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**CITY OF LUCEDALE, MISSISSIPPI**  
**AUDITED FINANCIAL STATEMENTS**  
**AND**  
**SPECIAL REPORTS**

**SEPTEMBER 30, 2019**

# CITY OF LUCEDALE, MISSISSIPPI

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**CITY OF LUCEDALE, MISSISSIPPI**

**FINANCIAL SECTION**

# Windham and Lacey, PLLC

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### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the Board of Aldermen  
City of Lucedale, Mississippi

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Lucedale, Mississippi, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements on the basis of cash receipts and disbursements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lucedale, Mississippi, as of September 30, 2019, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in 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.

### *Omission of Required Supplementary Information*

The City of Lucedale, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Supplementary and Other Information*

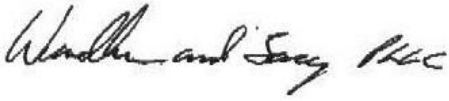
The Schedule of Changes in Long-term Debt, the Schedule of Capital Assets and the Schedule of Surety Bonds for Municipal Officials and Employees for the City of Lucedale, Mississippi, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2019, on our consideration of the City of Lucedale, 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 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 Lucedale, 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 the City of Lucedale, Mississippi's internal control over financial reporting and compliance.

**Emphasis of Matter**

As discussed in Note 1, the City of Lucedale, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC".

Windham and Lacey, PLLC  
December 9, 2019



**CITY OF LUCEDALE, MISSISSIPPI**

**FINANCIAL STATEMENTS**

**CITY OF LUCEDALE, MISSISSIPPI**  
**Statement of Activities and Net Cash Position - Cash Basis**  
**As of and for the Year Ended September 30, 2019**

		Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Cash Position		
		Cash Disbursements	Fines, Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>								
Governmental Activities:								
General government	\$	672,545				(672,545)		(672,545)
Public safety		1,531,221	88,210	17,252		(1,334,413)		(1,334,413)
Public works		887,714	192,668	19,344	353,000	(414,048)		(414,048)
Health and welfare			28,747			28,747		28,747
Culture and recreation		339,917				(339,917)		(339,917)
Economic development		56,029				(56,029)		(56,029)
Total Governmental Activities		<u>3,487,426</u>	<u>309,625</u>	<u>36,596</u>	<u>353,000</u>	<u>(2,788,205)</u>	<u>0</u>	<u>(2,788,205)</u>
Business-type Activities:								
Water/Sewer		<u>912,949</u>	<u>680,893</u>		<u>71,227</u>		<u>(160,829)</u>	<u>(160,829)</u>
Total Business-type Activities		<u>912,949</u>	<u>680,893</u>	<u>0</u>	<u>71,227</u>	<u>0</u>	<u>(160,829)</u>	<u>(160,829)</u>
Total Government	\$	<u>4,400,375</u>	<u>990,518</u>	<u>36,596</u>	<u>424,227</u>	<u>(2,788,205)</u>	<u>(160,829)</u>	<u>(2,949,034)</u>
General Receipts								
Taxes:								
Property taxes						\$ 415,633		415,633
Road & bridge privilege taxes						181,551		181,551
Sales tax						2,302,841		2,302,841
Franchise taxes						187,810		187,810
Grants and contributions not restricted to specific programs						23,012		23,012
Unrestricted investment income						83,175	17,669	100,844
Miscellaneous						60,922		60,922
Total General Receipts						<u>3,254,944</u>	<u>17,669</u>	<u>3,272,613</u>
Change in Net Cash Position						466,739	(143,160)	323,579
Net Cash Position - Beginning						<u>3,588,126</u>	<u>958,452</u>	<u>4,546,578</u>
Net Cash Position - Ending						\$ <u>4,054,865</u>	<u>815,292</u>	<u>4,870,157</u>

**CITY OF LUCEDALE, MISSISSIPPI**  
**Statement of Activities and Net Cash Position - Cash Basis**  
**As of and for the Year Ended September 30, 2019**

**(Continued)**

**ASSETS**

Cash and cash equivalents	\$ 4,121,621
Restricted cash	<u>748,536</u>
Total Assets	\$ <u>4,870,157</u>

**NET CASH POSITION**

Restricted:	
Restricted for unemployment compensation	\$ 8,776
Restricted for meter deposits	81,689
Restricted for public safety	82,567
Restricted for culture and recreation	346,976
Restricted for debt	228,528
Unrestricted	<u>4,121,621</u>
Total Net Cash Position	\$ <u>4,870,157</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**CITY OF LUCEDALE, MISSISSIPPI**

**Statement of Cash Basis Assets and Fund Balances and**

**Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -**

**Governmental and Business-type Funds**

**As of and for the Year Ended September 30, 2019**

	<b>Governmental Activities</b>			<b>Business-type Activities</b>
	<b>Major Fund</b>			<b>Major Fund</b>
	<b>General Fund</b>	<b>Non-Major Funds</b>	<b>Total</b>	<b>Water/Sewer Funds</b>
<b>RECEIPTS</b>				
Ad valorem taxes	\$ 415,633		415,633	
License and permits	216,557		216,557	
Intergovernmental revenues	2,547,000	350,000	2,897,000	71,227
Charges for services	192,668		192,668	
Water and sewer utility				680,893
Fines and forfeits	88,210		88,210	
Interest income	79,943	7,232	87,175	17,669
Miscellaneous revenue	56,921		56,921	
Total Receipts	<u>3,596,932</u>	<u>357,232</u>	<u>3,954,164</u>	<u>769,789</u>
<b>DISBURSEMENTS</b>				
General government	672,545		672,545	
Public safety	1,528,221	3,000	1,531,221	
Public works	710,426		710,426	
Culture and recreation	329,211	10,706	339,917	
Economic development	56,028		56,028	
Water and sewer utility:				
Personal services				249,071
Supplies				203,897
Contractual services				258,942
Total Disbursements	<u>3,296,431</u>	<u>13,706</u>	<u>3,310,138</u>	<u>711,910</u>
Excess of Receipts Over (Under) Disbursements	<u>300,501</u>	<u>343,526</u>	<u>644,027</u>	<u>57,879</u>
<b>OTHER CASH SOURCES (USES)</b>				
Capital outlay	(177,288)		(177,288)	(159,617)
Principal paid on bonds				(31,291)
Interest paid on loans				(10,131)
Total Other Cash Sources and (Uses)	<u>(177,288)</u>	<u>0</u>	<u>(177,288)</u>	<u>(201,039)</u>
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	123,213	343,526	466,739	(143,160)
<b>CASH BASIS FUND BALANCE – Beginning of Year</b>	<u>3,570,880</u>	<u>17,246</u>	<u>3,588,126</u>	<u>958,452</u>
<b>CASH BASIS FUND BALANCE – End of Year</b>	<u>\$ 3,694,093</u>	<u>360,772</u>	<u>4,054,865</u>	<u>815,292</u>

**(Continued)**

**CITY OF LUCEDALE, MISSISSIPPI**  
**Statement of Cash Basis Assets and Fund Balances and**  
**Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -**  
**Governmental and Business-type Funds**  
**As of and for the Year Ended September 30, 2019**

	<b>Governmental Activities</b>			<b>Business-type Activities</b>
	<b>Major Fund</b>			<b>Major Fund</b>
	<b>General Fund</b>	<b>Non-Major Funds</b>	<b>Total</b>	<b>Water/Sewer Funds</b>
<b>CASH BASIS ASSETS - End of Year</b>				
Cash and cash equivalents	\$ 3,616,546		3,616,546	505,075
Restricted cash	77,547	360,772	438,319	310,217
Total Cash Basis Assets	\$ <u>3,694,093</u>	<u>360,772</u>	<u>4,054,865</u>	<u>815,292</u>
<b>CASH BASIS FUND BALANCES - End of Year</b>				
Restricted:				
Restricted for unemployment compensation	\$	8,776	8,776	
Restricted for culture and recreation		346,976	346,976	
Restricted for public safety	77,547	5,020	82,567	
Restricted for meter deposits				81,689
Restricted for debt				228,528
Unassigned	<u>3,616,546</u>		<u>3,616,546</u>	<u>505,075</u>
Total Cash Basis Fund Balances	\$ <u>3,694,093</u>	<u>360,772</u>	<u>4,054,865</u>	<u>815,292</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

## CITY OF LUCEDALE, MISSISSIPPI

### Notes to Financial Statements For the Year Ended September 30, 2019

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

The City of Lucedale, Mississippi, (the City) is a code-charter municipality governed by an elected mayor and five aldermen. The City operates under an alderman/mayor form of government and provides all of the rights and privileges provided by statute for municipalities.

The financial statements of the City have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

B. Government-wide and Fund Financial Statements.

The government-wide financial statements (i.e., the Statement of Net Cash Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental receipts, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The City combines the Statement of Activities and Statement of Net Cash Position.

The Statement of Activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) receipts from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as *general receipts*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and disbursements are recorded when cash is spent.

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and disbursements are recorded when cash is spent.

The government 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.

## CITY OF LUCEDALE, MISSISSIPPI

### Notes to Financial Statements For the Year Ended September 30, 2019

The government reports the following major Proprietary Funds:

The *water/sewer fund* accounts for the activities of providing water and sewer services to citizens of the City.

Amounts reported as *program receipts* include (1) receipts from customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Net Assets or Equity.

1. *Cash and Investments.*

The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit.

2. *Equity Classifications.*

Government-wide Financial Statements:

Equity is classified as net position and displayed in two components:

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted".

Fund Financial Statements:

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

## **CITY OF LUCEDALE, MISSISSIPPI**

### **Notes to Financial Statements For the Year Ended September 30, 2019**

Governmental fund balance is classified as restricted or unassigned. The following are descriptions of fund classifications used by the City:

Restricted - Includes fund balance amounts that are constrained for specific purposes which are internally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Unassigned - 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.

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

#### **E. Property Tax Receipts.**

State statutes exist under which the 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 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.



## **CITY OF LUCEDALE, MISSISSIPPI**

### **Notes to Financial Statements For the Year Ended September 30, 2019**

#### **(2) Cash and Cash Equivalents.**

At year-end, the City's carrying amount of deposits was \$4,870,157 and the bank balance was \$4,793,835. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the City's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

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

**Interest Rate Risk:** The City does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk:** State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The City does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

#### **(3) Defined Benefit Pension Plan.**

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

**Funding Policy:** 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 current rate is 15.75% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the years ended September 30, 2019, 2018 and 2017 were \$260,304, \$247,645 and \$232,561, respectively, which is equal to the required contributions for each year.

**CITY OF LUCEDALE, MISSISSIPPI**

**Notes to Financial Statements  
For the Year Ended September 30, 2019**

(4) Tax Abatements.

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement No. 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

As of September 30, 2019, the City has not entered into any tax abatement agreements.

(5) Subsequent Events.

Events that occur after the Statement of Net Cash 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 Cash 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 evaluated the activity of the City through December 9, 2019, and determined that no subsequent event has occurred requiring disclosure in the notes to the financial statements.

**CITY OF LUCEDALE, MISSISSIPPI**

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF LUCEDALE, MISSISSIPPI**  
**Budgetary Comparison Schedule -**  
**Budget and Actual**  
**General Fund - UNAUDITED**  
**For the Year Ended September 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>RECEIPTS</b>				
Ad valorem taxes	\$ 365,800	365,800	415,633	49,833
License and permits	204,200	204,200	216,557	12,357
Intergovernmental revenues	2,440,700	2,440,700	2,547,000	106,300
Charges for services	183,000	183,000	192,668	9,668
Fines and forfeits	125,000	125,000	88,210	(36,790)
Interest income	22,740	22,740	79,943	57,203
Miscellaneous revenue	90,455	90,455	56,921	(33,534)
Total Receipts	<u>3,431,895</u>	<u>3,431,895</u>	<u>3,596,932</u>	<u>165,037</u>
<b>EXPENDITURES</b>				
General government	768,223	768,223	672,545	95,678
Public safety	1,845,294	1,845,294	1,528,221	317,073
Public works	1,291,203	1,291,203	710,426	580,777
Culture and recreation	309,743	353,743	329,211	24,532
Economic development	59,500	79,500	56,028	23,472
Capital outlay		177,288	177,288	
Total Expenditures	<u>4,273,963</u>	<u>4,515,251</u>	<u>3,473,719</u>	<u>1,041,532</u>
Excess of Receipts Over (Under) Expenditures	<u>(842,068)</u>	<u>(1,083,356)</u>	<u>123,213</u>	<u>1,206,569</u>
Net Change in Cash Basis Fund Balance	(842,068)	(1,083,356)	123,213	1,206,569
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>3,570,880</u>	<u>3,570,880</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ (842,068)</u>	<u>2,487,524</u>	<u>3,694,093</u>	<u>1,206,569</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

## **CITY OF LUCEDALE, MISSISSIPPI**

### **Notes to the Required Supplementary Information For the Year Ended September 30, 2019**

#### **A. Budgetary Information.**

Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the City, using historical and anticipated fiscal data, prepares an original budget for the General Fund for said fiscal year. The completed budget for the fiscal year includes every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

The City's budget is prepared on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

#### **B. Basis of Presentation.**

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original adopted budget, the final adopted budget, actual amounts on a budgetary (Non-GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund.

**CITY OF LUCEDALE, MISSISSIPPI**

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF LUCEDALE, MISSISSIPPI**  
**Schedule of Changes in Long-term Debt - UNAUDITED**  
**For the Year Ended September 30, 2019**

	<b>Outstanding Balance Sept. 30, 2018</b>	<b>Additions</b>	<b>Reductions</b>	<b>Outstanding Balance Sept. 30, 2019</b>
<b>Business-type Activities:</b>				
CAP loan	\$ 521,089		(31,291)	489,798
Bonds payable:				
Revenue bonds	<u>0</u>	<u></u>	<u></u>	<u>0</u>
Business-type activity long-term liabilities	<u>\$ 521,089</u>	<u>0</u>	<u>(31,291)</u>	<u>489,798</u>

**CITY OF LUCEDALE, MISSISSIPPI**  
**Schedule of Capital Assets - UNAUDITED**  
**For the Fiscal Year Ended September 30, 2019**

**Governmental Activities**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers and Decreases</u>	<u>Ending Balance</u>
Land	\$ 471,419			471,419
Construction in progress	275,081	127,327	(402,408)	0
Buildings	2,916,078			2,916,078
Improvements other than buildings	1,546,520		402,408	1,948,928
Streets	1,916,463			1,916,463
Bridges	9,920			9,920
Machinery and equipment	<u>2,668,103</u>	<u>70,246</u>	<u>(20,285)</u>	<u>2,718,064</u>
Governmental activities capital assets	\$ <u>9,803,584</u>	<u>197,573</u>	<u>(20,285)</u>	<u>9,980,872</u>

**Business-type Activities:**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers and Decreases</u>	<u>Ending Balance</u>
Water system	\$ 2,378,027			2,378,027
Sewer system	<u>4,979,298</u>	<u>159,617</u>		<u>5,138,915</u>
Business-type activities capital assets	\$ <u>7,357,325</u>	<u>159,617</u>	<u>0</u>	<u>7,516,942</u>



**CITY OF LUCEDALE, MISSISSIPPI**  
**Schedule of Surety Bonds for Municipal Officials and Employees - UNAUDITED**  
**September 30, 2019**

<b>Name</b>	<b>Covered Position</b>	<b>Company</b>	<b>Amount</b>
Darwin Nelson	Mayor	Travelers Casualty & Surety	\$ 50,000
Alfred Jones	Alderman	Travelers Casualty & Surety	\$ 50,000
Carrie Moulds	Alderman	Travelers Casualty & Surety	\$ 50,000
Jason Martin	Alderman	Travelers Casualty & Surety	\$ 50,000
Louis Valentine	Alderman	Travelers Casualty & Surety	\$ 50,000
James Redd	Alderman	Travelers Casualty & Surety	\$ 50,000
Kathy Johnson-Anderson	City Clerk	Travelers Casualty & Surety	\$ 50,000
Kathy Johnson-Anderson	City Clerk	FCCI Insurance	\$ 160,000
Kellum Fairley	Police Chief	Old Republic Surety	\$ 50,000
Various	Dispatchers, each	Old Republic Surety	\$ 10,000
Natasha Pipkins	Deputy Court Clerk	Old Republic Surety	\$ 10,000
Miranda Weaver	Bus Driver	Old Republic Surety	\$ 50,000
Doris Cook	Deputy Court Clerk	Old Republic Surety	\$ 50,000
Tammy Oldenquist	Deputy City Clerk	Old Republic Surety	\$ 50,000
Brandi Havard	Deputy Clerk	Old Republic Surety	\$ 50,000
Lorie Breland	Utility Clerk	Old Republic Surety	\$ 50,000
Miranda Dickey	Deputy Clerk	Old Republic Surety	\$ 50,000
Tina McCraney	Deputy City Clerk	Old Republic Surety	\$ 50,000

**CITY OF LUCEDALE, MISSISSIPPI**

**SPECIAL REPORTS**

# Windham and Lacey, PLLC

*Certified Public Accountants*

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Mississippi Society of CPAs

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

Honorable Mayor and  
Members of the Board of Aldermen  
City of Lucedale, Mississippi

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lucedale, Mississippi, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 9, 2019.

## **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Lucedale, Mississippi's internal control over financial reporting (internal control) to determine the auditing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 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.

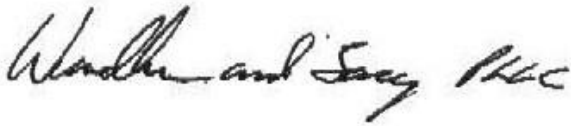
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Compliance and Other Matters**

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

## **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 result of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC". The signature is written in a cursive, flowing style.

Windham and Lacey, PLLC  
December 9, 2019

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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

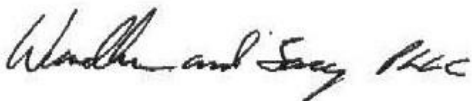
Honorable Mayor and  
Members of the Board of Aldermen  
City of Lucedale, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of the City of Lucedale, Mississippi, as of and for the year ended September 30, 2019, and have issued our report thereon dated December 9, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

Due to the reduced scope, these compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. The results of our compliance tests and our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information disclosed no material instance of noncompliance with state laws and regulations.

The purpose of this report is solely to describe the scope of our testing of compliance with certain state laws and regulations and the result of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



Windham and Lacey, PLLC  
December 9, 2019

**CITY OF LUCEDALE, MISSISSIPPI**

**SCHEDULE OF FINDINGS**

**CITY OF LUCEDALE, MISSISSIPPI**

**Schedule of Findings  
For the Year Ended September 30, 2019**

**Section 1: Summary of Auditor's Results**

*Financial Statements:*

- |    |                                                                                        |               |
|----|----------------------------------------------------------------------------------------|---------------|
| 1. | Type of auditor's report issued on the primary government financial statements:        | Unmodified    |
| 2. | Internal control over financial reporting:                                             |               |
| a. | Material weaknesses identified?                                                        | No            |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements?                                    | No            |

**Section 2: Financial Statement Findings**

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