

CITY OF WAVELAND, MISSISSIPPI

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Year Ended September 30, 2021

CITY OF WAVELAND, MISSISSIPPI

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the
Board of Aldermen
Waveland, Mississippi

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waveland, Mississippi, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Waveland, Mississippi's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waveland, Mississippi, as of September 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Waveland, Mississippi, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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



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To the Honorable Mayor and Members of the
Board of Aldermen
Waveland, Mississippi

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 Waveland, Mississippi's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 Waveland, 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 Waveland, Mississippi's ability to continue as a going concern for a reasonable period of time.

To the Honorable Mayor and Members of the
Board of Aldermen
Waveland, Mississippi

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 Schedules 1 through 3 on pages 57 through 71, including related notes, 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waveland, Mississippi's basic financial statements. Schedule 4, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements.


To the Honorable Mayor and Members of the
Board of Aldermen
Waveland, Mississippi

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Schedule 5 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2023 on our consideration of the City of Waveland, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Waveland, Mississippi's internal control over financial reporting and compliance.


Hattiesburg, Mississippi
February 22, 2023

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EXHIBIT A
PAGE 1 OF 3

CITY OF WAVELAND, MISSISSIPPI

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,258,476	\$ 226,598	\$ 5,485,074
Cash and cash equivalents - restricted	2,887,049	596,411	3,483,460
Investments	2,964,116	-	2,964,116
Accounts receivable (net of allowance for uncollectibles of \$332,702)	-	205,020	205,020
Property tax receivable	2,889,202	-	2,889,202
Fines receivable (net of allowance for uncollectibles of \$154,793)	96,181	-	96,181
Sales tax receivable	484,987	-	484,987
Intergovernmental receivables	2,570,060	-	2,570,060
Other receivables	78,112	206,886	284,998
Internal balances	(155,720)	155,720	-
Prepaid expenses	89,639	11,522	101,161
Inventory	-	10,976	10,976
Capital assets:			
Land and construction in progress	5,955,234	6,218,413	12,173,647
Other capital assets, net	44,923,792	59,885,457	104,809,249
Total assets	68,041,128	67,517,003	135,558,131
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	1,009,268	141,682	1,150,950

The notes to the financial statements are an integral part of this statement.

EXHIBIT A
PAGE 2 OF 3

CITY OF WAVELAND, MISSISSIPPI

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 314,164	\$ 181,261	\$ 495,425
Accrued liabilities	64,959	-	64,959
Sales tax payable	-	11	11
Accrued wages payable	117,579	17,789	135,368
Accrued interest payable	5,326	-	5,326
Other liabilities	4,388,984	-	4,388,984
Non-current liabilities:			
Due within one year:			
General obligation bonds	295,000	-	295,000
Revenue bonds	-	68,190	68,190
Unamortized bond premium	-	1,423	1,423
Notes from direct borrowings and direct placements	-	221,850	221,850
Capital leases payable	56,781	2,573	59,354
Due in more than one year:			
General obligation bonds	575,000	-	575,000
Revenue bonds	-	351,527	351,527
Unamortized bond premium	-	4,603	4,603
Notes from direct borrowings and direct placements	-	4,455,617	4,455,617
Capital leases payable	50,159	-	50,159
Compensated absences	73,942	9,246	83,188
Net pension liability	5,957,490	930,194	6,887,684
Customer deposits	-	501,519	501,519
Total liabilities	11,899,384	6,745,803	18,645,187
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - property taxes	2,889,202	-	2,889,202
Related to grants	774,658	-	774,658
Related to pensions	1,455,146	204,275	1,659,421
Total deferred inflows of resources	5,119,006	204,275	5,323,281

The notes to the financial statements are an integral part of this statement.

CITY OF WAVELAND, MISSISSIPPI

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
NET POSITION			
Net investment in capital assets	\$ 49,902,086	\$ 60,998,087	\$ 110,900,173
Restricted for:			
General government	772,776	-	772,776
Public safety	32,257	-	32,257
Culture and recreation	138,867	-	138,867
Capital projects	19,540	-	19,540
Debt service	2,257,517	-	2,257,517
Bond covenants	-	94,892	94,892
Unrestricted	(1,091,037)	(384,372)	(1,475,409)
Total net position	<u>\$ 52,032,006</u>	<u>\$ 60,708,607</u>	<u>\$ 112,740,613</u>

EXHIBIT B

CITY OF WAVELAND, MISSISSIPPI

STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 1,220,682	\$ 202,260	\$ 14,018	\$ 867,898	\$ (136,506)		\$ (136,506)
Public safety	6,112,222	286,669	2,351,567	41,222	(3,432,764)		(3,432,764)
Public works	2,150,163	-	-	-	(2,150,163)		(2,150,163)
Health and welfare	88,163	-	-	-	(88,163)		(88,163)
Culture and recreation	1,169,708	-	-	-	(1,169,708)		(1,169,708)
Economic development and assistance	189,591	-	-	-	(189,591)		(189,591)
Interest on long-term debt	30,429	-	-	-	(30,429)		(30,429)
Total governmental activities	<u>10,960,958</u>	<u>488,929</u>	<u>2,365,585</u>	<u>909,120</u>	<u>(7,197,324)</u>		<u>(7,197,324)</u>
Business-Type Activities:							
Water, sewer and gas	6,610,417	3,106,012	-	-	-	\$ (3,504,405)	(3,504,405)
Interest on long-term debt	108,543	-	-	-	-	(108,543)	(108,543)
Total business-type activities	<u>6,718,960</u>	<u>3,106,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,612,948)</u>	<u>(3,612,948)</u>
Total	<u>\$ 17,679,918</u>	<u>\$ 3,594,941</u>	<u>\$ 2,365,585</u>	<u>\$ 909,120</u>	<u>(7,197,324)</u>	<u>(3,612,948)</u>	<u>(10,810,272)</u>
GENERAL REVENUES:							
Taxes:							
Property taxes, levied for general purposes					2,874,369	-	2,874,369
Sales taxes					3,199,179	-	3,199,179
Road and bridge privilege taxes					81,668	-	81,668
Franchise taxes					277,551	-	277,551
Unrestricted investment earnings					73,818	4,322	78,140
Miscellaneous					264,848	98,666	363,514
TRANSFERS:							
Transfers in (out)					324,015	(324,015)	-
Total general revenues and transfers					<u>7,095,448</u>	<u>(221,027)</u>	<u>6,874,421</u>
CHANGE IN NET POSITION							
					(101,876)	(3,833,975)	(3,935,851)
NET POSITION - BEGINNING, AS PREVIOUSLY REPORTED							
Prior period adjustment					51,983,774	64,542,582	116,526,356
					<u>150,108</u>	<u>-</u>	<u>150,108</u>
NET POSITION - BEGINNING, AS ADJUSTED							
					<u>52,133,882</u>	<u>64,542,582</u>	<u>116,676,464</u>
NET POSITION - ENDING							
					<u>\$ 52,032,006</u>	<u>\$ 60,708,607</u>	<u>\$ 112,740,613</u>

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

EXHIBIT C

CITY OF WAVELAND, MISSISSIPPI

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Zeta Disaster Fund</u>
ASSETS		
Cash and cash equivalents	\$ 868,173	\$ -
Cash and cash equivalents - restricted	20,226	-
Investments	2,609,982	-
Property tax receivable	2,069,761	-
Fines receivable (net of allowance for uncollectibles of \$154,793)	96,181	-
Sales tax receivable	484,987	-
Other receivables	78,112	-
Due from other funds	1,333,561	-
Prepaid expenses	89,639	-
Total assets	<u>\$ 7,650,622</u>	<u>\$ -</u>
LIABILITIES		
Accounts payable	\$ 163,826	\$ 41,277
Due to other funds	-	1,489,281
Accrued liabilities	182,538	-
Other liabilities	19,448	909,049
Total liabilities	<u>365,812</u>	<u>2,439,607</u>
DEFERRED INFLOWS OF RESOURCES		
Property tax for future periods	2,069,761	-
Unavailable revenue - grants	-	-
Unavailable revenue - fines	96,182	-
Total deferred inflows of resources	<u>2,165,943</u>	<u>-</u>
FUND BALANCES		
Nonspendable:		
Prepays	89,639	-
Restricted for:		
General government	-	-
Public safety	-	-
Culture and recreation	-	-
Capital projects	-	-
Debt service	-	-
Unassigned	5,029,228	(2,439,607)
Total fund balances	<u>5,118,867</u>	<u>(2,439,607)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,650,622</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 4,390,303	\$ 5,258,476
2,866,823	2,887,049
354,134	2,964,116
819,441	2,889,202
-	96,181
-	484,987
-	78,112
-	1,333,561
-	89,639
<u>\$ 8,430,701</u>	<u>\$ 16,081,323</u>
\$ 109,061	\$ 314,164
-	1,489,281
-	182,538
3,460,487	4,388,984
<u>3,569,548</u>	<u>6,374,967</u>
819,441	2,889,202
774,658	774,658
-	96,182
<u>1,594,099</u>	<u>3,760,042</u>
-	89,639
772,776	772,776
32,257	32,257
138,867	138,867
19,540	19,540
2,257,517	2,257,517
46,097	2,635,718
<u>3,267,054</u>	<u>5,946,314</u>
<u>\$ 8,430,701</u>	<u>\$ 16,081,323</u>

EXHIBIT C.1

CITY OF WAVELAND, MISSISSIPPI

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

Total fund balances for governmental funds (Exhibit C)	\$ 5,946,314
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities but are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$18,347,937.	50,879,026
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
General obligations bonds	(870,000)
Capital leases	(106,940)
Accrued interest payable	(5,326)
Compensated absences	(73,942)
Net pension liability	(5,957,490)
Receivables not received within thirty days of year end are not reported in the funds.	2,570,060
Some revenues are not available to pay for current period expenditures and therefore are reported as deferred revenue in the funds.	96,182
Deferred amounts for pension-related items are reported in the Statement of Net Position as deferred outflows or deferred inflows of resources but are not reported in the funds.	
Deferred outflows related to pensions	1,009,268
Deferred inflows related to pensions	<u>(1,455,146)</u>
Total net position of governmental activities (Exhibit A)	<u><u>\$ 52,032,006</u></u>

EXHIBIT D
PAGE 1 OF 2

CITY OF WAVELAND, MISSISSIPPI

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2021**

	<u>General Fund</u>	<u>Zeta Disaster Fund</u>
REVENUES		
Property taxes	\$ 2,103,485	\$ -
Road and bridge privilege taxes	81,668	-
Licenses and permits	479,811	-
Fines and forfeitures	266,523	-
Intergovernmental revenues	3,230,857	64,801
Investment earnings	73,558	-
Miscellaneous	222,995	-
Total revenues	<u>6,458,897</u>	<u>64,801</u>
EXPENDITURES		
Current:		
General government	1,112,963	80,120
Public safety	3,424,570	6,552
Public works	1,257,421	2,247,328
Health and welfare	88,930	-
Culture and recreation	429,334	6,029
Economic development and assistance	25,212	164,379
Debt service:		
Principal payments	28,113	-
Interest and other charges	913	-
Total expenditures	<u>6,367,456</u>	<u>2,504,408</u>
Excess (deficiency) of revenues over expenditures	<u>91,441</u>	<u>(2,439,607)</u>

The notes to the financial statements are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 794,531	\$ 2,898,016
-	81,668
-	479,811
1,330	267,853
906,311	4,201,969
260	73,818
1,844	224,839
<u>1,704,276</u>	<u>8,227,974</u>
1,711	1,194,794
21,439	3,452,561
823,086	4,327,835
-	88,930
272,900	708,263
-	189,591
601,353	629,466
34,699	35,612
<u>1,755,188</u>	<u>10,627,052</u>
<u>(50,912)</u>	<u>(2,399,078)</u>

CITY OF WAVELAND, MISSISSIPPI

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2021**

	General Fund	Zeta Disaster Fund
<i>OTHER FINANCING SOURCES (USES)</i>		
Transfers in	\$ 350,000	\$ -
Transfers out	-	-
<i>Total other financing sources (uses)</i>	<u>350,000</u>	<u>-</u>
 <i>NET CHANGE IN FUND BALANCES</i>	 <u>441,441</u>	 <u>(2,439,607)</u>
 <i>FUND BALANCES - BEGINNING</i>	 4,510,866	 -
Prior period adjustment	<u>166,560</u>	<u>-</u>
 <i>FUND BALANCES - BEGINNING, as restated</i>	 <u>4,677,426</u>	 <u>-</u>
 <i>FUND BALANCES - ENDING</i>	 <u>\$ 5,118,867</u>	 <u>\$ (2,439,607)</u>

The notes to the financial statements are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 350,000
(25,985)	(25,985)
<u>(25,985)</u>	<u>324,015</u>
(76,897)	(2,075,063)
3,360,403	7,871,269
<u>(16,452)</u>	<u>150,108</u>
<u>3,343,951</u>	<u>8,021,377</u>
<u>\$ 3,267,054</u>	<u>\$ 5,946,314</u>

CITY OF WAVELAND, MISSISSIPPI

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021**

Net change in *fund balances* - total governmental funds (Exhibit D) \$ (2,075,063)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount by which depreciation of \$2,300,237 exceeded capital outlays of \$1,288,085 in the current period. (1,012,152)

Intergovernmental revenues are recognized on the full-accrual basis in the statement of activities for revenues received thirty days after year end. This is the amount of effect of the change in revenue. 2,286,947

Fine revenue deferred in the funds for the modified accrual basis during the current year increased because prior year recognition would have been required in the statement of activities using the full-accrual basis of accounting. 20,146

Proceeds from the issuance of long-term debt are reported in the governmental funds. However, in the statement of net position a long-term liability is recorded. Repayments of long-term debt are reported as expenses in the governmental funds but are recorded against the liability in the statement of net position. Thus, the change in net position differs from the change in fund balances by the net amount of the debt proceeds and repayments. 629,466

Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Also, governmental funds report current pension contribution expenses, whereas these amounts are deferred and amortized in the statement of activities as follows:

Recognition of pension expense for the current period (423,660)
Recognition of contributions made during the year 486,481

CITY OF WAVELAND, MISSISSIPPI

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021**

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by the following:

Compensated absences	\$ (19,224)
Accrued interest on bonds	<u>5,183</u>
Change in <i>net position</i> of governmental activities (Exhibit B)	<u>\$ (101,876)</u>

PROPRIETARY FUND FINANCIAL STATEMENTS

EXHIBIT E
PAGE 1 OF 2

CITY OF WAVELAND, MISSISSIPPI

**STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2021**

	<u>Utility Fund</u>
<i>CURRENT ASSETS</i>	
Cash and cash equivalents	\$ 226,598
Accounts receivable (net of allowance for uncollectibles of \$332,702)	205,020
Other receivables	206,886
Due from other funds	158,755
Prepaid expenses	11,522
Inventory	10,976
Total current assets	<u>819,757</u>
<i>NON-CURRENT ASSETS</i>	
Cash and cash equivalents - restricted	596,411
Capital assets	
Land	76,139
Construction in progress	6,142,274
Buildings, net	44,678
Machinery and equipment, net	171,733
Furniture and office equipment, net	60,442
Improvements other than buildings, net	50,133
Infrastructure, net	59,546,475
Equipment under capital lease, net	11,996
Total non-current assets	<u>66,700,281</u>
<i>Total assets</i>	<u>67,520,038</u>
<i>DEFERRED OUTFLOW OF RESOURCES</i>	
Related to pensions	<u>141,682</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT E
PAGE 2 OF 2

CITY OF WAVELAND, MISSISSIPPI

**STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2021**

	<u>Utility Fund</u>
<i>CURRENT LIABILITIES</i>	
Accounts payable	\$ 181,261
Sales tax payable	11
Accrued wages payable	17,789
Due to other funds	3,035
Revenue bonds	68,190
Unamortized bond premium	1,423
Notes from direct borrowings and direct placements	221,850
Capital leases payable	2,573
Total current liabilities	<u>496,132</u>
<i>NON-CURRENT LIABILITIES</i>	
Revenue bonds	351,527
Unamortized bond premium	4,603
Notes from direct borrowings and direct placements	4,455,617
Compensated absences	9,246
Net pension liability	930,194
Customer deposits	501,519
Total non-current liabilities	<u>6,252,706</u>
<i>Total liabilities</i>	<u>6,748,838</u>
<i>DEFERRED INFLOW OF RESOURCES</i>	
Related to pensions	<u>204,275</u>
<i>NET POSITION</i>	
Net investment in capital assets	60,998,087
Restricted for bond covenants	94,892
Unrestricted	<u>(384,372)</u>
<i>Total net position</i>	<u>\$ 60,708,607</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT F

CITY OF WAVELAND, MISSISSIPPI

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2021**

	<u>Utility Fund</u>
OPERATING REVENUES	
Water charges	\$ 1,266,270
Sewer charges	1,735,500
Gas charges	104,242
Miscellaneous revenues	98,666
Total operating revenues	<u>3,204,678</u>
OPERATING EXPENSES	
Personnel services	571,771
Contractual services	1,442,547
Maintenance	305,838
Materials and supplies	181,138
Utilities	137,636
Depreciation	3,902,673
Bad debt expense	68,814
Total operating expenses	<u>6,610,417</u>
OPERATING LOSS	<u>(3,405,739)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest revenue	4,322
Interest expense	(108,543)
Total non-operating revenues (expenses)	<u>(104,221)</u>
LOSS BEFORE TRANSFERS	(3,509,960)
Transfers in	25,985
Transfers out	<u>(350,000)</u>
CHANGE IN NET POSITION	(3,833,975)
NET POSITION - BEGINNING	<u>64,542,582</u>
NET POSITION - ENDING	<u>\$ 60,708,607</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WAVELAND, MISSISSIPPI

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2021**

	<u>Utility Fund</u>
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>	
Receipts from customers	\$ 3,084,138
Payments to suppliers	(2,259,993)
Payments to employees	(574,917)
Net cash provided by operating activities	<u>249,228</u>
<i>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</i>	
Cash received from other funds:	
Operating transfers in	25,985
Cash paid to other funds:	
Operating transfers out	(350,000)
Net cash used by noncapital financing activities	<u>(324,015)</u>
<i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</i>	
Purchases and construction of capital assets	(64,752)
Principal paid on capital debt	(312,710)
Interest paid on capital debt	(108,543)
Net cash used by capital and related financing activities	<u>(486,005)</u>
<i>CASH FLOWS FROM INVESTING ACTIVITIES</i>	
Interest received	4,322
Net cash provided by investing activities	<u>4,322</u>
<i>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</i>	(556,470)
<i>BALANCES - BEGINNING OF THE YEAR</i>	<u>1,379,479</u>
<i>BALANCES - END OF THE YEAR</i>	<u>\$ 823,009</u>
<i>RECONCILIATION TO STATEMENT OF NET POSITION</i>	
Cash and cash equivalents - unrestricted	\$ 226,598
Cash and cash equivalents - restricted	596,411
Total cash and cash equivalents	<u>\$ 823,009</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WAVELAND, MISSISSIPPI

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2021**

	<u>Utility Fund</u>
<i>RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</i>	
Operating (loss)	\$ (3,405,739)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation and amortization expense	3,902,673
Bad debt expense	68,814
Decrease (increase) in assets:	
Accounts receivable, net	(81,671)
Other receivables	(24,245)
Due from other funds	(41,880)
Prepaid expenses	(1,120)
Inventory	(1,998)
Deferred outflows - pension	4,569
Increase (decrease) in liabilities:	
Accounts payable	(162,223)
Sales tax payable	(4,811)
Accrued wages payable	1,061
Due to other governments	(22,682)
Compensated absences	4,583
Net pension liability	(217,634)
Customer deposits	27,256
Deferred inflows related to pensions	204,275
	<hr/>
<i>Net cash provided by operating activities</i>	<i>\$ 249,228</i> <hr/> <hr/>

NOTES TO FINANCIAL STATEMENTS

CITY OF WAVELAND, MISSISSIPPI

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Information

The City of Waveland, Mississippi (the City) was incorporated March 18, 1888 under the laws of the State of Mississippi. The City operates under a Mayor-Aldermen form of government, which provides for an elected mayor and a four-member Board of Aldermen.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the notes are organized to provide explanations, including required disclosures, of the City's financial activities.

B. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units of the City consists of oversight responsibility, special financing relationships and scope of public services. Oversight responsibility is determined by the extent of financial interdependency, control over the selection of the governing authority and management's ability to significantly influence operations, and accountability for fiscal matters. Based on these criteria, the City has no component units.

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Generally, the purpose of a joint venture is to pool resources and share costs, risks and rewards of providing goods or services to the venture participants directly, or for the benefit of the general public or specific service recipients. See Note 8 for information describing related organizations not included in the City's reporting entity.

C. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE TWO

YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; (2) operating grants and contributions which finance annual operating activities, including restricted investment income; and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. Taxes and items not meeting the criteria of program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented as a single column. Internal activities, including interfund transfers and due to/due from balances attributable to governmental activities have been eliminated for government-wide financial statement presentation purposes.

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

The government-wide and proprietary funds financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or recognized asset used, regardless of when the timing of the related cash flows takes place. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE THREE

YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

Zeta Disaster Fund - The Zeta Disaster Fund accounts for federal grant revenues and expenditures for various projects related to damage caused by Hurricane Zeta.

The City reports the following major proprietary fund:

Utility Fund - The Utility Fund accounts for the activities of the water, sewer and gas systems that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing utility services to the general public on a continuing basis are financed or recovered primarily through user charges.

Additionally, the City reports the following fund types:

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on long-term debt.

Capital Project Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE FOUR

YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Amounts reported as program revenues include 1) charges to 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 revenues rather than program revenues. Likewise, general revenues include all taxes.

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments

The City's cash and cash equivalents are primarily considered to be cash on hand, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). For purposes of the statement of cash flows, short-term investments held in the proprietary fund with a maturity date within three months of the date acquired by the City, if any, are considered to be cash equivalents.

State law authorizes the City to invest in (1) direct obligations of the United States government to the payment of which the full faith and credit of the United States government is pledged, (2) certificates of deposit when insured or secured by acceptable collateral, and (3) obligations of the State of Mississippi, or any county, municipality or school district of the State of Mississippi which have been approved by a reputable bond attorney or have been validated by decree of the chancery court. Investments in governmental securities are stated at fair value.

Receivables

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

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CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE FIVE

YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Interfund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories and Prepaid Items

All inventories are valued at cost, which approximates market, using the first-in/first-out method. Inventories of proprietary funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for Governmental Fund Types since the costs of such items are accounted for as expenditures in the period of acquisition.

Capital Assets

Capital assets, which include property, plant, equipment, and current infrastructure assets (e.g., streets, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest cost was capitalized during the current fiscal year.

CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE SIX

YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Estimated useful lives of capital assets are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all depreciable assets. Amortization of leased equipment under capital assets is included with depreciation. The following schedule details those estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Buildings	\$ 50,000	40 years
Machinery and equipment	5,000	5 - 10 years
Furniture and office equipment	5,000	3 - 20 years
Improvements other than buildings	25,000	3 - 20 years
Infrastructure	0	10 - 25 years
Equipment under capital lease	*	*

* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

Deferred Outflows and Inflows of Resources

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

Deferred outflows related to pensions - This amount represents the City's proportionate share of the deferred outflows of resources reported by the pension plan in which the City participates. See Note 9 for additional details.

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

Deferred revenues - property taxes/unavailable revenue - property taxes - Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE SEVEN

YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Deferred revenues - grants/unavailable revenues - grants - Unavailable revenues from grants are deferred and recognized as inflows of resources in the period that the amounts become available.

Unavailable revenue - fines - When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Deferred inflows related to pensions - This amount represents the City's proportionate share of the deferred inflows of resources reported by the pension plan in which the City participates. See Note 9 for additional details.

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts, if any, are capitalized and amortized over the terms of the respective bonds using the effective interest method. Bond issuance costs, if any, other than prepaid insurance costs, are recognized as expenses in the period incurred. Bonds payable are reported net of the applicable bond premium or discounts.

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

Pensions

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

CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE EIGHT

YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Compensated Absences

The City's policy allows vacation and sick leave to accrue from year to year. Full-time employees are granted vacation from 5 to 10 days per year depending on the employee's length of service. All administrative employees may accumulate unused compensatory time (comp time). Retiring and terminated employees are paid for 7 days of vacation and unused comp time not exceeding limits of 240 hours for non-emergency personnel and 480 hours for emergency personnel as established by the employee handbook. Amounts not expected to be liquidated with expendable available financial resources are recorded in the government-wide financial statements.

Sick leave is calculated at 40 hours per year after the first year. Employees have no claim for accumulated sick leave at termination, retirement, lay-off, or cause. As such, no provision for unused sick leave has been provided for in the financial statements. Unused sick leave may be credited to the Public Employees Retirement System (PERS) as time worked.

Equity Classifications

Government-wide and Proprietary Fund Financial Statements:

Equity is classified as Net Position and displayed in three components:

Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

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" or "net investment in capital assets."

Net Position Flow Assumption:

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

CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE NINE

YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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.

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

Nonspendable fund balance includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Unassigned fund balance is 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 with 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.

Fund Balance Flow Assumption:

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

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CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE TEN

YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

F. Budgets and Budgetary Accounting

The City's procedures for establishing its budget and for reporting budgetary data reflected in the financial statements are as follows:

1. Prior to September 1, the Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing these proposed expenditures.
2. Prior to October 1, the budget is legally enacted through passage of an order.
3. The Board of Aldermen may transfer budgeted amounts between department within any fund. The City's department heads may make transfers of appropriations within a department.
4. Formal budgetary integration is employed as a management control device during the year for the various funds.

Budgets for the various funds are adopted on a cash basis as required by state law.

It is the City's policy to prepare the budget on the cash basis for revenues and expenditures to the extent that they are paid within 30 days following year-end.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. This affects the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Significant estimates which could change in the near term include collectible portions of receivables from property taxes levied but not yet due, the allowance for doubtful utility customer accounts receivable, the net collectible amounts of Municipal Court fines receivable, useful lives of capital assets, and liabilities for pension. In addition, long-term and current portions of compensated absences are based on estimates and assumptions relating to when earned compensated absences will be paid. Actual results may differ from these estimates.

CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE ELEVEN

YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

H. Changes in Accounting Standards

The City implemented the following standard issued by the Governmental Accounting Standards Board (GASB) in the current year as required: GASB Statement No. 84, Fiduciary Activities. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The provisions of this standard have been incorporated into the financial statements and notes.

I. Recent Accounting Pronouncement

In June 2017, the GASB issued Statement No. 87, Leases (GASB-87), which when effective will better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The guidance is effective for the year ending September 30, 2022, and early adoption is permitted. The City is evaluating the effect the guidance will have on their financial statements.

NOTE 2 - PRIOR PERIOD ADJUSTMENTS

A summary of prior period adjustments reflected on the City's financial statements is presented below:

<u>Explanation</u>	<u>Amount</u>
Exhibit B (Governmental Activities) and Exhibit D	
<i>Correction of Error:</i>	
To adjust payables.	\$ (151,100)
<i>Change in Accounting Standard:</i>	
To implement GASB 84.	<u>301,208</u>
Total prior period adjustments	<u>\$ 150,108</u>

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CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE TWELVE

YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits:

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, *Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). At year-end, the City's carrying amount of deposits was \$8,421,984, and the bank balance was \$4,798,135. The City's carrying amount of deposits with an investment company was \$526,324 at year end, which represents the fair market value of obligations of or guaranteed by the U.S. Government.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that, in the event of a financial institutions failure, 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. As of September 30, 2021, the City's bank balance was not exposed to custodial credit risk because deposits are covered by the State Treasurer collateral pool.

Investments:

As provided in Section 21-33-323, *Mississippi Code of 1972 Annotated*, the following investments of the City are managed through an investment company:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value Level</u>	<u>Fair Value</u>
Fixed Income	Less than 1 year to 26 years	Level 2	<u>\$ 2,964,116</u>

Interest Rate Risk - The City does not have a formal investment policy that limits investment 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 authorized by Sections 21-33-323 and 91-13-8, *Mississippi Code of 1972 Annotated*. The City does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

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CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

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YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS (Cont.)

Custodial Credit Risk - Investments - Custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. None of the City's investments were insured.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount that may be invested in any one issuer. More than 5 percent of the City's investments are in investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools and other pooled investments.

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CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

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YEAR ENDED SEPTEMBER 30, 2021

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021, is as follows:

	Balance
	October 1, 2020
Governmental Activities:	
Capital assets not being depreciated:	
Land	\$ 2,982,523
Construction in progress	2,048,736
Total capital assets not being depreciated	<u>5,031,259</u>
Capital assets being depreciated:	
Buildings	27,982,119
Machinery and equipment	4,042,323
Furniture and office equipment	1,262,024
Improvements other than buildings	10,440,787
Infrastructure	18,382,317
Equipment under capital lease	798,049
Total capital assets being depreciated	<u>62,907,619</u>
Less accumulated depreciation for:	
Buildings	4,044,822
Machinery and equipment	3,210,801
Furniture and office equipment	1,098,163
Improvements other than buildings	3,911,393
Infrastructure	3,281,746
Equipment under capital lease	500,775
Total accumulated depreciation	<u>16,047,700</u>
Total capital assets being depreciated, net	<u>46,859,919</u>
Total governmental activities capital assets, net	<u>\$ 51,891,178</u>

* Adjustments represent assets transferred between categories.

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<u>Additions</u>	<u>Disposals</u>	<u>Adjustments</u> *	<u>Balance</u> <u>September 30, 2021</u>
\$ -	\$ -	\$ -	\$ 2,982,523
923,975	-	-	2,972,711
<u>923,975</u>	<u>-</u>	<u>-</u>	<u>5,955,234</u>
-	-	-	27,982,119
204,306	-	27,340	4,273,969
133,354	-	-	1,395,378
26,450	-	-	10,467,237
-	-	-	18,382,317
-	-	(27,340)	770,709
<u>364,110</u>	<u>-</u>	<u>-</u>	<u>63,271,729</u>
699,553	-	-	4,744,375
203,818	-	25,156	3,439,775
54,354	-	-	1,152,517
523,362	-	-	4,434,755
735,293	-	-	4,017,039
83,857	-	(25,156)	559,476
<u>2,300,237</u>	<u>-</u>	<u>-</u>	<u>18,347,937</u>
(1,936,127)	-	-	44,923,792
<u>\$ (1,012,152)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,879,026</u>

CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE FIFTEEN

YEAR ENDED SEPTEMBER 30, 2021

NOTE 4 - CAPITAL ASSETS (Cont.)

	Balance
	October 1, 2020
Business-Type Activities:	
Capital assets not being depreciated:	
Land	\$ 76,139
Construction in process	6,142,274
Total capital assets not being depreciated	<u>6,218,413</u>
Capital assets being depreciated:	
Buildings	50,204
Machinery and equipment	215,778
Furniture and office equipment	134,880
Improvements other than buildings	106,306
Infrastructure	95,983,012
Equipment under capital lease	221,919
Total capital assets being depreciated	<u>96,712,099</u>
Less accumulated depreciation for:	
Buildings	4,271
Machinery and equipment	54,113
Furniture and office equipment	39,120
Improvements other than buildings	80,974
Infrastructure	32,645,638
Equipment under capital lease	164,605
Total accumulated depreciation	<u>32,988,721</u>
Total capital assets being depreciated, net	<u>63,723,378</u>
Total business-type activities capital assets, net	<u>\$ 69,941,791</u>

* Adjustments represent assets transferred between categories.

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<u>Additions</u>	<u>Disposals</u>	<u>Adjustments</u> *	<u>Balance</u> <u>September 30, 2021</u>
\$ -	\$ -	\$ -	\$ 76,139
-	-	-	6,142,274
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,218,413</u>
-	-	-	50,204
10,950	-	71,933	298,661
-	-	-	134,880
-	-	-	106,306
53,802	-	-	96,036,814
-	-	(71,933)	149,986
<u>64,752</u>	<u>-</u>	<u>-</u>	<u>96,776,851</u>
1,255	-	-	5,526
46,200	-	26,615	126,928
6,744	-	-	45,864
3,773	-	-	84,747
3,844,701	-	-	36,490,339
-	-	(26,615)	137,990
<u>3,902,673</u>	<u>-</u>	<u>-</u>	<u>36,891,394</u>
<u>(3,837,921)</u>	<u>-</u>	<u>-</u>	<u>59,885,457</u>
<u>\$ (3,837,921)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,103,870</u>

CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE SIXTEEN

YEAR ENDED SEPTEMBER 30, 2021

NOTE 4 - CAPITAL ASSETS (Cont.)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

General government	\$ 106,092
Public safety	562,537
Public works	979,428
Culture and recreation	561,357
Economic development	90,823

Total governmental activities depreciation expense \$ 2,300,237

Business-Type Activities

Water, sewer and gas	<u><u>\$ 3,902,673</u></u>
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NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Balances due to/due from various City funds at September 30, 2021, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Utility fund	\$ 3,035
General fund	Nonmajor governmental funds	1,330,526
Utility fund	Nonmajor governmental funds	158,755
Total		<u><u>\$ 1,492,316</u></u>

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CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE SEVENTEEN

YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Cont.)

Outstanding balances between funds result mainly from the time lag between dates that goods and services are provided or reimbursable expenditures occur and satisfaction of those amounts. These balances are expected to be collected within one year.

The composition of interfund transfers for the year ended September 30, 2021, is as follows:

<u>Transfers out</u>	<u>Transfers In</u>	<u>Amount</u>
Utility fund	General fund	\$ 350,000
Nonmajor governmental funds	Utility fund	<u>25,985</u>
Total		<u>\$ 375,985</u>

These transfers represent routine allocations between funds for reimbursement of administrative expenses.

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CITY OF WAVELAND, MISSISSIPPI

**NOTES TO THE FINANCIAL STATEMENTS
PAGE EIGHTEEN
YEAR ENDED SEPTEMBER 30, 2021**

NOTE 6 - LONG-TERM LIABILITIES

Changes in long-term liabilities during the year ended September 30, 2021, are as follows:

	Balance October 1, 2020	Additions	Principal Payments / Reductions	Balance September 30, 2021	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 1,423,600	\$ -	\$ 553,600	\$ 870,000	\$ 295,000
Capital leases payable	182,806	-	75,866	106,940	56,781
Compensated absences	54,718	19,224	-	73,942	-
Net pension liability	7,486,214	-	1,528,724	5,957,490	-
Total governmental activities	\$ 9,147,338	\$ 19,224	\$ 2,158,190	\$ 7,008,372	\$ 351,781
Business-Type Activities:					
Revenue bonds	\$ 484,266	\$ -	\$ 64,549	\$ 419,717	\$ 68,190
Unamortized premium on bonds	7,449	-	1,423	6,026	1,423
Notes from direct borrowings and direct placements	4,895,471	-	218,004	4,677,467	221,850
Capital lease payable	31,307	-	28,734	2,573	2,573
Compensated absences	4,663	4,583	-	9,246	-
Net pension liability	1,147,828	-	217,634	930,194	-
Total business-type activities	\$ 6,570,984	\$ 4,583	\$ 530,344	\$ 6,045,223	\$ 294,036

CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE NINETEEN

YEAR ENDED SEPTEMBER 30, 2021

NOTE 6 - LONG-TERM LIABILITIES (Cont.)

Compensated absences will be paid from the fund from which the employees' salaries were paid, which is generally the General Fund and the Utility Fund. General obligation bonds, notes and capital leases payable for both governmental and business-type activities are considered direct borrowing/direct placement debts.

(A) Notes From Direct Borrowings and Direct Placements - At September 30, 2021, the City's outstanding notes payable were as follows:

	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance September 30, 2021</u>
Business-Type Activities:					
SRF - C280788-01-2	03/01/2020	10/01/2039	1.75%	<u>\$ 5,003,052</u>	<u>\$ 4,677,467</u> A

A. The note is subject to an acceleration clause per the loan agreement. Upon default, the note becomes immediately due in full.

Principal and interest maturities are as follows:

<u>Year Ending September 30,</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 221,850	\$ 80,082
2023	225,763	76,168
2024	229,746	72,186
2025	233,799	68,133
2026	237,924	64,008
2027-2031	1,254,077	255,582
2032-2036	1,368,665	140,993
2037-2039	<u>905,643</u>	<u>25,313</u>
Total payments	<u>\$ 4,677,467</u>	<u>\$ 782,465</u>

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CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE TWENTY

YEAR ENDED SEPTEMBER 30, 2021

NOTE 6 - LONG-TERM LIABILITIES (Cont.)

(B) General Obligation and Revenue Bonds Payable - At September 30, 2021, the City's outstanding bonds payable were as follows:

	<u>Date Issued</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance September 30, 2021</u>
Governmental Activities:					
Series 2013	01/25/2013	\$ 1,500,000	12/01/2022	1.63%	\$ 335,000
Series 2015	07/08/2015	<u>2,000,000</u>	07/01/2025	2.63%	<u>535,000</u>
Total		<u>\$ 3,500,000</u>			<u>\$ 870,000</u>
Business-Type Activities:					
1992 USDA Rural Development Combined, Water, Gas and Sewer System Revenue Bonds	12/17/1992	<u>\$ 1,350,200</u>	12/17/2027	6.00%	<u>\$ 419,717</u> A

A. These bonds are secured by the revenue of the Utility System.

Principal and interest maturities of General Obligation Bonds are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 295,000	\$ 18,147
2023	300,000	12,012
2024	135,000	7,219
2025	<u>140,000</u>	<u>3,675</u>
Total payments	<u>\$ 870,000</u>	<u>\$ 41,053</u>

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CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

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YEAR ENDED SEPTEMBER 30, 2021

NOTE 6 - LONG-TERM LIABILITIES (Cont.)

The annual bonded debt service requirements to maturity for the revenue bonds are as follows:

<u>Year Ending September 30,</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 68,190	\$ 21,382
2023	72,037	17,535
2024	76,100	13,472
2025	80,393	9,179
2026	122,997	4,645
Total payments	\$ 419,717	\$ 66,213

The City's Water and Sewer Revenue Bond dated December 17, 1992, requires the establishment of certain funds (accounts) and periodic transfers of money to these funds as follows:

- Combined Water, Gas and Sewer System Cushion Fund - Into which shall be deposited \$395 per month until the funds and investments shall equal \$47,446.
- Combined Water, Gas and Sewer System Depreciation Fund - Into which shall be deposited \$198 per month until the funds and investments shall equal \$23,723.
- Combined Water, Gas and Sewer System Contingent Fund - Into which shall be deposited \$198 per month until the funds and investments shall equal \$23,723.

These monies are not separate funds but are restricted accounts within the Utility Fund.

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CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE TWENTY-TWO

YEAR ENDED SEPTEMBER 30, 2021

NOTE 6 - LONG-TERM LIABILITIES (Cont.)

At September 30, 2021, the balances in the restricted accounts required by the bond covenants were as follows:

	<u>Required Balance</u>	<u>Balance September 30, 2021</u>	<u>(Under) Over Funded</u>
Combined Water, Gas and Sewer System Cushion Fund	\$ 47,446	\$ 47,446	\$ -
Combined Water, Gas and Sewer System Depreciation Fund	23,723	23,723	-
Combined Water, Gas and Sewer System Contingent Fund	<u>23,723</u>	<u>23,723</u>	<u>-</u>
Totals	<u>\$ 94,892</u>	<u>\$ 94,892</u>	<u>\$ -</u>

(C) Capital Leases Payable - The City has entered into various lease agreements as lessee for financing the acquisition of various equipment. Those lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The capital lease obligations outstanding as of September 30, 2021, were as follows:

	<u>Date Issued</u>	<u>Effective Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Present Value</u>
Governmental Activities:				
E-One HP78 Aerial Ladder Truck	12/13/2013	2.49%	\$ 452,853	\$ 99,101
2018 Ford Explorers	01/23/2019	4.20%	66,756	7,839
Total governmental activities			<u>519,609</u>	<u>106,940</u>
Business-Type Activities:				
2016 Vacuum Truck	08/13/2016	2.29%	149,986	2,573
Total business-type activities			<u>149,986</u>	<u>2,573</u>
Total capital leases payable at year end			<u>\$ 669,595</u>	<u>\$ 109,513</u>

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CITY OF WAVELAND, MISSISSIPPI

**NOTES TO THE FINANCIAL STATEMENTS
PAGE TWENTY-THREE
YEAR ENDED SEPTEMBER 30, 2021**

NOTE 6 - LONG-TERM LIABILITIES (Cont.)

The following is an analysis of property leased under capital leases as of September 30, 2021:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Governmental Activities:			
Machinery and equipment	\$ 770,709	\$ (559,475)	\$ 211,234
Total property leased	<u>\$ 770,709</u>	<u>\$ (559,475)</u>	<u>\$ 211,234</u>
Business-Type Activities:			
Machinery and equipment	\$ 149,986	\$ (137,989)	11,997
Total property leased	<u>\$ 149,986</u>	<u>\$ (137,989)</u>	<u>\$ 11,997</u>

Amortization of leased vehicles and equipment under capital assets is included with depreciation expense.

The following is a schedule of future minimum lease payments under capital leases and present value of net minimum payments at September 30, 2021:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2022	\$ 59,380	\$ 2,578
2023	51,408	-
Total minimum lease payments	110,788	2,578
Less amount representing interest	(3,848)	(5)
Present value of minimum payments	<u>\$ 106,940</u>	<u>\$ 2,573</u>

(D) Legal Debt Margin - The City's margin for additional general obligation bonded indebtedness is calculated at \$10,243,874 (15% test) and \$13,948,499 (20% test) pursuant to Section 21-33-303, *Mississippi Code of 1972 Annotated*, depending upon the purpose of additional bonds.

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CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE TWENTY-FOUR

YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 - RESTRICTED NET POSITIONS

Governmental Activities

Assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first. See additional details of restricted assets on the statement of net position.

Business-type Activities

The City's bond covenants, as more fully explained in Note 6, require certain restricted deposits to be maintained. Such restricted assets exceeding recorded liabilities against such restricted assets represent restrictions of the utility fund's net position.

The restricted portions were as follows:

Restricted Assets

Customer meter deposits	\$	501,519
Combined Water, Gas and Sewer System Cushion Fund		47,446
Combined Water, Gas and Sewer System Depreciation Fund		23,723
Combined Water, Gas and Sewer System Contingent Fund		23,723
Total restricted accounts		<u>596,411</u>

Liabilities Payable from Restricted Assets

Customer deposits		<u>501,519</u>
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<i>Restricted net position</i>	\$	<u>94,892</u>
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CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE TWENTY-FIVE

YEAR ENDED SEPTEMBER 30, 2021

NOTE 8 - JOINT VENTURES

Hancock County Utility Authority - The City contracts with the Hancock County Utility Authority (Authority), whereby the Authority treats and disposes of the City's wastewater in compliance with water quality standards established by the Mississippi Air and Water Pollution Control Law and the Federal Water Pollution Control Act. The Authority provides for the operation and maintenance of the sewer treatment plants on a cost reimbursement basis. Pursuant to the terms of the agreement, the City is required to pay monthly costs of operations and maintenance directly associated with the treatment facilities and to share in the construction costs and debt service costs for the treatment facilities. The costs associated with this contract totaled \$870,108 for the year.

The Authority began leasing the City's sewer treatment plant on January 1, 1987, at a monthly rent of \$1,206. The lease will terminate January 1, 2025. Lease revenue is included in Miscellaneous Revenue in the Statement of Revenues, Expenses and Changes in Fund Net Position.

Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	\$ 14,472
2023	14,472
2024	14,472
2025	4,824
Total	<u><u>\$ 48,240</u></u>

The City's obligation to pay operational costs of the Authority is joint and several with the obligations of all other public agencies similarly contracting with the Authority. Whenever any public agency shall default in the payment to the Authority of its respective payment, the Authority may adjust the contract sums of the remaining public agencies, which are not in default, so as to increase their contract sums by a proportional amount. Accordingly, the City is jointly and severally liable for all the liabilities of the Authority. Complete financial statements can be obtained from 401 Gulfside Street, Waveland Mississippi.

Hancock County Solid Waste Authority - The City provides for pickup and disposal of garbage and trash through a contract with the Hancock County Solid Waste Authority (Waste Authority). The Waste Authority was formed as an inter-local joint venture with the City of Bay St. Louis, Mississippi, the City of Waveland, Mississippi and Hancock County, Mississippi, in fiscal year 1974. The Waste Authority was officially incorporated in March 1998, pursuant to an incorporation agreement entered into in December, 1997. During the year ended September 30, 2021, the City paid \$316,969 for solid waste services which are included in the business-type activities as contractual services. The City is jointly and severally liable for all of the liabilities of the Waste Authority. Complete financial statements can be obtained from the Waste Authority's administrator by calling (228) 467-2770.

CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE TWENTY-SIX

YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 - RETIREMENT PLAN

Plan Description - The City contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by *Mississippi Code of 1972 Annotated* Section 25-11-1 et seq. and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Benefits Provided - Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.00% of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.00% compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

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CITY OF WAVELAND, MISSISSIPPI

**NOTES TO THE FINANCIAL STATEMENTS
PAGE TWENTY-SEVEN
YEAR ENDED SEPTEMBER 30, 2021**

NOTE 9 - RETIREMENT PLAN (Cont.)

Contributions - At September 30, 2021, PERS members were required to contribute 9.00% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2021 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the years ended September 30, 2021, 2020, and 2019 were \$554,745, \$526,338, and \$463,182, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At September 30, 2021, the City reported a liability of \$6,887,684 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share used to calculate the September 30, 2021 net pension liability was 0.04658%, which was based on a measurement date of June 30, 2021. This was an increase of 0.00196% from its proportionate share used to calculate the September 30, 2020 net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended September 30, 2021, the City recognized pension expense of \$483,134. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 81,749	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,659,421
Changes of assumptions	393,405	-
Changes in the proportion and differences between the City's contributions and proportionate share of contributions	523,033	-
City contributions subsequent to the measurement date	152,763	-
Totals	<u>\$ 1,150,950</u>	<u>\$ 1,659,421</u>

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CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE TWENTY-EIGHT

YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 - RETIREMENT PLAN (Cont.)

Deferred outflows of resources related to the Plan resulting from City contributions subsequent to June 30, 2021 (the measurement date) were \$152,763 and will be recognized as a reduction of the net pension liability in the year end September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 299,786	\$ 414,855
2023	299,786	414,855
2024	279,988	414,855
2025	118,627	414,856
Total	\$ 998,187	\$ 1,659,421

Recognition of pension-related deferred outflows and deferred inflows are reflected in changes in unrestricted net position.

Actuarial Assumptions - The total pension liability as of June 30, 2021 was determined by an actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2020 valuation based on the experience investigation for the four-year period ending June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021. The following actuarial assumptions are applied to all periods included in the measurement:

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

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CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

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YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 - RETIREMENT PLAN (Cont.)

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95.00% of male rates up to age 60, 110.00% for ages 61 to 75 and 101.00% for ages above 77. For females, 84.00% of female rates up to age 72 and 100.00% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134.00% for males and 121.00% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97.00% for males and 100.00% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

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

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

The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	27.00 %	4.60 %
International equity	22.00	4.50
Global equity	12.00	4.80
Fixed income	20.00	(0.25)
Real estate	10.00	3.75
Private equity	8.00	6.00
Cash equivalents	1.00	(1.00)
Total	<u>100.00%</u>	

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CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

PAGE THIRTY

YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 - RETIREMENT PLAN (Cont.)

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

Sensitivity to the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.55%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55%) or 1-percentage-point higher (8.55%) than the current rate:

	1% Decrease (6.55%)	Discount Rate (7.55%)	1% Increase (8.55%)
City's proportionate share of the net pension liability	<u>\$ 9,754,575</u>	<u>\$ 6,887,684</u>	<u>\$ 4,525,137</u>

Pension Plan Fiduciary Net Position - Detailed information about the Plan's fiduciary net position is available in the separately issued PERS financial report.

Deferred Compensation Plan - The City, through PERS, offers its employees a voluntary deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The assets of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. The requirements of Internal Revenue Code Section 457(g) prescribe that the City does not own the amounts deferred by employees, including the related income on those amounts. Additionally, the City does not have fiduciary accountability for the plan. Accordingly, the assets and the liability for compensation deferred by plan participants, including earnings on plan assets, are not included in the City's financial statements.

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CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

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YEAR ENDED SEPTEMBER 30, 2021

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Litigation - The City is party to various legal proceedings which normally occur in governmental operations. Although the outcome of these proceedings is not presently determinable, in the opinion of the City's legal counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grants and Awards - Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally federal and state governments. Any disallowed expenses, including amounts already collected, might constitute a liability of the applicable funds. The City does not believe any contingent liabilities are material.

NOTE 11 - RISK MANAGEMENT

The City is covered for significant losses through commercial insurance carriers except for the following, which are covered through self-insurance risk pools.

Self-Insurance - Workers Compensation Fund - The City is a member in the Mississippi Municipal Workers' Compensation Group, Inc. This non-profit corporation is a self-insurance worker's compensation fund organized under the non-profit laws of the State of Mississippi. The group is self-insured under statutory workers compensation protection up to \$1,000,000. Members are jointly and severally liable for the obligations of the group. The possibility of additional liability exists, but that amount, if any, cannot be determined.

Self-Insurance - Liability Fund - The City is a member in the Mississippi Municipal Liability Plan. The plan is a private non-profit corporation organized under the laws of the State of Mississippi. The plan provides liability and tort claims insurance for its members up to \$1,000,000 per occurrence, respectively. The plan is totally self-insured with claims and expenses paid out of the premiums and the members are jointly and severally liable for any claims and expenditures beyond the premium base. The possibility of additional liability exists, but that amount, if any, cannot be determined.

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CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS

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YEAR ENDED SEPTEMBER 30, 2021

NOTE 12 - EFFECT OF DEFERRED AMOUNT ON NET POSITION

The City of Waveland's deficit unrestricted net position amount of \$1,475,409 includes the effect of deferred outflows and inflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$152,763 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. The \$998,187 balance of the deferred outflow of resources related to pensions at September 30, 2021, will be recognized in pension expense and will decrease the unrestricted net position over the next four years.

The \$1,659,421 balance of the deferred inflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next four years and will increase the unrestricted net position over the next four years.

NOTE 13 - DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS

At September 30, 2021, the City's NTF Police Seizure Fund, CDBG Fund, MDOT Sidewalks Fund, Zeta Disaster Fund, Capital Projects Fund, Street Paving Project Fund, and American Rescue Plan Act Fund reported deficit fund balances of \$137,267, \$74,518, \$408,194, \$2,439,607, \$2,871,182, \$37,000, and \$1,882 respectively, which are attributable to the cumulative effect of program expenditures in excess of grant reimbursements.

NOTE 14 - SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated and disclosed all material subsequent events through February 22, 2023, which is the date the financial statements were available to be issued as follows:

- In March 2022, the City purchased two tractors in the amount of \$217,202.
- In November 2022, the City received a General Obligation Bond in the amount of \$2,500,000.

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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1
PAGE 1 OF 4

CITY OF WAVELAND, MISSISSIPPI

**BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>
REVENUES		
Taxes	\$ 2,039,576	\$ 1,989,474
Licenses and permits	435,367	460,793
Fines and forfeitures	217,500	268,614
Intergovernmental revenues	3,165,467	3,365,558
Miscellaneous revenues	865,553	659,441
Total revenues	<u>6,723,463</u>	<u>6,743,880</u>
EXPENDITURES		
Current:		
Alderman		
Personnel services	91,742	89,672
Supplies	300	-
Contractual services	4,950	106
Capital outlay	-	2,100
Total alderman	<u>96,992</u>	<u>91,878</u>
Judge		
Personnel services	30,604	27,825
Contractual services	1,200	1,225
Total judge	<u>31,804</u>	<u>29,050</u>
Prosecutor		
Personnel services	22,898	25,689
Total prosecutor	<u>22,898</u>	<u>25,689</u>
Public Defender		
Personnel services	22,885	22,227
Total public defender	<u>22,885</u>	<u>22,227</u>
Court		
Personnel services	85,254	89,413
Supplies	2,650	3,566
Contractual services	18,487	21,408
Total court	<u>106,391</u>	<u>114,387</u>
Mayor		
Personnel services	102,703	100,286
Supplies	5,100	5,774
Contractual services	50,260	33,250
Total mayor	<u>158,063</u>	<u>139,310</u>
Elections		
Personnel services	177	-
Supplies	298	298
Contractual services	5,384	7,159
Total elections	<u>5,859</u>	<u>7,457</u>

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

<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
\$ 1,989,474	\$ -
460,793	-
267,514	(1,100)
3,365,558	-
658,472	(969)
<u>6,741,811</u>	<u>(2,069)</u>
91,864	(2,192)
-	-
666	(560)
2,100	-
<u>94,630</u>	<u>(2,752)</u>
28,687	(862)
1,225	-
<u>29,912</u>	<u>(862)</u>
26,377	(688)
<u>26,377</u>	<u>(688)</u>
22,915	(688)
<u>22,915</u>	<u>(688)</u>
91,815	(2,402)
3,566	-
21,769	(361)
<u>117,150</u>	<u>(2,763)</u>
103,369	(3,083)
6,361	(587)
33,310	(60)
<u>143,040</u>	<u>(3,730)</u>
177	(177)
298	-
7,076	83
<u>7,551</u>	<u>(94)</u>

SCHEDULE 1
PAGE 2 OF 4

CITY OF WAVELAND, MISSISSIPPI

**BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>
EXPENDITURES (Cont.)		
City Administration		
Personnel services	\$ 396,648	\$ 343,541
Supplies	17,250	14,343
Contractual services	267,680	212,310
Capital outlay	617	617
Total city administration	<u>682,195</u>	<u>570,811</u>
City Attorney		
Personnel services	55,487	52,090
Contractual services	30,800	833
Total city attorney	<u>86,287</u>	<u>52,923</u>
Police Department		
Personnel services	1,368,188	1,223,813
Supplies	80,500	78,405
Contractual services	192,250	191,866
Capital outlay	50,000	56,254
Total police department	<u>1,690,938</u>	<u>1,550,338</u>
Custody of Prisoners		
Contractual services	115,000	89,781
Total custody of prisoners	<u>115,000</u>	<u>89,781</u>
Fire Department		
Personnel services	1,020,912	1,014,417
Supplies	34,000	34,642
Contractual services	194,109	180,073
Capital outlay	146,526	148,081
Total fire department	<u>1,395,547</u>	<u>1,377,213</u>
Building Inspection		
Personnel services	161,029	154,547
Supplies	2,475	854
Contractual services	18,165	19,582
Capital outlay	19,559	19,559
Total building inspection	<u>201,228</u>	<u>194,542</u>
National Guard		
Appropriation	300	300
Total national guard	<u>300</u>	<u>300</u>

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

<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
\$ 357,729	\$ (14,188)
15,975	(1,632)
220,913	(8,603)
617	-
<u>595,234</u>	<u>(24,423)</u>
53,702	(1,612)
878	(45)
<u>54,580</u>	<u>(1,657)</u>
1,291,213	(67,400)
84,101	(5,696)
198,780	(6,914)
56,254	-
<u>1,630,348</u>	<u>(80,010)</u>
95,081	(5,300)
<u>95,081</u>	<u>(5,300)</u>
1,042,372	(27,955)
35,369	(727)
181,299	(1,226)
186,324	(38,243)
<u>1,445,364</u>	<u>(68,151)</u>
240,693	(86,146)
13,259	(12,405)
28,204	(8,622)
20,209	(650)
<u>302,365</u>	<u>(107,823)</u>
300	-
<u>300</u>	<u>-</u>

SCHEDULE 1
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CITY OF WAVELAND, MISSISSIPPI

**BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>
EXPENDITURES (Cont.)		
Street Department		
Personnel services	\$ 645,411	\$ 571,303
Supplies	161,600	133,932
Contractual services	407,787	399,239
Capital outlay	67,300	108,022
Total street department	<u>1,282,098</u>	<u>1,212,496</u>
RSVP		
Personnel services	-	-
Supplies	-	-
Contractual services	-	-
Total RSVP	<u>-</u>	<u>-</u>
Health & Welfare		
Supplies	-	-
Total health & welfare	<u>-</u>	<u>-</u>
Parks & Leisure		
Personnel services	96,022	92,120
Supplies	25,550	29,716
Contractual services	90,765	97,028
Capital outlay	64,827	11,231
Total parks & leisure	<u>277,164</u>	<u>230,095</u>
Civic Center		
Personnel services	21,133	19,831
Supplies	1,500	720
Contractual services	61,405	66,313
Capital outlay	30,000	48,960
Total civic center	<u>114,038</u>	<u>135,824</u>
ADV City Resource - Christmas		
Supplies	4,500	4,207
Contractual services	1,000	293
Capital outlay	25,000	5,105
Total ADV city resource - Christmas	<u>30,500</u>	<u>9,605</u>
ADV City Resource - Mardi Gras		
Supplies	3,750	-
Total ADV city resource - Mardi Gras	<u>3,750</u>	<u>-</u>
ADV City Resource - St. Patrick		
Supplies	3,500	2,258
Total ADV city resource - St. Patrick	<u>3,500</u>	<u>2,258</u>

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

<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
\$ 590,954	\$ (19,651)
134,252	(320)
421,148	(21,909)
110,037	(2,015)
<u>1,256,391</u>	<u>(43,895)</u>
44,835	(44,835)
4,446	(4,446)
1,644	(1,644)
<u>50,925</u>	<u>(50,925)</u>
5,000	(5,000)
<u>5,000</u>	<u>(5,000)</u>
94,843	(2,723)
30,157	(441)
85,014	12,014
53,043	(41,812)
<u>263,057</u>	<u>(32,962)</u>
20,487	(656)
720	-
73,370	(7,057)
48,960	-
<u>143,537</u>	<u>(7,713)</u>
4,207	-
293	-
15,105	(10,000)
<u>19,605</u>	<u>(10,000)</u>
-	-
-	-
2,258	-
<u>2,258</u>	<u>-</u>

SCHEDULE 1
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CITY OF WAVELAND, MISSISSIPPI

**BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>
EXPENDITURES (Cont.)		
ADV City Resource - Juneteenth		
Supplies	\$ 1,000	\$ -
Total ADV city resource - Juneteenth	<u>1,000</u>	<u>-</u>
Destination Waveland		
Supplies	4,500	-
Contractual services	16,000	-
Total destination Waveland	<u>20,500</u>	<u>-</u>
ADV City Resource - Easter		
Supplies	1,500	2,739
Total ADV city resource - Easter	<u>1,500</u>	<u>2,739</u>
Advertising Municipal Resource		
Supplies	5,500	2,000
Total advertising municipal resource	<u>5,500</u>	<u>2,000</u>
Business (Incubator) Center		
Contractual services	20,000	24,150
Total business (incubator) center	<u>20,000</u>	<u>24,150</u>
Capital Leases		
Principal payments	28,115	30,045
Interest payments	1,038	957
Total capital leases	<u>29,153</u>	<u>31,002</u>
Total expenditures	<u>6,405,090</u>	<u>5,916,075</u>
Excess (deficiency) of revenues over expenditures	318,373	827,805
NET CHANGE IN FUND BALANCES	318,373	827,805
Fund balances - beginning (Budgetary Basis)	<u>3,911,247</u>	<u>4,212,453</u>
Fund balances - ending (Budgetary Basis)	<u>\$ 4,229,620</u>	<u>\$ 5,040,258</u>
RECONCILIATION TO GAAP BASIS:		
Cumulative difference between GAAP basis fund balance and budget basis fund balance at beginning of the year		
Fund balances - ending (GAAP Basis)		

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

<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
\$ -	\$ -
-	-
-	-
-	-
-	-
2,739	-
2,739	-
2,000	-
2,000	-
24,150	-
24,150	-
30,045	-
957	-
31,002	-
6,365,511	(449,436)
376,300	(451,505)
376,300	<u>\$ (451,505)</u>
4,212,453	
4,588,753	
530,114	
<u>\$ 5,118,867</u>	

SCHEDULE 2

CITY OF WAVELAND, MISSISSIPPI

**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS*
YEAR ENDED SEPTEMBER 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.046584%	0.044619%	0.043802%	0.042793%	0.040348%	0.040122%	0.037396%	0.034999%
City's proportionate share of the net pension liability (asset)	\$ 6,887,684	\$ 8,634,042	\$ 7,705,636	\$ 7,117,747	\$ 6,707,205	\$ 7,166,791	\$ 5,780,684	\$ 4,248,238
Covered payroll	\$ 3,097,345	\$ 2,971,040	\$ 2,940,838	\$ 2,732,723	\$ 2,588,324	\$ 2,566,717	\$ 2,383,441	\$ 2,214,108
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	222.37%	290.61%	262.02%	260.46%	259.13%	279.22%	242.54%	191.87%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	62.54%	62.54%	61.49%	57.47%	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2014, and, until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

SCHEDULE 3

CITY OF WAVELAND, MISSISSIPPI

**SCHEDULE OF CITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*
YEAR ENDED SEPTEMBER 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 551,805	\$ 524,176	\$ 463,182	\$ 436,422	\$ 407,974	\$ 412,725	\$ 381,578	\$ 351,789
Contributions in relation to the contractually required contribution	<u>(551,805)</u>	<u>(524,176)</u>	<u>(463,182)</u>	<u>(436,422)</u>	<u>(407,974)</u>	<u>(412,725)</u>	<u>(381,578)</u>	<u>(351,789)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,171,293	\$ 3,012,506	\$ 2,865,598	\$ 2,770,933	\$ 2,590,311	\$ 2,620,476	\$ 2,422,717	\$ 2,233,581
Contributions as a percentage of covered payroll	17.40%	17.40%	16.16%	15.75%	15.75%	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2014, and, until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

Note A - The 2019 contributions as a percentage of covered payroll will be an average of the former contribution rate of 15.75% and the current contribution rate of 17.40%.

CITY OF WAVELAND, MISSISSIPPI

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2021**

NOTE 1 - BUDGETARY COMPARISON SCHEDULE

A. Basis of Presentation:

The Budgetary Comparison Schedule (the Schedule) presents the original legally adopted budget, the final legally adopted budget, the actual amounts on the budgetary cash basis, and variances between the final budget and the actual amounts. The Schedule is a part of required supplementary information. The Schedule is presented in the Mississippi State Department of Audit's prescribed format.

B. Budget/GAAP Reconciliation:

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The budget to GAAP reconciliation is shown at the bottom of Schedule 1.

C. Budget Variances

There were several unfavorable variances related to expenditures in the General Fund budget that amounted to \$449,436.

NOTE 2 - PENSION SCHEDULES

A. Changes of Assumptions

2015

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

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

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

CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PAGE TWO

YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 - PENSION SCHEDULES (Cont.)

A. Changes of Assumptions (Cont.)

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

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

2016

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

2017

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

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

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

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

2019

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

- For males, 112.00% of male rates from ages 18 to 75 scaled down to 105.00% for ages 80 to 119.
- For females, 85.00% of the female rates from ages 18 to 65 scaled up to 102.00% for ages 75 to 119.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

CITY OF WAVELAND, MISSISSIPPI

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PAGE THREE
YEAR ENDED SEPTEMBER 30, 2021**

NOTE 2 - PENSION SCHEDULES (Cont.)

A. Changes of Assumptions (Cont.)

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

- For males, 137.00% of male rates at all ages.
- For females, 115.00% of female rates at all ages.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 7.00% to 9.00%.

2021

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

- For males, 95.00% of male rates up to age 60, 110.00% for ages 61 to 75, and 101.00% for ages above 77.
- For females, 84.00% of female rates up to age 72, 100.00% for ages above 76.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

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

- For males, 134.00% of male rates at all ages.
- For females, 121.00% of female rates at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PAGE FOUR

YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 - PENSION SCHEDULES (Cont.)

A. Changes of Assumptions (Cont.)

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

- For males, 97.00% of male rates at all ages.
- For females, 110.00% of female rate at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 9.00% to 12.00%.

The percentage of active member deaths assumed to be in in the line of duty was decreased from 6.00% to 4.00%.

B. Changes in Benefit Provisions:

2016

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

The expectation of contingent annuitant mortality was based on the PubS.H.

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CITY OF WAVELAND, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PAGE FIVE

YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 - PENSION SCHEDULES (Cont.)

C. Method and assumptions used in calculations of actuarially determined contributions

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2019 valuation for the June 30, 2021 fiscal year end).

The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in the schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	28.8 years
Asset valuation method	5-year smoothed market
Price inflation	2.75%
Salary increase	3.00% to 18.25%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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SUPPLEMENTARY INFORMATION

SCHEDULE 4

CITY OF WAVELAND, MISSISSIPPI

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<i>U.S. Department of Transportation</i>			
Pass-Through Programs From:			
Mississippi Department of Transportation			
<i>Highway Planning and Construction Cluster:</i>			
Highway Planning and Construction Grants:			
Nicholson Avenue Improvements	20.205	STP-9136-00(004)LPA/107516-701000	\$ 596,848
Sidewalk Project	20.205	STP-9137-00(003)LPA/107183-701000	<u>13,874</u>
Total - Highway Planning and Construction Cluster			<u>610,722</u>
Total U.S. Department of Transportation Pass-Through Programs			<u>610,722</u>

The accompanying notes to schedule of expenditures of federal awards are an integral part of this schedule.

SCHEDULE 4
PAGE TWO

CITY OF WAVELAND, MISSISSIPPI

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<i>Corporation for National and Community Service</i>			
Pass-Through Programs From:			
Mississippi Department Authority			
Retired and Senior Volunteer Program (RSVP)	94.002	N/A	\$ 50,925
Total Corporation for National and Community Service			<u>50,925</u>
<i>U.S. Department of Homeland Security</i>			
Pass-Through Programs From:			
Mississippi Emergency Management Agency			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4576-DR-MS	<u>2,344,522</u>
Total U.S. Department of Homeland Security Pass-Through Programs			<u>2,344,522</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 3,006,169</u>

The accompanying notes to schedule of expenditures of federal awards are an integral part of this schedule.

CITY OF WAVELAND, MISSISSIPPI

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Waveland under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Waveland, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Waveland.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 2 - DE MINIMIS COST RATE

The City elected not to recover indirect costs for federal programs using the 10% de minimis cost rate allowed by the Uniform Guidance in Section 414.

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OTHER INFORMATION

SCHEDULE 5

CITY OF WAVELAND, MISSISSIPPI

SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS - UNAUDITED

September 30, 2021

<u>Name</u>	<u>Position</u>	<u>Surety Company</u>	<u>Amount</u>
Charles Smith	Mayor	Travelers	\$ 100,000
Jeremy Burke	Alderman - Ward 1	Travelers	100,000
Bobby Richardson	Alderman - Ward 2	Travelers	100,000
Shane Lafontaine	Alderman - Ward 3	Travelers	100,000
Charles Piazza	Alderman - Ward 4	Travelers	100,000
James Lagasse	City Clerk	Travelers	50,000
Ronald Duckworth	Deputy City Clerk / Comptroller	Travelers	50,000
Tammy Fayard	Deputy City Clerk	Travelers	50,000
Harley Caughlin	Community Program Outreach Officer/ Administrative Assistant	Travelers	50,000
Rhonda Cummings	Court Clerk	Travelers	50,000
Rachel Sekinger	Deputy Court Clerk	Travelers	50,000
Pamela Lafontaine	Personnel Director	Travelers	50,000
Jeanne Conrad	Building Department Manager	Travelers	50,000
Daue Draz	Permits Clerk	Travelers	50,000
Veotis Humphrey	Utility Department Manager	Travelers	50,000
Katharine Corr	Purchasing Agent	Travelers	50,000
Julie Bromwell	Public Works Clerk	Travelers	50,000
Lisa Ladner	Public Works Clerk	Travelers	50,000
Erin Johnson - Manix	Public Works Clerk	Travelers	50,000
Josh Hayes	Building Inspector	Travelers	50,000
Michael A. Prendergast	Police Chief	Travelers	100,000
Phillip Pavolini	Assistance Police Chief	Travelers	50,000
Lisa Parker	Police Department Clerk	Travelers	50,000
Glenn R. Agnelly	Police Officer	Travelers	25,000
Thomas Antoine	Police Officer	Travelers	25,000
Ezell Arnold Jr.	Police Officer	Travelers	25,000
Albert Biehl	Police Officer	Travelers	25,000
Troy J. Bordelon	Police Officer	Travelers	25,000
Katie Cash	Police Officer	Travelers	25,000
William F. Cotter	Police Officer	Travelers	25,000
Patrick Daniel Crowe	Police Officer	Travelers	25,000
Michael B. Decelle	Police Officer	Travelers	25,000
Shondi J. Merwin Garcia	Police Officer	Travelers	25,000
Ronald Garcia, Sr.	Police Officer	Travelers	25,000
Jeffery J. Hair	Police Officer	Travelers	25,000
Mark Hudson	Police Officer	Travelers	25,000
Edward Hursey	Police Officer	Travelers	25,000
Joseph Joffrion	Police Officer	Travelers	25,000
William King	Police Officer	Travelers	25,000
Gabrielle A. Lauga	Police Officer	Travelers	25,000
Daniel R. Moritz	Police Officer	Travelers	25,000
Ray Joseph Murphy	Police Officer	Travelers	25,000
Jamie M. Nelson	Police Officer	Travelers	25,000
John Nelson	Police Officer	Travelers	25,000
Adam Tyler Penton	Police Officer	Travelers	25,000
Edward B. Richardson IV	Police Officer	Travelers	25,000
Natalia Mi Exposito Rodriguez	Police Officer	Travelers	25,000
Igor Rybar	Police Officer	Travelers	25,000
Gregory Treadway, Jr.	Police Officer	Travelers	25,000
Richard Trudel III	Police Officer	Travelers	25,000
Reed A. Verdin	Police Officer	Travelers	25,000
Michael Whitfield	Police Officer	Travelers	25,000
Laura Lyn Yager	Police Officer	Travelers	25,000

SPECIAL REPORTS



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

To the Honorable Mayor and Members of the
Board of Aldermen
Waveland, 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 Waveland, Mississippi as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Waveland, Mississippi's basic financial statements, and have issued our report thereon dated February 22, 2023.

Internal Control over Financial Reporting

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

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

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To the Honorable Mayor and Members of the
Board of Aldermen
Waveland, Mississippi

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 through 2021-005 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Waveland, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2021-006 through 2021-008. Additional instances of noncompliance with State of Mississippi laws and regulations are described in the *Independent Auditor's Report on Compliance with State of Mississippi Laws and Regulations* as Findings 1 through 3.

City of Waveland's Response to Findings

The City of Waveland, Mississippi's response to findings 2021-001 through 2021-008 identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Waveland, Mississippi's response to State of Mississippi compliance Findings 1 through 3 are described in the *Independent Auditor's Report on Compliance with State of Mississippi Laws and Regulations*. The City of Waveland, Mississippi's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

To the Honorable Mayor and Members of the
Board of Aldermen
Waveland, Mississippi

Purpose of this Report

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



Hattiesburg, Mississippi
February 22, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
THE MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

To the Honorable Mayor and Members of the
Board of Aldermen
Waveland, Mississippi

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Waveland, Mississippi's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City of Waveland, Mississippi's major federal program for the year ended September 30, 2021. The City of Waveland, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Waveland, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended September 30, 2021.

Basis for Opinion on the Major Federal Program

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

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To the Honorable Mayor and Members of the
Board of Aldermen
Waveland, Mississippi

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Waveland, Mississippi's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Waveland, Mississippi's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Waveland, Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

To the Honorable Mayor and Members of the
Board of Aldermen
Waveland, Mississippi

- Obtain an understanding of the City of Waveland, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Waveland, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-008. Our opinion on the major federal program is not modified with respect to this matter. *Government Auditing Standards* requires the auditor to perform limited procedures on the City of Waveland, Mississippi's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Waveland, Mississippi's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a

To the Honorable Mayor and Members of the
Board of Aldermen
Waveland, Mississippi


timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-08 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Government Auditing Standards requires the auditor to perform limited procedures on the City of Waveland, Mississippi's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Waveland, Mississippi's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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


Hattiesburg, Mississippi
February 22, 2023



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

To the Honorable Mayor and Members of the
Board of Aldermen
Waveland, Mississippi

We have audited the basic financial statements of the City of Waveland, Mississippi as of and for the year ended September 30, 2021, and have issued our report dated February 22, 2023. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

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

The results of those procedures and our audit of the general purpose financial statements disclosed the following material instances of noncompliance with state laws and regulations. Our findings and recommendations and your responses are as follows:

Finding 1 - Annual Inventory of Assets

The City did not maintain a complete annual inventory of its assets in accordance with the guidelines established by the Office of the State Auditor.

Criteria, Context, and Condition

The City's inventory records were not accurately maintained in accordance with the municipal inventory guidelines established by the Office of the State Auditor.



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To the Honorable Mayor and Members of the
Board of Aldermen
Waveland, Mississippi

Recommendation

The City should update existing inventory records by having each department update listings of assets, and any discrepancies should be resolved on a timely basis.

Response

The City Administration agrees with this finding and has implemented procedures to update the City's detailed fixed asset inventory records. Additionally, the prescribed update of inventory records will be completed at the end of each fiscal year on a timely basis.

Finding 2 - Municipal Compliance Questionnaire

The City did not complete the Municipal Compliance Questionnaire for fiscal year 2021 on a timely basis as prescribed by the Municipal Audit and Accounting Guide.

Criteria, Context, and Condition

The Municipal Audit and Accounting Guide published by the State of Mississippi Office of the State Auditor requires that the Municipal Compliance Questionnaire be completed at the end of the municipality's fiscal year and be entered onto the official minutes of the governing authorities at their next regular meeting. The City did not complete the fiscal year 2021 questionnaire in the manner prescribed in the Guide.

Recommendation

The City should complete the Municipal Compliance Questionnaire each year at its first regularly scheduled Board of Aldermen meeting in October and the questionnaire should be recorded into the official minutes.

Response

The City Administration will ensure that future Municipal Compliance Questionnaires are completed at the end of each fiscal year for inclusion in the minutes of the first scheduled October Board of Aldermen meeting.

To the Honorable Mayor and Members of the
Board of Aldermen
Waveland, Mississippi

Finding 3 - Purchase Law

The City failed to maintain documentation of board approval for multiple purchases made during the year ending September 30, 2021 as required by state law.

Criteria, Context, and Condition

Section 31-7-13(d), Miss. Code Ann. (1972) requires that authorization of purchases shall be made in writing by the governing authority and shall be maintained on file in the primary office of the agency and recorded in the official minutes of the governing authority, as appropriate. The City did not maintain board approval for multiple purchases throughout the year.

Recommendation

Board approval of purchases falling under Mississippi purchasing law requirements should be spread upon the minutes as required by state law.

Response

New internal controls will be put into place with better record keeping and timely, accurate retrieval process.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure corrective action has been taken.

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



Hattiesburg, Mississippi
February 22, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CITY OF WAVELAND, MISSISSIPPI

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2021**

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements: | |
| | Governmental Activities | Unmodified |
| | Business-type Activities | Unmodified |
| | General Fund | Unmodified |
| | Zeta Disaster Fund | Unmodified |
| | Utility Fund | Unmodified |
| | Aggregate Remaining Fund Information | Unmodified |
| 2. | Internal control over financial reporting: | |
| | A. Material weakness identified? | Yes |
| | B. Significant deficiency identified? | None reported |
| 3. | Noncompliance material to the financial statements noted? | Yes |

Federal Awards:

- | | | |
|--|---|---------------|
| | Internal control over the major federal program: | |
| | A. Material weakness identified? | Yes |
| | B. Significant deficiency identified? | None reported |
| | Type of auditor's report issued on compliance for the major federal program: | |
| | Disaster Grants - Public Assistance (Presidentially Declared Disasters) | Unmodified |
| | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? | Yes |

Identification of major federal program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

- | | |
|--|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| Auditee qualified as low-risk auditee? | No |

CITY OF WAVELAND, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PAGE TWO

YEAR ENDED SEPTEMBER 30, 2021

SECTION 2: FINANCIAL STATEMENT FINDINGS

2021-001 All cash accounts are not included in City's general ledger. Excluded accounts are not reconciled.

Finding Type: Material Weakness

Repeat Finding: Yes

Criteria - Generally accepted accounting principles require all cash accounts be reported in the City's general ledger and reconciled timely so that misappropriation of cash will be prevented, or detected and corrected on a timely basis.

Condition - As reported in the prior years' audit report, all of the City's cash accounts were not included in the City's general ledger and were not reconciled in a timely manner.

Cause - The City did not perform timely reconciliations of all cash accounts and did not maintain appropriate controls over cash accounts.

Effect - The City's records do not include all of the cash accounts held by the City nor reflect the transactions of excluded cash accounts.

Recommendation - The City Clerk should institute procedures to ensure the completeness of the City's general ledger and timely reconciliations of accounts.

Views of Responsible Officials - See Auditee Corrective Action Plan.

2021-002 Interfund receivable and payable balances are not repaid or reconciled regularly.

Finding Type: Material Weakness

Repeat Finding: Yes

Criteria - Interfund receivable and payable balances are intended to be short-term transactions and should be repaid and reconciled on a timely basis under generally accepted accounting principles.

Condition - Interfund receivable and payable balances are increasing annually because they are not being repaid or reconciled.

CITY OF WAVELAND, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PAGE THREE

YEAR ENDED SEPTEMBER 30, 2021

SECTION 2: FINANCIAL STATEMENT FINDINGS (Cont.)

2021-002 Interfund receivable and payable balances were not repaid or reconciled regularly (Cont.).

Cause - Reconciliations of interfund receivable and payable accounts are not being performed. Additionally, cash is not being transferred between funds to repay interfund receivable and payable balances in a timely manner.

Effect - Interfund receivable and payable balances do not accurately represent amounts expected to be repaid between funds and often result in deficit fund balances due to funds not being repaid in a timely manner.

Recommendation - Interfund receivable and payable balances are short-term transactions and should be repaid and reconciled timely.

Views of Responsible Officials - See Auditee Corrective Action Plan.

2021-003 Proper support for payroll activities was not maintained.

Finding Type: Material Weakness

Repeat Finding: No

Criteria - The City is responsible for developing controls over payroll activities that will provide authorization of pay rates through board approval and the existence of time and personnel records. The City should also have controls, including policies and procedures, that will ensure compliance with the record-keeping requirements of the federal wage and hour law.

Condition - Internal controls were not sufficient to allow for accurate withholding of voluntary deductions, maintenance of required documentation under the federal wage and hour law, or the application of pay rate changes as authorized by the governing authority.

Cause - The City has not established a system of internal controls to ensure proper segregation of duties and to allow for the reconciliation of payroll functions.

Effect - Personnel records failed to include all basic information required by federal and state regulations, including voluntary deduction forms which resulted in incorrect withholdings. Timesheets were not always approved by supervisors. Changes to timesheets were not properly documented. Pay rate changes were not supported by board approval nor timely implemented into the payroll system.

CITY OF WAVELAND, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PAGE FOUR

YEAR ENDED SEPTEMBER 30, 2021

SECTION 2: FINANCIAL STATEMENT FINDINGS (Cont.)

2021-003 Proper support for payroll activities was not maintained (Cont.).

Recommendation - In order to strengthen controls over payroll, we recommend that segregation of payroll functions be implemented. Each payroll should be reconciled to the underlying records prior to being processed by someone not involved with the preparation function. Withholding amounts should be reconciled to authorization documents periodically. Employees personnel files should be reviewed annually to determine that proper documentation is maintained.

Views of Responsible Officials - See Auditee Corrective Action Plan.

2021-004 Payroll activity was not reconciled.

Finding Type: Material Weakness

Repeat Finding: No

Criteria - Reconciliation of payroll expense accounts in the accounting system to detailed reports reflecting individual balances is a primary control procedure to ensure that payroll transactions are properly recorded in the accounting system.

Internal controls are designed to safeguard assets and help prevent or detect losses from employee error or fraud. A fundamental concept in a good system of internal control is segregation of duties. Proper internal controls over payroll processes require segregation of duties.

Condition - Reconciliations of pay registers to Form 941's, EFTPS payments and W-3's was not completed. Payroll registers were not reconciled to appropriate support prior to release.

Cause - The City has not established an appropriate system of internal controls to ensure completion of payroll reconciliations.

Effect - Failure to reconcile payroll activity may result in unauthorized payments to employees and/or third party providers. Additionally, failure to reconcile deductions to proper authorization documents resulted in errors to withholdings from employees and remittances to third party providers.

Recommendation - In order to strengthen the controls over payroll, we recommend that payroll registers are reviewed by someone not involved in the preparation of payroll prior to each payroll being processed. Form 941's, EFTPS payments, and other payroll records should be reconciled on a timely basis to underlying records and general ledger detail and reviewed by appropriate supervisory personnel.

CITY OF WAVELAND, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PAGE FIVE

YEAR ENDED SEPTEMBER 30, 2021

SECTION 2: FINANCIAL STATEMENT FINDINGS (Cont.)

2021-004 Payroll activity was not reconciled (Cont.).

Views of Responsible Officials - See Auditee Corrective Action Plan.

2021-005 Timeliness of Financial Reporting.

Finding Type: Material Weakness

Repeat Finding: Yes

Criteria - Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Mississippi law, and terms of various bonds, grants, contracts, and agreements impose financial reporting requirements and deadlines for submission by the City of annual financial statements presented in accordance with U.S. generally accepted accounting principles.

Condition - The City failed to meet the financial reporting deadline for its financial statements for the fiscal year ended September 30, 2021.

Cause - Unreconciled accounts, incomplete records and multiple changes in key management and accounting personnel resulted in the City's inability to meet the reporting deadline. Staff turnover also caused a loss of historical knowledge base, including familiarity with informal and undocumented procedures performed in prior years, which caused further delays in the City's ability to accumulate information needed for financial reporting.

Effect - Failure to maintain compliance with financial reporting requirements and deadlines exposes the City to risk of delay or curtailment of funding. Costs of funds may also increase because of liquidity drains or noncompliance with reporting requirements.

Recommendation - The City should implement procedures that will allow for timely financial reporting in accordance with all applicable reporting deadlines.

Views of Responsible Officials - See Auditee Corrective Action Plan.

CITY OF WAVELAND, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PAGE SIX

YEAR ENDED SEPTEMBER 30, 2021

SECTION 2: FINANCIAL STATEMENT FINDINGS (Cont.)

2021-006 Budget Limits Exceeded.

Finding Type: Compliance Finding

Repeat Finding: No

Criteria - *Section 21-35-15, Miss. Code Ann. (1972)* requires that the City limit its expenditures to the amounts in approved budget line items except for court-ordered or emergency purchases and capital outlay.

Condition - Several expenditure line items in the budget were exceeded with no known applicable exception to the budget compliance requirement.

Cause - The budget was not amended for increased expenditures at year-end as required by state law which resulted in actual expenditures that exceeded expenditure budget line items.

Effect - The City exceeded various budget line items. See Note 1 (C) in the notes to the Required Supplementary Information for additional information.

Recommendation - We recommend that the City review and revise its budgetary procedures to ensure that expenditures are adequately monitored to prevent actual expenditures in excess of the budgeted line items.

Views of Responsible Officials - See Auditee Corrective Action Plan.

2021-007 Budget not prepared for all funds.

Finding Type: Compliance Finding

Repeat Finding: No

Criteria - *Sections 21-35-5 and 21-35-1, Miss. Code Ann. (1972)* require that each fund receiving revenue for the municipality and requiring approval from the board for expenditure be budgeted.

Condition - Each fund meeting the requirements of *Sections 21-35-5 and 21-35-1, Miss. Code Ann. (1972)* was not budgeted.

CITY OF WAVELAND, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PAGE SEVEN

YEAR ENDED SEPTEMBER 30, 2021

SECTION 2: FINANCIAL STATEMENT FINDINGS (Cont.)

2021-007 Budget not prepared for all funds (Cont.).

Cause - City failed to budget all required funds.

Effect - Unbudgeted expenditures were incurred and paid.

Recommendation - We recommend that the City prepare a budget for each fund that meets the requirements of *Sections 21-35-5 and 21-35-1, Miss. Code Ann. (1972)*.

Views of Responsible Officials - See Auditee Corrective Action Plan.

SECTION 3: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2021-008 Non-compliance resulting from deficiencies in financial statement internal control over timeliness of financial reporting (L).

Finding Type Material Weakness

Program Tested: CFDA No. 97.036: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Repeat Finding: Yes

Criteria - According to the Uniform Guidance, 2 CFR 200.501(a), non-Federal entities that expend \$750,000 or more in a year in Federal awards shall have a single or program specific audit conducted for that year in accordance with the provisions of these parts. Guidance on determining Federal awards expended is provided in §.205 and 2 CFR 200.502. The audit package and the data collection form shall be submitted 30 days after receipt of the auditor's report(s), or 9 months after the end of the fiscal year - whichever comes first - pursuant to Uniform Guidance 2 CFR 200.512(a).

Condition - The City's audit package for the fiscal year ended September 30, 2020 was not timely submitted to the Federal Audit Clearinghouse.

Questioned Costs - Undetermined.

Cause - See Financial Statement Finding 2021-005

CITY OF WAVELAND, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PAGE EIGHT

YEAR ENDED SEPTEMBER 30, 2021

SECTION 3: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2021-008 Non-compliance resulting from deficiencies in financial statement internal control over timeliness of financial reporting (L) (Cont.).

Effect - The City did not comply with Federal Single Audit requirements for timely submission of its audit package.

Recommendation - See Financial Statement Finding 2021-005

Views of Responsible Officials - See Auditee Corrective Action Plan.

AUDITEE'S CORRECTIVE ACTION PLAN



Mike Smith, Mayor

AUDITEE'S CORRECTIVE ACTION PLAN

The City of Waveland respectfully submits the following corrective action plan.

Audit Period: September 30, 2021

The findings discussed below are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

Corrective Action Plan for Financial Statement Findings

2021-001 All cash accounts are not included in City's general ledger. Excluded accounts are not reconciled.

The City of Waveland is restructuring positions within the Finance Department and establishing additional internal controls for all cash accounts, including monthly reconciliations.

Name of Person Responsible for Corrective Action: City Clerk

Expected Date of Completion: End of Calendar Quarter 2 of 2023

2021-002 Interfund receivable and payable balances are not repaid or reconciled regularly.

The City of Waveland recognizes the finding. Interfund balances will be reconciled monthly and held to short-term receivables and payables. Additional internal controls, personnel assignments, and account maintenance programs are being established within the Finance Department. All accounts will be maintained in a manner that ensures that interfund balances are accounted for and repaid timely.

Name of Person Responsible for Corrective Action: City Clerk

Expected Date of Completion: End of Calendar Quarter 2 of 2023

2021-003 Proper support for payroll activities was not maintained.

The City of Waveland is restructuring positions, assignments, and procedures within the Finance Department, to ensure that proper payroll activities are conducted in accordance with State and Federal law. Additional internal accounting and software controls are being established to insure proper support for payroll activities is maintained.

Name of Person Responsible for Corrective Action: City Clerk

Expected Date of Completion: End of Calendar Quarter 2 of 2023

2021-004 Payroll activity was not reconciled.

The City of Waveland recognizes the finding. This notation is related to 2021-003 and will be addressed within the corrective action set forth above. The City of Waveland is restructuring positions, assignments, and procedures within the Finance Department, to include payroll-specific accounting and reporting assignments. Payroll balances will be reconciled monthly. Additionally, timekeeping practices and software controls are being established to insure timely reconciliation.

AUDITEE'S CORRECTIVE ACTION PLAN

Corrective Action Plan for Financial Statement Findings (Cont.)

Name of Person Responsible for Corrective Action: City Clerk
Expected Date of Completion: End of Calendar Quarter 2 of 2023

2021-005 Timeliness of Financial Reporting.

The City of Waveland is restructuring the Finance Department and establishing additional internal controls for accounts, including the reporting of all financial matters. The City of Waveland is implementing additional financial reporting protocols with all employees to insure financial reporting in a timely manner.

Name of Person Responsible for Corrective Action: City Clerk
Expected Date of Completion: End of Calendar Quarter 2 of 2023

2021-006 Budget Limits Exceeded.

The City of Waveland recognizes the finding. The City of Waveland is restructuring the Finance Department and re-establishing internal controls for monitoring budgets and all accounts, including all Federally awarded funds. Additionally, procedures for the adoption of all required budget amendments in accordance with State and Federal law are being implemented.

Name of Person Responsible for Corrective Action: City Clerk
Expected Date of Completion: End of Calendar Quarter 2 of 2023

2021-007 Budget not prepared for all funds.

The City of Waveland recognizes the finding. The City of Waveland is restructuring the Finance Department and re-establishing internal controls for preparing and monitoring budgets for all funds, including all Federally awarded funds.

Name of Person Responsible for Corrective Action: City Clerk
Expected Date of Completion: End of Calendar Quarter 2 of 2023

Corrective Action Plan for Federal Award Findings and Questioned Costs

2021-008 Non-compliance resulting from deficiencies in financial statement internal control over timeliness of financial reporting (L).

The City of Waveland is implementing modified financial reporting protocols and new accounting software to ensure that financial reporting is completed in a timely manner. The City acknowledges that there are important reporting deadlines for the submission of completed audits to the Federal Audit Clearinghouse.

Name of Person Responsible for Corrective Action: City Clerk
Expected Date of Completion: End of Calendar Quarter 2 of 2023

CITY OF WAVELAND, MISSISSIPPI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2021



Mike Smith, Mayor

Summary Schedule of Prior Audit Findings Year Ended September 30, 2021

The following is an update of the prior audit findings and is prepared in accordance with Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

2020-001 All cash accounts not included in City's books and records. Excluded accounts not reconciled.

Condition - As reported in the prior years' audit report, all the City's cash accounts were not included in the City's general ledger or reconciled in a timely manner.

Recommendation - The City Clerk should institute procedures to ensure the completeness of the City's general ledger and timely reconciliations of accounts.

Current Status - Not corrected.

2020-002 Interfund payable and receivable balances are not repaid and reconciled regularly.

Condition - Interfund payable and receivable balances are allowed to grow from year to year without being repaid or reconciled.

Recommendation - Interfund payable and receivable balances are short-term transactions and should be repaid and reconciled timely.

Current Status - Not corrected.

2020-003 Timeliness of Financial Reporting.

Condition - The City failed to meet the financial reporting deadline for its financial statements for the fiscal year ended September 30, 2020.

Recommendation - The City should implement procedures that will allow for timely financial reporting in accordance with all applicable reporting deadlines.

Current Status - Not corrected.

2020-004 Non-compliance resulting from deficiencies in financial statement internal control over timeliness of financial reporting (L).

Condition - The City's audit package for the fiscal year ended September 30, 2020 was not timely submitted to the Federal Audit Clearinghouse.

Recommendation - See Financial Statement Finding 2021-005.

Current Status - Not corrected.