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

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

CITY OF LUCEDALE, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
AND
SPECIAL REPORT

SEPTEMBER 30, 2022

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

Opinion

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 Lucedale, Mississippi, as of and for the year ended September 30, 2022, and the related Notes to the Financial Statements, which collectively comprise the City of Lucedale, Mississippi's cash basis financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2022, and the respective changes in cash basis financial position thereof for the year then ended in accordance with cash basis of accounting.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Lucedale, 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 opinion.

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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with cash basis of accounting, 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 Lucedale, 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Lucedale, 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 Lucedale, Mississippi's ability to continue as a going concern for a reasonable period of time.

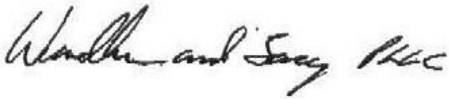
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule 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.

Other Required Supplementary 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.

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

Windham and Lacey, PLLC
January 19, 2023

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, 2022

	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
Functions/Programs							
Governmental Activities:							
General government	\$ 925,344				(925,344)		(925,344)
Public safety	1,765,110	76,002	54,797		(1,634,311)		(1,634,311)
Public works	1,295,355	188,707	391,460	359,609	(355,579)		(355,579)
Health and welfare		37,398			37,398		37,398
Culture and recreation	794,529			3	(794,526)		(794,526)
Economic development	53,807				(53,807)		(53,807)
Interest on debt	24,550				(24,550)		(24,550)
Total Governmental Activities	<u>4,858,695</u>	<u>302,107</u>	<u>446,257</u>	<u>359,612</u>	<u>(3,750,719)</u>	<u>0</u>	<u>(3,750,719)</u>
Business-type Activities:							
Water/Sewer	<u>972,973</u>	<u>878,607</u>		<u>41,950</u>		<u>(52,416)</u>	<u>(52,416)</u>
Total Business-type Activities	<u>972,973</u>	<u>878,607</u>	<u>0</u>	<u>41,950</u>	<u>0</u>	<u>(52,416)</u>	<u>(52,416)</u>
Total Government	\$ <u>5,831,668</u>	<u>1,180,714</u>	<u>446,257</u>	<u>401,562</u>	<u>(3,750,719)</u>	<u>(52,416)</u>	<u>(3,803,135)</u>
General Receipts							
Taxes:							
Property taxes					\$ 441,725		441,725
Road & bridge privilege taxes					196,280		196,280
Sales tax					2,923,735		2,923,735
Franchise taxes					188,670		188,670
Grants and contributions not restricted to specific programs					23,570		23,570
Unrestricted investment income					6,840	674	7,514
Miscellaneous					176,177	15,087	191,264
Total General Receipts					<u>3,956,997</u>	<u>15,761</u>	<u>3,972,758</u>
Change in Net Cash Position					206,278	(36,655)	169,623
Net Cash Position - Beginning					<u>4,508,789</u>	<u>830,428</u>	<u>5,339,217</u>
Net Cash Position - Ending					\$ <u>4,715,067</u>	<u>793,773</u>	<u>5,508,840</u>

(Continued)

CITY OF LUCEDALE, MISSISSIPPI
Statement of Activities and Net Cash Position - Cash Basis
As of and for the Year Ended September 30, 2022

ASSETS	
Cash and cash equivalents	\$ 4,194,399
Restricted cash	<u>1,314,441</u>
Total Assets	\$ <u><u>5,508,840</u></u>
NET CASH POSITION	
Restricted:	
Restricted for unemployment compensation	\$ 9,085
Restricted for meter deposits	97,983
Restricted for public safety	136,764
Restricted for public works	775,940
Restricted for culture and recreation	58,124
Restricted for debt	236,545
Unrestricted	<u>4,194,399</u>
Total Net Cash Position	\$ <u><u>5,508,840</u></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, 2022

	Governmental Activities				Business-type Activities
	Major Funds				Major Funds
	General Fund	ARPA Funds	Non-Major Funds	Total	Water/Sewer Funds
RECEIPTS					
Ad valorem taxes	\$ 441,725			441,725	
License and permits	226,068			226,068	
Road & bridge privilege taxes	196,280			196,280	
Intergovernmental revenues	3,010,490	387,575	355,109	3,753,174	41,950
Charges for services	188,707			188,707	
Water and sewer utility					878,607
Fines and forfeits	76,002			76,002	
Interest income	5,301	698	841	6,840	674
Miscellaneous revenue	101,915		74,262	176,177	15,087
Total Receipts	4,246,488	388,273	430,212	5,064,973	936,318
DISBURSEMENTS					
General government	892,602			892,602	
Public safety	1,637,531			1,637,531	
Public works	1,187,594		1,900	1,189,494	
Culture and recreation	367,226		154,745	521,971	
Economic development	53,807			53,807	
Water and sewer utility:					
Personal services					309,990
Supplies					116,732
Contractual services					319,060
Total Disbursements	4,138,760	0	156,645	4,295,405	745,782
Excess of Receipts Over (Under) Disbursements	107,728	388,273	273,567	769,568	190,536
OTHER CASH SOURCES (USES)					
Capital outlay	(268,911)		(243,829)	(512,740)	(185,769)
Principal paid on bonds			(26,000)	(26,000)	
Interest paid on bonds			(24,550)	(24,550)	
Principal paid on loans					(33,224)
Interest paid on loans					(8,198)
Transfers in (out) to other funds	(487,950)		487,950		
Total Other Cash Sources and (Uses)	(756,861)	0	193,571	(563,290)	(227,191)

(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, 2022

	Governmental Activities				Business-type Activities
	Major Funds				Major Funds
	General Fund	ARPA Funds	Non-Major Funds	Total	Water/Sewer Funds
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	(649,133)	388,273	467,138	206,278	(36,655)
CASH BASIS FUND BALANCE – Beginning of Year	<u>3,628,781</u>	<u>387,667</u>	<u>492,341</u>	<u>4,508,789</u>	<u>830,428</u>
CASH BASIS FUND BALANCE – End of Year	<u>\$ 2,979,648</u>	<u>775,940</u>	<u>959,479</u>	<u>4,715,067</u>	<u>793,773</u>
CASH BASIS ASSETS - End of Year					
Cash and cash equivalents	\$ 2,846,047		889,107	3,735,154	459,245
Restricted cash	<u>133,601</u>	<u>775,940</u>	<u>70,372</u>	<u>979,913</u>	<u>334,528</u>
Total Cash Basis Assets	<u>\$ 2,979,648</u>	<u>775,940</u>	<u>959,479</u>	<u>4,715,067</u>	<u>793,773</u>
CASH BASIS FUND BALANCES - End of Year					
Restricted:					
Restricted for unemployment compensation	\$		9,085	9,085	
Restricted for culture and recreation			58,124	58,124	
Restricted for public safety	133,601		3,163	136,764	
Restricted for public works		775,940		775,940	
Restricted for meter deposits					97,983
Restricted for debt					236,545
Unassigned	<u>2,846,047</u>	<u></u>	<u>889,107</u>	<u>3,735,154</u>	<u>459,245</u>
Total Cash Basis Fund Balances	<u>\$ 2,979,648</u>	<u>775,940</u>	<u>959,479</u>	<u>4,715,067</u>	<u>793,773</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, 2022

(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, 2022

The *ARPA Fund* is a special revenue fund that accounts for grant funds.

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, 2022

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 \$5,508,840 and the bank balance was \$5,161,704. 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, 2022

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, 2022, 2021 and 2020 were \$332,451, \$306,438 and \$316,957, 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, 2022, 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 January 9, 2023, 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, 2022 - UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Ad valorem taxes	\$ 378,700	441,725	441,725	
License and permits	221,500	226,068	226,068	
Road & bridge privilege taxes		196,280	196,280	
Intergovernmental revenues	2,971,110	3,010,490	3,010,490	
Charges for services	200,000	188,707	188,707	
Fines and forfeits	110,000	76,002	76,002	
Interest income	7,200	5,301	5,301	
Miscellaneous revenue	59,800	101,915	101,915	
Total Receipts	<u>3,948,310</u>	<u>4,246,488</u>	<u>4,246,488</u>	<u>0</u>
EXPENDITURES				
General government	824,164	925,344	925,344	
Public safety	2,150,918	1,765,110	1,765,110	
Public works	1,292,150	1,267,455	1,267,455	
Culture and recreation	463,480	395,955	395,955	
Economic development	79,000	53,807	53,807	
Total Expenditures	<u>4,809,712</u>	<u>4,407,671</u>	<u>4,407,671</u>	<u>0</u>
Excess of Receipts Over (Under) Expenditures	<u>(861,402)</u>	<u>(161,183)</u>	<u>(161,183)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Transfers	<u>(52,450)</u>	<u>(487,950)</u>	<u>(487,950)</u>	
Total Other Cash Sources (Uses)	<u>(52,450)</u>	<u>(487,950)</u>	<u>(487,950)</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	(913,852)	(649,133)	(649,133)	0
Cash Basis Fund Balances - Beginning	<u>(1,566,745)</u>	<u>3,628,781</u>	<u>3,628,781</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ (2,480,597)</u>	<u>2,979,648</u>	<u>2,979,648</u>	<u>0</u>

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

CITY OF LUCEDALE, MISSISSIPPI

**Notes to the Required Supplementary Information
For the Year Ended September 30, 2022
UNAUDITED**

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, 2022 - UNAUDITED

	Outstanding Balance Sept. 30, 2021	Reductions	Outstanding Balance Sept. 30, 2022
Governmental-type Activities:			
T.I.F. Bond - Walt Massey	\$ 504,000	(26,000)	478,000
Business-type Activities:			
CAP Loan	<u>425,308</u>	<u>(33,224)</u>	<u>392,084</u>
Total Long-term Debt	<u>\$ 929,308</u>	<u>(59,224)</u>	<u>870,084</u>

CITY OF LUCEDALE, MISSISSIPPI
Schedule of Capital Assets
For the Fiscal Year Ended September 30, 2022 - UNAUDITED

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers and Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Land	\$ 471,419				471,419
Construction in progress	0	243,829		24,153	267,982
Buildings	3,379,948				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>2,872,372</u>	<u>268,911</u>	<u>(108,516)</u>		<u>3,032,767</u>
Governmental Activities Capital Assets	<u>\$ 10,599,050</u>	<u>512,740</u>	<u>(108,516)</u>	<u>24,153</u>	<u>11,027,427</u>

Business-type Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
Construction in progress	\$ 5,400	147,245	152,645
Water system	2,378,027	38,524	2,416,551
Sewer system	<u>5,296,004</u>		<u>5,296,004</u>
Business-type Activities Capital Assets	<u>\$ 7,679,431</u>	<u>185,769</u>	<u>7,865,200</u>

CITY OF LUCEDALE, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials and Employees
September 30, 2022 - UNAUDITED

Name	Covered Position	Company	Amount
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	RLI Insurance Company	\$ 10,000
Miranda Weaver	Bus Driver	Old Republic Surety	\$ 50,000
Brandy Havard	Deputy Court Clerk	RLI Insurance Company	\$ 50,000
Tammy Oldenquist	Deputy City Clerk	RLI Insurance Company	\$ 50,000
Gabrielle Long	Deputy Clerk	RLI Insurance Company	\$ 50,000
Miranda Dickey	Purchasing Agent	Old Republic Surety	\$ 50,000
Jennifer Lancaster	Deputy Clerk	RLI Insurance Company	\$ 50,000
Jazlynn Lawrence	Receptionist	RLI Insurance Company	\$ 10,000

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

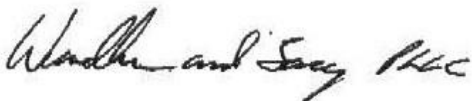
Honorable Mayor and
Members of the Board of Aldermen
City of Lucedale, Mississippi

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, 2022, and have issued our report thereon dated January 19, 2023. 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
January 19, 2023

CITY OF LUCEDALE, MISSISSIPPI

SCHEDULE OF FINDINGS

CITY OF LUCEDALE, MISSISSIPPI

**Schedule of Findings
For the Year Ended September 30, 2022**

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*.