

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 LUCEDALE, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
AND
SPECIAL REPORT

SEPTEMBER 30, 2021

CITY OF LUCEDALE, MISSISSIPPI

TABLE OF CONTENTS

FINANCIAL SECTION	1
INDEPENDENT AUDITORS' REPORT	2-3
FINANCIAL STATEMENTS	4
Statement of Activities and Net Cash Position – Cash Basis	5-6
Statement of Cash Basis Assets and Fund Balances and Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental and Business-type Funds.....	7-8
Notes to Financial Statements	9-12
REQUIRED SUPPLEMENTARY INFORMATION	13
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) General Fund.....	14
Notes to the Required Supplementary Information	15
OTHER REQUIRED SUPPLEMENTARY INFORMATION	16
Schedule of Changes in Long-term Debt	17
Schedule of Capital Assets	18
Schedule of Surety Bonds for Municipal Officials and Employees	19
SPECIAL REPORT	20
Independent Auditors' Report on Compliance with State Laws and Regulations.....	21
SCHEDULE OF FINDINGS	22-23

CITY OF LUCEDALE, MISSISSIPPI

FINANCIAL SECTION

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676 Fax (601)939-8761
windhamandlacey.com

P. O. Box 759
Crystal Springs, MS 39059
(601)892-4001 Fax (601)892-5978

Members:
American Institute of CPAs
Mississippi Society of CPAs

INDEPENDENT AUDITORS' 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, 2021, 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.

Auditors' 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. 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, 2021, 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

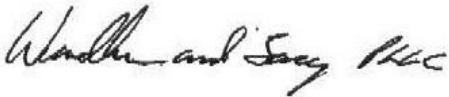
The City of Lucedale, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial 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.

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.



Windham and Lacey, PLLC
February 7, 2022

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, 2021

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Cash Position		
		Fines, Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 1,411,005			68,462	(1,342,543)		(1,342,543)
Public safety	1,622,564	116,738	10,025		(1,495,801)		(1,495,801)
Public works	1,098,694	202,017	679,731	225,095	8,149		8,149
Health and welfare		30,013			30,013		30,013
Culture and recreation	410,766			50,166	(360,600)		(360,600)
Economic development	59,204				(59,204)		(59,204)
Interest on debt	36,643				(36,643)		(36,643)
Total Governmental Activities	<u>4,638,876</u>	<u>348,768</u>	<u>689,756</u>	<u>343,723</u>	<u>(3,256,629)</u>	<u>0</u>	<u>(3,256,629)</u>
Business-type Activities:							
Water/Sewer	862,038	691,694		376,000		205,656	205,656
Total Business-type Activities	<u>862,038</u>	<u>691,694</u>	<u>0</u>	<u>376,000</u>	<u>0</u>	<u>205,656</u>	<u>205,656</u>
Total Government	<u>\$ 5,500,914</u>	<u>1,040,462</u>	<u>689,756</u>	<u>719,723</u>	<u>(3,256,629)</u>	<u>205,656</u>	<u>(3,050,973)</u>
General Receipts							
Taxes:							
Property taxes					\$ 433,773		433,773
Road & bridge privilege taxes					192,740		192,740
Sales tax					2,809,285		2,809,285
Franchise taxes					173,040		173,040
Grants and contributions not restricted to specific programs					24,259		24,259
Unrestricted investment income					30,701	4,754	35,455
Miscellaneous					165,448	10,343	175,791
Total General Receipts					<u>3,829,246</u>	<u>15,097</u>	<u>3,844,343</u>
Change in Net Cash Position					572,617	220,753	793,370
Net Cash Position - Beginning					<u>3,936,172</u>	<u>609,675</u>	<u>4,545,847</u>
Net Cash Position - Ending					<u>\$ 4,508,789</u>	<u>830,428</u>	<u>5,339,217</u>

(Continued)

CITY OF LUCEDALE, MISSISSIPPI
Statement of Activities and Net Cash Position - Cash Basis
As of and for the Year Ended September 30, 2021

ASSETS	
Cash and cash equivalents	\$ 4,215,663
Restricted cash	<u>1,123,554</u>
Total Assets	\$ <u><u>5,339,217</u></u>
NET CASH POSITION	
Restricted:	
Restricted for unemployment compensation	\$ 9,071
Restricted for meter deposits	91,643
Restricted for public safety	100,341
Restricted for public works	387,667
Restricted for culture and recreation	298,630
Restricted for debt	236,202
Unrestricted	<u>4,215,663</u>
Total Net Cash Position	\$ <u><u>5,339,217</u></u>

The 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, 2021

	Governmental Activities			Business-type Activities
	Major Fund			Major Funds
	General Fund	Non-Major Funds	Total	Water/Sewer Funds
RECEIPTS				
Ad valorem taxes	\$ 433,773		433,773	
License and permits	203,053		203,053	
Road & bridge privilege taxes	192,740		192,740	
Intergovernmental revenues	3,258,853	608,170	3,867,023	376,000
Charges for services	202,017		202,017	
Water and sewer utility				691,694
Fines and forfeits	116,738		116,738	
Interest income	27,349	3,352	30,701	4,754
Miscellaneous revenue	161,338	4,110	165,448	10,343
Total Receipts	<u>4,595,861</u>	<u>615,632</u>	<u>5,211,493</u>	<u>1,082,791</u>
DISBURSEMENTS				
General government	1,402,980		1,402,980	
Public safety	1,516,791	1,000	1,517,791	
Public works	1,079,708		1,079,708	
Culture and recreation	258,780	144,086	402,866	
Economic development	59,204		59,204	
Water and sewer utility:				
Personal services				311,305
Supplies				107,313
Contractual services				331,106
Total Disbursements	<u>4,317,463</u>	<u>145,086</u>	<u>4,462,549</u>	<u>749,724</u>
Excess of Receipts Over (Under) Disbursements	<u>278,398</u>	<u>470,546</u>	<u>748,944</u>	<u>333,067</u>
OTHER CASH SOURCES (USES)				
Capital outlay	(112,684)		(112,684)	(70,892)
Principal paid on bonds	(27,000)		(27,000)	
Interest paid on bonds	(36,643)		(36,643)	
Principal paid on loans				(32,567)
Interest paid on loans				(8,855)
Total Other Cash Sources and (Uses)	<u>(176,327)</u>	<u>0</u>	<u>(176,327)</u>	<u>(112,314)</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, 2021

	Governmental Activities			Business-type Activities
	Major Fund			Major Funds
	General Fund	Non-Major Funds	Total	Water/Sewer Funds
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	102,071	470,546	572,617	220,753
CASH BASIS FUND BALANCE - Beginning of Year	<u>3,526,710</u>	<u>409,462</u>	<u>3,936,172</u>	<u>609,675</u>
CASH BASIS FUND BALANCE - End of Year	<u>\$ 3,628,781</u>	<u>880,008</u>	<u>4,508,789</u>	<u>830,428</u>
CASH BASIS ASSETS - End of Year				
Cash and cash equivalents	\$ 3,531,598	181,482	3,713,080	502,583
Restricted cash	<u>97,183</u>	<u>698,526</u>	<u>795,709</u>	<u>327,845</u>
Total Cash Basis Assets	<u>\$ 3,628,781</u>	<u>880,008</u>	<u>4,508,789</u>	<u>830,428</u>
CASH BASIS FUND BALANCES - End of Year				
Restricted:				
Restricted for unemployment compensation	\$	9,071	9,071	
Restricted for culture and recreation		298,630	298,630	
Restricted for public safety	97,183	3,158	100,341	
Restricted for public works		387,667	387,667	
Restricted for meter deposits				91,643
Restricted for debt				236,202
Unassigned	<u>3,531,598</u>	<u>181,482</u>	<u>3,713,080</u>	<u>502,583</u>
Total Cash Basis Fund Balances	<u>\$ 3,628,781</u>	<u>880,008</u>	<u>4,508,789</u>	<u>830,428</u>

The 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, 2021

(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, 2021

The government reports the following major Proprietary Fund:

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, 2021

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.

(2) Cash and Cash Equivalents.

At year-end, the City's carrying amount of deposits was \$5,339,217 and the bank balance was \$5,374,726. 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.

CITY OF LUCEDALE, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2021

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 17.40% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for the years ended September 30, 2021, 2020 and 2019 were \$306,438, \$316,957 and \$260,304, respectively, which is equal to the required contributions for each year.

(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, 2021, 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 February 7, 2022, 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
For the Year Ended September 30, 2021 - UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Ad valorem taxes	\$ 373,700	433,773	433,773	
License and permits	207,000	203,053	203,053	
Road & bridge privilege taxes		192,740	192,740	
Intergovernmental revenues	2,543,100	3,258,853	3,258,853	
Charges for services	190,000	202,017	202,017	
Fines and forfeits	110,000	116,738	116,738	
Interest income	82,750	27,349	27,349	
Miscellaneous revenue	73,500	161,338	161,338	
Total Receipts	<u>3,580,050</u>	<u>4,595,861</u>	<u>4,595,861</u>	<u>0</u>
EXPENDITURES				
General government	764,065	1,411,005	1,411,005	
Public safety	1,863,475	1,658,207	1,658,207	
Public works	1,327,755	1,098,694	1,098,694	
Culture and recreation	322,030	266,680	266,680	
Economic development	66,500	59,204	59,204	
Total Expenditures	<u>4,343,825</u>	<u>4,493,790</u>	<u>4,493,790</u>	<u>0</u>
Excess of Receipts Over (Under) Expenditures	<u>(763,775)</u>	<u>102,071</u>	<u>102,071</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	(763,775)	102,071	102,071	0
Cash Basis Fund Balances - Beginning	<u>(802,970)</u>	<u>3,526,710</u>	<u>3,526,710</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ (1,566,745)</u>	<u>3,628,781</u>	<u>3,628,781</u>	<u>0</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, 2021**

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
For the Year Ended September 30, 2021 - UNAUDITED

	Outstanding Balance Sept. 30, 2020	Additions	Reductions	Outstanding Balance Sept. 30, 2021
Governmental Activities:				
T.I.F. Bond - Walt Massey	\$ 531,000		(27,000)	504,000
Business-type Activities:				
CAP loan	457,875		(32,567)	425,308
Total Long-term Debt	\$ 988,875	0	(59,567)	929,308

CITY OF LUCEDALE, MISSISSIPPI
Schedule of Capital Assets
For the Fiscal Year Ended September 30, 2021 - UNAUDITED

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	463,870		(463,870)	0
Buildings	2,916,078		463,870	3,379,948
Improvements other than buildings	1,948,928			1,948,928
Streets	1,916,463			1,916,463
Bridges	9,920			9,920
Machinery and equipment	<u>2,759,688</u>	<u>112,684</u>		<u>2,872,372</u>
Governmental Activities Capital Assets	<u>\$ 10,486,366</u>	<u>112,684</u>	<u>0</u>	<u>10,599,050</u>

Business-type Activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Construction in progress	\$ 0	5,400		5,400
Water system	2,378,027			2,378,027
Sewer system	<u>5,230,512</u>	<u>65,492</u>		<u>5,296,004</u>
Business-type Activities Capital Assets	<u>\$ 7,608,539</u>	<u>70,892</u>	<u>0</u>	<u>7,679,431</u>

CITY OF LUCEDALE, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials and Employees
For the Year Ended September 30, 2021 - UNAUDITED

<u>Name</u>	<u>Covered Position</u>	<u>Company</u>	<u>Amount</u>
Douglas L. Lee	Mayor	Travelers Casualty & Surety	\$ 50,000
Alfred Jones	Alderman	Travelers Casualty & Surety	\$ 50,000
Carrie Moulds	Alderwoman	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
Laura Maples	City Clerk	Travelers Casualty & Surety	\$ 50,000
Laura Maples	City Clerk	FCCI Insurance	\$ 160,000
Kellum Fairley	Police Chief	Old Republic Surety	\$ 50,000
Various	Dispatchers, each	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
Miranda Dickey	Purchasing Agent	Old Republic Surety	\$ 50,000
Tina McCraney	Deputy City Clerk	Old Republic Surety	\$ 50,000
Jennifer Lancaster	Deputy City Clerk	Old Republic Surety	\$ 50,000

CITY OF LUCEDALE, MISSISSIPPI

SPECIAL REPORT

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676 Fax (601)939-8761
windhamandlacey.com

P. O. Box 759
Crystal Springs, MS 39059
(601)892-4001 Fax (601)892-5978

Members:
American Institute of CPAs
Mississippi Society of CPAs

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

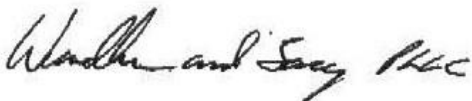
Honorable Mayor and
Members of the Board of Aldermen
City of Lucedale, Mississippi

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, 2021, and have issued our report thereon dated February 7, 2022. 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
February 7, 2022

CITY OF LUCEDALE, MISSISSIPPI

SCHEDULE OF FINDINGS

CITY OF LUCEDALE, MISSISSIPPI

**Schedule of Findings
For the Year Ended September 30, 2021**

Section 1: Summary of Auditors' Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditors' 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*.