<u>10,591,078</u>

**City of Starkville, Mississippi**  
**Balance Sheet - Non-Major Governmental Funds**  
**September 30, 2023**

	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 539,150	207,702	-	746,852
Cash - restricted	-	-	7,273,526	7,273,526
Receivables (Net)				
Accounts			266,286	266,286
Other	-	-	54	54
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 539,150</u>	<u>207,702</u>	<u>7,539,866</u>	<u>8,286,718</u>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ -	-	360,826	360,826
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>360,826</u>	<u>360,826</u>
<b><u>FUND BALANCES</u></b>				
Restricted for capital projects	-	207,702	7,179,040	7,386,742
Fund balances - assigned for budgetary purposes	539,150	-	-	539,150
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>539,150</u>	<u>207,702</u>	<u>7,179,040</u>	<u>7,925,892</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balances	<u>\$ 539,150</u>	<u>207,702</u>	<u>7,539,866</u>	<u>8,286,718</u>

**City of Starkville, Mississippi**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Non-Major Governmental Funds**  
**For the Year Ended September 30, 2023**

	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b><u>Revenues</u></b>				
Intergovernmental:				
BUILD grant	\$ -	-	735,086	735,086
State grants	-	-	2,000,000	2,000,000
Special 1% Tax	-	-	1,702,511	1,702,511
Special 2% Tax	-	-	1,418,094	1,418,094
Modernization Use Tax	2,066,595	-	-	2,066,595
Interest income	-	-	32,268	32,268
Miscellaneous income	-	-	400,000	400,000
Total Revenues	<u>2,066,595</u>	<u>-</u>	<u>6,287,959</u>	<u>8,354,554</u>
<b><u>Expenditures</u></b>				
Debt Service:				
Principal	600,000	-	435,000	1,035,000
Interest	124,028	-	906,463	1,030,491
Capital outlay	1,071,008	-	3,066,640	4,137,648
Contractual services	-	-	441,651	441,651
Economic Development and Assistance	-	-	25,202	25,202
Total Expenditures	<u>1,795,036</u>	<u>-</u>	<u>4,874,956</u>	<u>6,669,992</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>271,559</u>	<u>-</u>	<u>1,413,003</u>	<u>1,684,562</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Operating transfers in	-	-	691,513	691,513
Operating transfers out	-	-	(2,393,066)	(2,393,066)
Proceeds of bonds	-	138,202	-	138,202
Total Other Financing Sources (Uses)	<u>-</u>	<u>138,202</u>	<u>(1,701,553)</u>	<u>(1,563,351)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	271,559	138,202	(288,550)	121,211
<b><u>Fund Balances</u></b>				
September 30, 2022	<u>267,591</u>	<u>69,500</u>	<u>7,467,590</u>	<u>7,804,681</u>
September 30, 2023	<u>\$ 539,150</u>	<u>207,702</u>	<u>7,179,040</u>	<u>7,925,892</u>

**City of Starkville, Mississippi**  
**Statement of Net Position - Non-Major Enterprise Fund**  
**September 30, 2023**

	<u><b>Landfill Fund</b></u>
<b><u>ASSETS</u></b>	
Current assets:	
Cash and cash equivalents	\$ 921,098
Accounts receivables, net	20,866
Total current assets	<u>941,964</u>
Non-current assets:	
Capital assets:	
Fixed assets, net of depreciation	<u>100,209</u>
Total non-current assets	<u>100,209</u>
Total Assets	<u>1,042,173</u>
 Total Assets	 <u><u>\$ 1,042,173</u></u>
 <b><u>NET POSITION</u></b>	
Invested in capital assets, net of related debt	100,209
Unrestricted	<u>941,964</u>
Total Net Position	<u>1,042,173</u>
 Total Liabilities and Net Position	 <u><u>\$ 1,042,173</u></u>



**City of Starkville, Mississippi**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position -**  
**Non-Major Enterprise Fund**  
**For the Year Ended September 30, 2023**

	<b>Landfill Fund</b>
<b><u>OPERATING REVENUES</u></b>	
Charges for services	\$ 299,992
Total operating revenues	<u>299,992</u>
<b><u>OPERATING EXPENSES</u></b>	
Operating and maintenance	287
Depreciation	<u>65</u>
Total operating expenses	<u>352</u>
Operating profit	<u>299,640</u>
Change in net position	<u>299,640</u>
<b><u>NET POSITION</u></b>	
Total net position, beginning, as previously stated	740,374
Prior period adjustment (See note 14)	<u>2,159</u>
Total net position, beginning, as restated	<u>742,533</u>
Total net position, ending	<u><u>\$ 1,042,173</u></u>

**City of Starkville, Mississippi**  
**Statement of Cash Flows - Non-Major Enterprise Fund**  
**For the Year Ended September 30, 2023**

	<b>Landfill Fund</b>
<b><u>Cash Flows from Operating Activities</u></b>	
Cash received from customers	\$ 299,640
Cash paid to suppliers	(20,801)
Net cash flows provided by operating activities	278,839
<b><u>Cash Flows from Noncapital Financing Activities</u></b>	
Cash deficit covered by pooled cash	
Transfers	-
Net cash flows provided by noncapital financing activities	-
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Other receipts (payments)	-
Net cash flows provided by capital and related financing activities	-
<b><u>Cash Flows from Investing Activities</u></b>	
Receipt of interest	-
Net cash flows provided by investing activities	-
Net change in cash	278,839
Cash and cash equivalents, September 30, 2022	642,259
Cash and cash equivalents, September 30, 2023	\$ 921,098
<b><u>Reconciliation of Operating Income to Net Cash Flows from Operating Activities:</u></b>	
Operating Income	\$ 299,640
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	65
Changes in operating assets and liabilities:	
Increase in receivables	(20,866)
Total adjustments	(20,801)
Net cash used in operating activities	\$ 278,839

**City of Starkville, Mississippi**  
**Schedule of Surety Bonds for Municipal Officials**  
**September 30, 2023**

<b>Name</b>	<b>Position</b>	<b>Bonding Company</b>	<b>Bond Amount</b>
Lynn Spruill	Mayor	Travelers Casualty	\$ 100,000
Sandra Sistrunk	Alderman	Travelers Casualty	\$ 100,000
Kim Moreland	Alderman	Travelers Casualty	\$ 100,000
Jeffrey Rupp	Alderman	Travelers Casualty	\$ 100,000
William Michael Brooks	Alderman	Travelers Casualty	\$ 100,000
Preston Beatty	Alderman	Travelers Casualty	\$ 100,000
Roy A. Perkins	Alderman	Travelers Casualty	\$ 100,000
Henry Vaughn, Sr.	Alderman	Travelers Casualty	\$ 100,000
Lesa Hardin	City Clerk	Western Surety Co.	\$ 50,000
Joanna McLaurin	Grants Coordinator	Western Surety Co.	\$ 50,000
Alexis Robinson	Deputy Court Clerk	Western Surety Co.	\$ 50,000
Vanyette Shay Holmes	Deputy Court Clerk	Western Surety Co.	\$ 50,000
Monica Lairy	Court Clerk	Western Surety Co.	\$ 50,000
Charles Yarbrough	Fire Chief	Western Surety Co.	\$ 50,000
Lashonda Malone	Executive Admin Asst.	Western Surety Co.	\$ 50,000
Mark Ballard	Police Chief	Western Surety Co.	\$ 50,000
Felisha L. Arney	Deputy Court Clerk	Western Surety Co.	\$ 50,000
James Justin Jarvis	Detective	Western Surety Co.	\$ 50,000
Kenneth Watkins	Police Officer	Western Surety Co.	\$ 50,000
Bridgett Young	Deputy Court Clerk	Western Surety Co.	\$ 50,000
Paul Stratton Woods, Jr.	Police Officer	Western Surety Co.	\$ 50,000
Thomas Roberson	Police Officer	Western Surety Co.	\$ 50,000
Jonathan Headley	Police Officer	Western Surety Co.	\$ 50,000
Scotty Carrithers	Narcotics Agent	Western Surety Co.	\$ 50,000
Matthew Davis	Police Officer	Western Surety Co.	\$ 50,000
Parker Madeen	Corporal	Western Surety Co.	\$ 50,000
Garrett Peters Mittan	Detective	Western Surety Co.	\$ 50,000
Caryl Elise Pritchard	Staff Support - Police Dept.	Western Surety Co.	\$ 50,000
Jerald Lyle McCaskey	Code Compliance	Western Surety Co.	\$ 50,000
Rodney Lincoln	Airport Director	Western Surety Co.	\$ 50,000
Cindy Perkins	Accounts Payable Deputy Clerk	Western Surety Co.	\$ 50,000
Lisa Lemasters	Accounts Receivable Deputy Clerk	Western Surety Co.	\$ 50,000
Stephen Corban	Finance Director	Western Surety Co.	\$ 50,000
Shenilca Eppenger	Deputy Court Clerk	Western Surety Co.	\$ 50,000
Chyann Hornburger	Deputy Court Clerk	Western Surety Co.	\$ 50,000
Bridgette H McCleer	Permit Service Technician	Western Surety Co.	\$ 50,000
Jillian Dutcher	Deputy Court Clerk	Western Surety Co.	\$ 50,000
Bonnie Brumley Edwards	Permit Tech Assistant	Western Surety Co.	\$ 50,000
Courtlin Jones	Deputy Court Clerk	Western Surety Co.	\$ 50,000

**City of Starkville, Mississippi**  
**Schedule of Bonded Indebtedness**  
**September 30, 2023**

<u>Name and Date</u>	<u>Maturity Date</u>	<u>Interest Percent</u>	<u>Balance 9/30/2022</u>	<u>Transactions</u>		<u>Balance 9/30/2023</u>
				<u>Issued</u>	<u>Redeemed</u>	
<b>General Obligation Bonds</b>						
<b>Governmental Activities:</b>						
2018 Refunding Bond-City Hall						
	5/1/2024	3.00	290,000			290,000
	5/1/2025	3.00	320,000			320,000
	5/1/2026	3.00	335,000			335,000
	5/1/2027	3.00	350,000			350,000
	5/1/2028	3.00	365,000			365,000
	2029-2033	3.00	2,075,000			2,075,000
Total			<u>3,735,000</u>	<u>-</u>	<u>-</u>	<u>3,735,000</u>
TIF Revenue Bonds, Series 2011						
	5/1/2023	4.50	44,000		44,000	-
	5/1/2024	4.50	46,000			46,000
	5/1/2025	4.50	48,000			48,000
Total			<u>138,000</u>	<u>-</u>	<u>44,000</u>	<u>94,000</u>
GO Utility Refunding Bonds, Series 2015						
	6/1/2023	3.00	120,000		120,000	-
	6/1/2024	3.00	125,000			125,000
	6/1/2025	2.50	130,000			130,000
	6/1/2026	2.75	135,000			135,000
	6/1/2027	2.75	140,000			140,000
	6/1/2028	2.75	145,000			145,000
	2029-2033	2.75-3.00	800,000			800,000
	2034-2035	2.75-3.00	360,000			360,000
Total			<u>1,955,000</u>	<u>-</u>	<u>120,000</u>	<u>1,835,000</u>
TIF Revenue Bonds, Series 2016						
	7/1/2023	5.00	120,000		120,000	-
	7/1/2024	5.00	125,000			125,000
	7/1/2025	5.00	135,000			135,000
	7/1/2026	5.00	140,000			140,000
Total			<u>520,000</u>	<u>-</u>	<u>120,000</u>	<u>400,000</u>
GO Public Improvement Bonds, Series 2016A						
	7/1/2023	5.00	130,000		130,000	-
	7/1/2024	5.00	130,000			130,000
	7/1/2025	5.00	135,000			135,000
	7/1/2026	5.00	140,000			140,000
	7/1/2027	5.00	145,000			145,000
	7/1/2028	5.00	150,000			150,000
	2029-2033	5.00	825,000			825,000
	2034-2037	5.00	765,000			765,000
Total			<u>2,420,000</u>	<u>-</u>	<u>130,000</u>	<u>2,290,000</u>
GO Public Improvement Bonds, Series 2016B						
	7/1/2023	5.00	100,000		100,000	-
	7/1/2024	5.00	105,000			105,000
	7/1/2025	5.00	110,000			110,000
	7/1/2026	5.00	115,000			115,000
	7/1/2027	5.00	115,000			115,000
	7/1/2028	5.00	120,000			120,000
	2029-2033	5.00	660,000			660,000
	2034-2037	5.00	610,000			610,000
Total			<u>1,935,000</u>	<u>-</u>	<u>100,000</u>	<u>1,835,000</u>
GO Development Bonds, Series 2017						
	7/1/2023	5.00	350,000		350,000	-
	7/1/2024	5.00	350,000			350,000
	7/1/2025	5.00	350,000			350,000
	7/1/2026	5.00	350,000			350,000
	7/1/2027	5.00	350,000			350,000
	7/1/2028	5.00	350,000			350,000
	2029-2033	5.00	1,750,000			1,750,000
	2034-2038	5.00	1,750,000			1,750,000
Total			<u>5,600,000</u>	<u>-</u>	<u>350,000</u>	<u>5,250,000</u>

**City of Starkville, Mississippi**  
**Schedule of Bonded Indebtedness**  
**September 30, 2023**

GO Refunding Bonds, Series 2018						
	6/1/2023	5.00	350,000		350,000	-
	6/1/2024	5.00	380,000			380,000
	6/1/2025	5.00	375,000			375,000
	6/1/2026	5.00	390,000			390,000
	6/1/2027	5.00	400,000			400,000
Total			<u>1,895,000</u>	<u>-</u>	<u>350,000</u>	<u>1,545,000</u>
MSDB Special Obligation Bond, Series 2018						
	5/1/2023	5.00	415,000		415,000	-
	5/1/2024	5.00	430,000			430,000
	5/1/2025	5.00	440,000			440,000
	5/1/2026	5.00	455,000			455,000
	5/1/2027	5.00	470,000			470,000
	5/1/2028	5.00	480,000			480,000
	2029-2030	5.00	1,010,000			1,010,000
Total			<u>3,700,000</u>	<u>-</u>	<u>415,000</u>	<u>3,285,000</u>
MSDB Special Obligation Bond, Series 2018						
	11/1/2022	2.32	173,000		173,000	-
	11/1/2023	2.32	178,000			178,000
	11/1/2024	2.32	183,000			183,000
	11/1/2025	2.32	188,000			188,000
	11/1/2026	2.32	193,000			193,000
	11/1/2027	2.32	199,000			199,000
	2028-2031	2.32	1,553,000			1,553,000
Total			<u>2,667,000</u>	<u>-</u>	<u>173,000</u>	<u>2,494,000</u>
MSDB Special Obligation Bond, Series 2020A						
	9/30/2023	1.75	55,000		55,000	-
	9/30/2024	1.75	55,000			55,000
	9/30/2025	3.00	60,000			60,000
	9/30/2026	3.00	60,000			60,000
	9/30/2027	3.00	60,000			60,000
	9/30/2028	5.00	495,000			495,000
	2029-2033	4.00-5.00	3,115,000			3,115,000
	2034-2038	4.00	4,005,000			4,005,000
	2039-2043	4.00	4,150,000			4,150,000
	2044-2045	4.00	2,245,000			2,245,000
Total			<u>14,300,000</u>	<u>-</u>	<u>55,000</u>	<u>14,245,000</u>
MSDB Special Obligation Bond, Series 2020B						
	3/1/2023	3.00	30,000		30,000	-
	3/1/2024	3.00	30,000			30,000
	3/1/2025	3.00	30,000			30,000
	3/1/2026	3.00	30,000			30,000
	3/1/2027	3.00	35,000			35,000
	3/1/2028	3.00	35,000			35,000
	2029-2033	3.00-4.00	350,000			350,000
	2034-2038	4.00	545,000			545,000
	2039-2043	2.50-4.00	1,380,000			1,380,000
	2044-2048	2.50	4,330,000			4,330,000
	2049-2050	2.50	2,885,000			2,885,000
Total			<u>9,680,000</u>	<u>-</u>	<u>30,000</u>	<u>9,650,000</u>
TIF Revenue Bonds - MSU/Cottonmill						
	3/1/2023	1.82	67,700		67,700	-
	3/1/2024	1.82	75,300			75,300
	3/1/2025	1.82	76,700			76,700
	3/1/2026	1.82	78,100			78,100
	3/1/2027	1.82	79,600			79,600
	3/1/2028	1.82	81,000			81,000
	2029-2030	1.82	236,600			236,600
Total			<u>695,000</u>	<u>-</u>	<u>67,700</u>	<u>627,300</u>
2022 5M GO Bonds						
	8/1/2023	3.80		600,000	600,000	-
	8/1/2024	3.80		555,000		555,000
	8/1/2025	3.80		580,000		580,000
	8/1/2026	3.80		605,000		605,000
	8/1/2027	3.80		625,000		625,000
	8/1/2028	3.80		650,000		650,000
	2029-2030	3.80		1,385,000		1,385,000
Total			<u>-</u>	<u>5,000,000</u>	<u>600,000</u>	<u>4,400,000</u>

**City of Starkville, Mississippi**  
**Schedule of Bonded Indebtedness**  
**September 30, 2023**

TIF Revenue Bonds, Series 2022						
	9/30/2023	4.95		62,600	62,600	-
	9/30/2024	4.95		65,800		65,800
	9/30/2025	4.95		69,100		69,100
	9/30/2026	4.95		72,600		72,600
	9/30/2027	4.95		76,300		76,300
	9/30/2028	4.95		80,200		80,200
	2029-2033	4.95		466,200		466,200
	2034-2037	4.95		607,200		607,200
				-	1,500,000	62,600
						1,437,400
<b>Total Bond Liability, Governmental Activities</b>				49,240,000	6,500,000	2,617,300
<b>Business-type Activities:</b>						
Utility Revenue Bonds, Series 2019						
	5/1/2023	4.00	380,000		380,000	-
	5/1/2024	4.00	395,000			395,000
	5/1/2025	4.00	410,000			410,000
	5/1/2026	4.00	425,000			425,000
	5/1/2027	4.00	440,000			440,000
	5/1/2028	4.00	460,000			460,000
	2029-2033	3.00-4.00	2,585,000			2,585,000
	2034-2038	3.00	3,150,000			3,150,000
	5/1/2039	3.00	705,000			705,000
Total			8,950,000	-	380,000	8,570,000
Electric System Revenue Bonds, Series 2020						
	3/1/2023	2.38	485,000		485,000	-
	3/1/2024	2.38	500,000			500,000
	3/1/2025	2.38	515,000			515,000
	3/1/2026	2.38	530,000			530,000
	3/1/2027	2.38	545,000			545,000
	3/1/2028	2.38	565,000			565,000
	2029-2033	2.38	3,075,000			3,075,000
	2034-2035	2.38	1,360,000			1,360,000
Total			7,575,000	-	485,000	7,090,000
GO Utility Refunding Bond Series 2012						
	6/30/2023	2.12	184,441		184,441	-
	6/30/2024	2.12	188,058			188,058
	6/30/2025	2.12	192,083			192,083
	6/30/2026	2.12	196,195			196,195
	6/30/2027	2.12	191,970			191,970
			952,747	-	184,441	768,306
<b>Total Bond Liability, Business-type Activities</b>			17,477,747	-	1,049,441	16,428,306
<b>Total Bond Liability</b>			\$ 66,717,747	6,500,000	3,666,741	69,551,006

**City of Starkville, Mississippi**  
**Schedule of Long-Term Notes**  
**September 30, 2023**

Payee Notes Payable	Maturity Date	Interest Percent	Balance 9/30/2022	Transactions		Balance 9/30/2023
				Issued	Redeemed	
<b>Governmental Activities:</b>						
Capital Improvements - City Hall						
	FY23	2.75%	370,000		370,000	-
Total			370,000	-	370,000	-
2019 John Deere Park Mower						
	FY23	3.49%	8,862		8,862	-
Total			8,862	-	8,862	-
2019 Nissan Kicks						
	FY23	4.08%	3,496		3,496	-
Total			3,496	-	3,496	-
2019 Street Excavator						
	FY23	3.43%	28,294		28,294	-
	FY24	3.43%	29,277			29,277
	FY25	3.43%	30,294			30,294
	FY26	3.43%	7,736			7,736
Total			95,601	-	28,294	67,307
2 Pumper Trucks						
	FY23	2.59%	73,679		73,679	-
	FY24	2.59%	76,173			76,173
	FY25	2.59%	78,753			78,753
	FY26	2.59%	81,420			81,420
	FY27	2.59%	84,177			84,177
	FY28	2.59%	87,028			87,028
	2029-2031	2.59%	279,169			279,169
Total			760,399	-	73,679	686,720
Fire Truck						
	FY 23	1.59%	102,310		102,310	-
	FY 24	1.59%	104,039			104,039
	FY 25	1.59%	105,797			105,797
	FY 26	1.59%	107,585			107,585
	FY27	1.59%	109,403			109,403
	FY28	1.59%	111,252			111,252
Total			640,386	-	102,310	538,076
Asphalt Turck (2021 Kenworth T370						
	FY 23	3.43%	66,481		66,481	-
	FY 24	3.43%	16,788			16,788
Total			83,269	-	66,481	16,788
Police Dodge Chargers						
	FY 23	1.97%	218,352		218,352	-
Total			218,352	-	218,352	-
2022 Dodge Durango						
	FY 23	2.94%	12,890		12,890	-
	FY 24	2.94%	13,273			13,273
	FY 25	2.94%	10,214			10,214
Total			36,377	-	12,890	23,487
2020 Fire Truck-Bankfirst						
	FY 23	1.59%	143,949		143,949	-
	FY 24	1.59%	146,258			146,258
	FY 25	1.59%	148,604			148,604
	FY 26	1.59%	150,987			150,987
	FY 27	1.59%	153,409			153,409
	FY28	1.59%	155,870			155,870
	2029-2031	1.59%	400,702			400,702
Total			1,299,779	-	143,949	1,155,830

**City of Starkville, Mississippi**  
**Schedule of Long-Term Notes**  
**September 30, 2023**

Payee Notes Payable	Maturity Date	Interest Percent	Balance 9/30/2022	Transactions		Balance 9/30/2023
				Issued	Redeemed	
<b>Governmental Activities:</b>						
Utility Associates-Body Camera						
	FY 23	0.00%	77,700		77,700	-
	FY 24	0.00%	77,700			77,700
	FY 25	0.00%	77,700			77,700
Total			<u>233,100</u>	<u>-</u>	<u>77,700</u>	<u>155,400</u>
FUSUS Real Time Crime Center						
	FY 23	0.00%	65,000		65,000	-
	FY 24	0.00%	65,000			65,000
Total			<u>130,000</u>	<u>-</u>	<u>65,000</u>	<u>65,000</u>
Harley-Davidson Motorcycles						
	FY 23	0.00%	12,600		12,600	-
	FY 24	0.00%	6,300			6,300
Total			<u>18,900</u>	<u>-</u>	<u>12,600</u>	<u>6,300</u>
Dell Server Lease						
	FY23	2.31%		31,086	31,086	-
	FY24	2.31%		23,050		23,050
	FY25	2.31%		24,839		24,839
	FY26	2.31%		26,768		26,768
	FY27	2.31%		28,847		28,847
Total			<u>-</u>	<u>134,590</u>	<u>31,086</u>	<u>103,504</u>
Dell Server Lease						
	FY23	1.00%		5,052		5,052
	FY24	1.00%		5,052		5,052
	FY25	1.00%		5,052		5,052
	FY26	1.00%		5,052		5,052
	FY27	1.00%		5,051		5,051
Total			<u>-</u>	<u>25,259</u>	<u>-</u>	<u>25,259</u>
10 Multisensor Fixed Cameras						
	FY23	6.28		12,795	12,795	-
	FY24	6.28		9,003		9,003
Total			<u>-</u>	<u>21,798</u>	<u>12,795</u>	<u>9,003</u>
<b>Total Notes Payable, Governmental Activities</b>			<u>\$ 3,898,521</u>	<u>\$ 181,647</u>	<u>\$ 1,227,494</u>	<u>\$ 2,852,674</u>



**City of Starkville, Mississippi**  
**Schedule of Long-Term Notes**  
**September 30, 2023**

<u>Pavec</u> Notes Payable	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Percent</u>	<u>Balance</u> <u>9/30/2022</u>	<u>Transactions</u>		<u>Balance</u> <u>9/30/2023</u>
				<u>Issued</u>	<u>Redeemed</u>	
<b>Business-type Activities:</b>						
Water Pollution Control Revolving Loan						
	FY23	1.75%	215,410		215,410	-
	FY24	1.75%	219,210			219,210
	FY25	1.75%	223,077			223,077
	FY26	1.75%	37,562			37,562
Total			695,259	-	215,410	479,849
Drinking Water Systems Improvements Revolving Loan						
	FY23	2.50%	55,172		55,172	-
	FY24	2.50%	56,567			56,567
	FY25	2.50%	57,998			57,998
	FY26	2.50%	54,452			54,452
Total			224,189	-	55,172	169,017
Water Pollution Control Revolving Loan						
	FY23	2.75%	15,436		15,436	-
	FY24	2.75%	15,865			15,865
	FY25	2.75%	16,307			16,307
	FY26	2.75%	16,761			16,761
	FY27	2.75%	17,228			17,228
	FY28	2.75%	17,708			17,708
	FY29	2.75%	6,012			6,012
Total			105,317	-	15,436	89,881
MDA Capital Improvements Loan Prom Note #06-347-CP-01						
	FY23	2.00%	55,374		55,374	-
	FY24	2.00%	52,016			52,016
	FY25	2.00%	53,066			53,066
	FY26	2.00%	54,137			54,137
	FY27	2.00%	55,229			55,229
	FY28	2.00%	56,344			56,344
	2029-2030	2.00%	87,848			87,848
Total			414,014	-	55,374	358,640
Drinking Water Systems Improvements Revolving Loan						
	FY23	2.00%	27,421		27,421	-
	FY24	2.00%	25,758			25,758
	FY25	2.00%	26,278			26,278
	FY26	2.00%	26,808			26,808
	FY27	2.00%	27,350			27,350
	FY28	2.00%	27,902			27,902
	2029-2030	2.00%	48,365			48,365
Total			209,882	-	27,421	182,461
MDA Capital Improvements Loan Prom Note #07-347-CP-01						
	FY23	2.00%	41,067		41,067	-
	FY24	2.00%	38,577			38,577
	FY25	2.00%	39,356			39,356
	FY26	2.00%	33,774			33,774
	FY27	2.00%	13,562			13,562
Total			166,336	-	41,067	125,269

**City of Starkville, Mississippi**  
**Schedule of Long-Term Notes**  
**September 30, 2023**

Payee Notes Payable	Maturity Date	Interest Percent	Balance 9/30/2022	Transactions		Balance 9/30/2023
				Issued	Redeemed	
<b>Business-type Activities:</b>						
MDA Capital Improvements Loan Prom Note #12-347-CP-01						
	FY23	2.00%	65,577		65,577	-
	FY24	2.00%	61,600			61,600
	FY25	2.00%	62,843			62,843
	FY26	2.00%	64,112			64,112
	FY27	2.00%	65,406			65,406
	FY28	2.00%	66,726			66,726
	2029-2033	2.00%	354,383			354,383
	2034-2037	2.00%	233,282			233,282
Total			973,929	-	65,577	908,352
MDA Capital Improvements Loan Prom Note #17-347-CP-01						
	FY23	2.00%	34,839		34,839	-
	FY24	2.00%	32,727			32,727
	FY25	2.00%	33,387			33,387
	FY26	2.00%	34,061			34,061
	FY27	2.00%	34,748			34,748
	FY28	2.00%	35,450			35,450
	2029-2033	2.00%	188,275			188,275
	2033-2038	2.00%	208,059			208,059
	FY39	2.00%	27,631			27,631
Total			629,177	-	34,839	594,338
3 Refuse Trucks & Knuckle Boom						
	FY23	2.59%	119,344		119,344	-
	FY24	2.59%	122,435			122,435
	FY25	2.59%	125,606			125,606
Total			367,385	-	119,344	248,041
Street Sweeper Lease						
	FY23	2.17%	3,736		3,736	-
Total			3,736	-	3,736	-
Garbage Truck/Front End Loader						
	FY23	7.00%	38,981		38,981	-
	FY24	7.00%	39,952			39,952
	FY25	7.00%	40,946			40,946
	FY26	7.00%	41,966			41,966
Total			161,845	-	38,981	122,864
MDA Capital Improvements Loan Prom Note #16-347-CP-01						
	FY23	2.00%	17,760		17,760	-
	FY24	2.00%	16,683			16,683
	FY25	2.00%	17,020			17,020
	FY26	2.00%	17,363			17,363
	FY27	2.00%	17,714			17,714
	FY28	2.00%	18,071			18,071
	2029-2033	2.00%	95,977			95,977
	2034-2038	2.00%	90,379			90,379
Total			290,967	-	17,760	273,207

City of Starkville, Mississippi  
Schedule of Long-Term Notes  
September 30, 2023

Pavee Notes Payable	Maturity Date	Interest Percent	Balance 9/30/2022	Transactions		Balance 9/30/2023
				Issued	Redeemed	
<b>Business-type Activities:</b>						
MDA Capital Improvements Loan Prom Note #16-347-CP-02						
	FY23	2.00%	27,860		27,860	-
	FY24	2.00%	26,170			26,170
	FY25	2.00%	26,698			26,698
	FY26	2.00%	27,237			27,237
	FY27	2.00%	27,787			27,787
	FY28	2.00%	28,348			28,348
	2029-2033	2.00%	150,557			150,557
	2034-2037	2.00%	96,303			96,303
Total			410,960	-	27,860	383,100
MDA Capital Improvements Loan Prom Note #17-347-CP-02						
	FY23	2.00%	12,623		12,623	-
	FY24	2.00%	11,857			11,857
	FY25	2.00%	12,097			12,097
	FY26	2.00%	12,341			12,341
	FY27	2.00%	12,590			12,590
	FY28	2.00%	12,844			12,844
	2029-2033	2.00%	68,214			68,214
	2034-2038	2.00%	75,382			75,382
	2039-2040	2.00%	19,445			19,445
Total			237,393	-	12,623	224,770
2021 Tractor and Cutter						
	FY23	5.00%	23,389		23,389	-
	FY24	5.00%	13,926			13,926
Total			37,315	-	23,389	13,926
2021 Rear Loader Truck						
	FY23	1.35%	56,068		56,068	-
	FY24	1.35%	56,796			56,796
	FY25	1.35%	43,585			43,585
Total			156,449	-	56,068	100,381
2022 Kubota Tractor						
	FY23	2.94%	24,308		24,308	-
	FY24	2.94%	25,032			25,032
	FY25	2.94%	19,261			19,261
Total			68,601	-	24,308	44,293
2022 Knuckleboom Loader						
	FY23	2.50%		30,608	30,608	-
	FY24	2.50%		62,372		62,372
	FY25	2.50%		63,945		63,945
	FY26	2.50%		32,575		32,575
Total			-	189,500	30,608	158,892
2023 Freightliner M2						
	FY23	2.40%		35,196	35,196	-
	FY24	2.40%		47,921		47,921
	FY25	2.40%		49,082		49,082
	FY26	2.40%		50,271		50,271
	FY27	2.40%		51,488		51,488
	FY28	2.40%		13,066		13,066
Total			-	247,024	35,196	211,828
<b>Total Notes Payable, Business-type Activities</b>			<u>5,152,754</u>	<u>436,524</u>	<u>900,169</u>	<u>4,689,109</u>
<b>Total Notes Payable</b>			<u>\$ 9,051,275</u>	<u>\$ 618,171</u>	<u>\$ 2,127,663</u>	<u>\$ 7,541,783</u>

**City of Starkville, Mississippi**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2023**

<b>Federal Agency/ Pass-through Entity/ Program Title</b>	<b>Catalog of Federal Domestic Assistance Number</b>	<b>Pass-through Grantor's Number</b>	<b>Pass-through to Sub- Recipients</b>	<b>Federal Expenditures</b>
<b>United States Department of Public Safety</b>				
Passed through US Marshall's Service				
Project Safe Neighborhoods	16.609		\$ -	\$ 5,703
Passed-through Federal Bureau of Investigations				
Security Assistance Reimbursement Grant	16.042		-	12,134
Pass through Mississippi Department of Public Safety				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	20LB2311-2020-MU-BX-0053	-	3,563
State and Community Highway Safety	20.600	PT-2024-PT-23-11	-	4,480
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	154AL-2024-ST-23-11	-	97,210
Total United States Department of Public Safety			<u>-</u>	<u>123,090</u>
<b>United States Department of Homeland Security</b>				
Passed-through Mississippi Emergency Management Agency				
Disaster Grants - Public Assistance	97.036	FEMA-4528-DR-MS	-	31,186
Homeland Security Grant	97.067	20LE347-EMW-2020-SS-00033	-	10,220
Assistance to Firefighters Grant	97.044	EMW-2021-FG-03372	-	50,000
Total United States Department of Homeland Security			<u>-</u>	<u>91,406</u>
<b>United States Department of Transportation</b>				
Passed through Mississippi Department of Transportation:				
Airport Improvement Program (ARRA)	20.106	3-28-0068-025-2020	-	1,216
Airport Improvement Program (ARRA)	20.106	3-28-0068-026-2021	-	13,908
Airport Improvement Program (ARRA)	20.106	3-28-0068-028-2022	-	289,021
Airport Improvement Program (ARRA)	20.106	3-28-0068-029-2023	-	109,355
Total Airport Improvement Program			<u>-</u>	<u>413,500</u>
Highway Planning and Construction (BUILD)	20.205	108418-801000	-	918,115
Passed through Mississippi Emergency Management Agency:				
HMEP Grant			-	8,561
Total United States Department of Transportation			<u>-</u>	<u>1,340,176</u>
<b>United States Department of Treasury</b>				
Passed through Mississippi Development Authority:				
Appalachian Area Development	23.002	MS-19749	-	33,124
Total passed through United States Department of Treasury			<u>-</u>	<u>33,124</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ -</u>	<u>\$ 1,587,796</u>

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

**City of Starkville, Mississippi**  
**Notes to Schedule of Expenditures of Federal Awards**  
**September 30, 2023**

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Starkville under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Starkville, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Starkville.

**Note 2: Summary of Significant Accounting Policies**

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

**Note 3: Indirect Cost**

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

**SPECIAL REPORTS**

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



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

James L. Stafford, CPA  
Harry W. Stevens, CPA  
S. Keith Winfield, CPA  
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Marsha L. McDonald, CPA  
Wanda S. Holley, CPA  
Robin Y. McCormick, CPA/PFS  
J. Randy Scrivner, CPA  
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Dana R. Estes, CPA  
April W. Posey, CPA

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

To the Honorable Mayor and Board of Aldermen  
Starkville, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Starkville, Mississippi, as of and for the year ended September 30, 2023, and the related notes to financial statements, which collectively comprise the City of Starkville, Mississippi’s basic financial statements and have issued our report thereon dated March 24, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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



## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Starkville, Mississippi  
March 24, 2025

Watkins Ward and Stafford, P.C.

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



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

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited City of Starkville, Mississippi’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Starkville, Mississippi’s major federal programs for the year ended September 30, 2023. City of Starkville, Mississippi’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Starkville, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors’ Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

***Auditors’ Responsibilities for the Audit of Compliance***

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Starkville, Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Starkville, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Starkville, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

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

#### **Report on Internal Control over Compliance**

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

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

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

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

Starkville, Mississippi  
March 24, 2025

*Watkins Ward and Stafford, P.C.*

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



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

James L. Stafford, CPA  
 Harry W. Stevens, CPA  
 S. Keith Winfield, CPA  
 William B. Stagers, CPA  
 Michael W. McCully, CPA  
 R. Steve Sinclair, CPA  
 Marsha L. McDonald, CPA  
 Wanda S. Holley, CPA  
 Robin Y. McCormick, CPA/PFS  
 J. Randy Scrivner, CPA  
 Kimberly S. Caskey, CPA  
 Susan M. Lummus, CPA  
 Stephen D. Flake, CPA

John N. Russell, CPA  
 Anita L. Goodrum, CPA  
 Ricky D. Allen, CPA  
 Jason D. Brooks, CPA  
 Robert E. Cordle, Jr., CPA  
 Perry C. Rackley, Jr., CPA  
 Jerry L. Gammel, CPA  
 Clifford P. Stewart, CPA  
 Edward A. Maxwell, CPA  
 Bradley L. Harrison, CPA  
 Justin H. Keller, CPA  
 Dana R. Estes, CPA  
 April W. Posey, CPA

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

The Honorable Mayor and Board of Aldermen  
 Starkville, Mississippi

We have audited the financial statements of the City of Starkville, Mississippi, as of and for the year ended September 30, 2023, and have issued our report thereon dated March 24, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following instances of noncompliance with state laws and regulations. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items **2023-01**.

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

Starkville, Mississippi  
 March 24, 2025

*Watkins Ward and Stafford, PLLC*

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**City of Starkville, Mississippi  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2023**

**Section 1: Summary of Auditors' Results**

**Financial Statements:**

Type of auditors' report issued on the financial statements: Unmodified

Internal control over financial reporting:  
 Material weakness(es) identified? No  
 Significant deficiencies identified that are not considered to be material weaknesses? Yes

Noncompliance material to the financial statements noted? No

**Federal Awards:**

Internal control over major programs:  
 Material weakness(es) identified? No  
 Significant deficiencies identified that are not considered to be material weaknesses? None reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning & Const (BUILD)
20.106	Airport Improvement Program

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

Auditee qualified as a low-risk auditee? No

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



**City of Starkville, Mississippi  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2023**

**Section 2: Financial Statement Findings**

**Significant Deficiency Non-Compliance**

**2023-01: Revenue Bond Ordinance Requirements Not Followed (Starkville Electric Department)**

**Statement of Condition**

The Electric Department failed to adequately fund the accounts as required by the bond resolution of its Series 2020 Revenue Bond Issue.

**Criteria**

Miss. Code Section 21-33-303 states all municipalities shall adhere to contract obligations which are subject to annual appropriations incurred by any municipality which are payable exclusively from the revenues of any municipally owned utility, or to bonds issued by any municipality under the provisions of Sections 57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53, or to any indebtedness incurred under Section 55-23-8, or to any indebtedness incurred through a loan to a municipality under Section 57-75-11(tt) in connection with a project defined in Section 57-75-5(f)(xxvii).

**Effect**

The Electric Departments has violated the provisions of the Series 2020 Revenue Bond Issue's bond ordinances.

**Cause**

Adequate deposits as required by the Series 2020 Revenue Bond Issue bond ordinances were unintentionally overlooked.

**Recommendation**

All required bond-related accounts should be adequately funded.

**Response**

We will fund all accounts relating to the Series 2020 Revenue Bond Issue as prescribed by the bond ordinances.

**Section 3: Federal Award Findings and Questioned Costs**

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



**THE CITY OF STARKVILLE**  
 CITY HALL, 110 WEST MAIN STREET  
 STARKVILLE, MISSISSIPPI 39759  
 (662) 323-2525

**Finance & Compliance Audit Division**

As required by Section 2 CFR 200.516(a) of the Uniform Circular, the City of Starkville, Mississippi has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2023.

Finding		Corrective Action Plan Details
2023-01	a.	Name of Contact Person Responsible for Corrective Action
		Lynn Spruill, Mayor and Connor Carraway, Accounting & Finance Manager 662-323-3113
	b.	Corrective Action Planned:
		We will fund all accounts relating to the Series 2020 Revenue Bond Issue as prescribed by the bond ordinances.
	c.	Anticipated Completion Date:
		Immediately

Sincerely,  
  
 Lynn Spruill, Mayor