



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



CITY OF HOLLANDALE, MISSISSIPPI

\*\*\*\*\*

AUDIT REPORT  
September 30, 2019

# CITY OF HOLLANDALE, MISSISSIPPI

## ANNUAL FINANCIAL REPORT Year Ended September 30, 2019

### TABLE OF CONTENTS

Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position.....	8
Statement of Activities.....	10
Fund Financial Statements:	
Balance Sheet- Governmental Funds.....	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement Activities.....	14
Statement of Net Position- Proprietary Funds.....	15
Statement of Revenues, Expenditures, and Changes in Net Position Proprietary Funds.....	17
Statement of Cash Flows - Proprietary Funds.....	18
Notes to the Financial Statements.....	19
Required Supplementary Information other than Management's Discussion and Analysis	
Budgetary Comparison Schedule	
General Fund.....	38
Proprietary Fund.....	39
Fire Fund.....	40
Schedule of Investments - All Funds.....	41
Principal Officials.....	42
Schedule of Surety Bonds.....	43
Schedule of Federal, State and Local Awards.....	44
Schedule of Changes in the Pension Liability.....	46
Schedule of the Net Pension Liability.....	47
Combining Balance Sheet - Nonmajor Governmental Fund.....	48
Combining Statement of Revenue, Expenditures and Changes in Fund Balance Nonmajor Government Fund.....	49
Additional Auditors' Reports	
Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	50
Independent Auditors' Report on Compliance with State Laws and Regulations.....	52

## INDEPENDENT AUDITORS' REPORT

To the City of Hollandale  
City of Hollandale, Mississippi

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

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

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hollandale, Mississippi, as of September 30, 2019, 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.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–6 and 35–36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

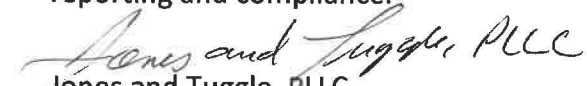
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hollandale, Mississippi basic financial statements. The combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2019, on our consideration of the City of City of Hollandale, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Hollandale, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hollandale, Mississippi's internal control over financial reporting and compliance.

  
Jones and Tuggle, PLLC.  
Memphis, Tennessee  
July 15, 2020

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

Our discussion and analysis of the City of Hollandale financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2019. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the City's financial performances.

### ***FINANCIAL HIGHLIGHTS***

- . The City's net assets increased by \$243,061
- . Total General Revenues were \$1,885,824
- . Total Business-type revenues (sales of water and sewer) \$412,904
- . Expenses for the City were \$2,348,919

### ***OVERVIEW OF FINANCIAL STATEMENT***

These statements consist of two types of financial statements:

Government-wide financial statements ó These financial statements are designed to provide the reader with an overview of the City's finances, similar to what you would find in a private business. The statements are prepared using the accrual basis of accounting and include all assets and liabilities.

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

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as revenues are received or expenditures are made; therefore, some of the expenses reported might reflect payments we've made during this fiscal year related to projects or activities from a prior fiscal year. Likewise, some of the revenues reported may reflect funding we have secured for activities or projects that we are contemplating for the future.

Governmental Fund financial statements ó A fund is a grouping of related accounts that is used to maintain control over monies that have been earmarked for specific activities or projects. The financial statements do not include any of the "business" type funds, which are our water and sewer fund. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. We currently have the General Fund.



## MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED (2)

### GOVERNMENT WIDE FINANCIAL ANALYSIS

The largest portion of the City's net assets can be found in fixed assets and investments less any encumbrance. The City uses these capital assets to provide services; therefore, these assets may not be available for future spending.

Below are a summary and a prior year comparison of the City's net assets:

	FYE 09/30/2019	FYE 09/30/2018
<i>Assets</i>		
Current assets	\$ 712,350	\$ 743,243
Capital assets, net	<u>3,167,859</u>	<u>3,373,632</u>
Total Assets	<u>3,880,208</u>	<u>4,116,875</u>
Total Deferred Outflows of Resources	<u>123,390</u>	<u>123,390</u>
<i>Liabilities</i>		
Current Liabilities	2,135,337	2,034,782
Non-current liabilities	<u>194,359</u>	<u>194,604</u>
Total Liabilities	<u>2,329,696</u>	<u>2,229,386</u>
Total Deferred Inflows of Resources	<u>42,970</u>	<u>42,970</u>
<i>Net Position</i>		
Invested in capital assets, net of related debt	3,167,859	3,373,632
Unreserved	-	-
Restricted	161,015	192,548
Committed	136,781	128,383
Unrestricted	<u>(1,965,120)</u>	<u>(1,723,633)</u>
Total Net Position	1,500,535	1,970,930
<i>Revenue</i>		
Taxes & Others	1,746,981	1,267,281
Charges for Services	598,534	610,935
Investment Income	<u>9,947</u>	<u>7,608</u>
Total Revenue	2,355,462	1,885,824
<i>Expenses</i>		
Primary Government	2,221,606	1,893,841
Business-type (Water & Sewer Fund)	<u>602,813</u>	<u>481,337</u>
Total Expenses	2,824,420	2,375,178

The City of Hollandale had a reasonable financial year for the period ending September 30, 2019. A city's function is not to produce a profit, but we must maintain a level of revenues in excess of expenditures in order to maintain the overall financial health and viability of the City.

### **MANAGEMENT'S DISCUSSION AND ANALYSIS – continued (3)**

The City of Hollandale had a reasonable financial year for the period ending September 30, 2019. A city's function is not to produce a profit, but we must maintain a level of revenues in excess of expenditures in order to maintain the overall financial health and sustainability of the City.

We rely upon our citizens, first for shopping in the City of Hollandale because a percentage of our revenues come from sales taxes and secondly, we rely on the businesses and taxpayers for the prompt payments of property, vehicle ad valorem, personal and utility taxes. As with the prior year, we have seen a decrease in sales tax due to the economy. Expenses increased due to fuel cost and other economic difficulties.

#### **ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS**

The millage rate is at 76.00 mills for this fiscal year. Budget restraints will remain in place indefinitely. Upon reviewing the income and expenditures for the prior year, the Board of Aldermen decided to increase the present millage rate. Hollandale participated in or applied for several grant programs. The sustainability of our community relies heavily upon our taxpayers and funding from other sources.

1. Hollandale was awarded funds to resurface and stripe the runway at the Hollandale Municipal Airport. The total award was \$73,014; 5% from MS Department of Transportation, 5% from local funds and 90% of the funding was awarded from Federal Aviation Administration. The improvement project is complete, all grant funds were expended, and the grant is closed.
2. The City of Hollandale was awarded funding from Delta Regional Authority to implement a city-wide water system improvement project in the amount of \$450,000. These improvements included replacing a deteriorated trunk line on East Avenue, reconnecting two water main crossings along Deer Creek (located from Cardinal Circle to Treadway Drive and Neely Street to Treadway Drive) to eliminate dead end lines and water pressure problems. Debilitated galvanized pipes located on Josephine Street and Simmons Street were replaced as well. This project improved Hollandale's water system, thus resolving numerous problems to enhance the adequate and potable water supply for the City's 2702 residents. After an extensive environmental study and delays due to weather conditions, this project is complete. The engineers will be moving forward in the coming months to closeout this project and make the necessary evaluation recommendations.
3. In April of 2017, the City of Hollandale was awarded a Transportation Alternative Award. It is anticipated that approximately \$90,000 in federal funds (80% federal funds and 20% local match) are available for the construction of the project. The City proposes to install approximately 1,300 feet of sidewalk along West Avenue between Mill Street and South McKinley Avenue. The funds were obligated before

## **MANAGEMENT'S DISCUSSION AND ANALYSIS – continued (4)**

the deadline date of June 30, 2019. The engineers are in the first phase to move this project forward.

### **BUDGETARY HIGHLIGHTS**

The City's fiscal operating budget for the General Fund and Water and Sewer Fund are presented and adopted by the Board of Aldermen prior to September 15 of each year for the upcoming fiscal year of October 1 to September 30. The City endeavors to determine accurate projections for revenues and expenses based on historical data and a reasonable forecast for the upcoming 12-month period. Due to unforeseen events throughout the year, occasionally it is necessary for the City to amend its budget from time to time during the fiscal year. For FY 2019, there were no substantial adjustments required, therefore no revisions were necessary.

### **CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS:**

Currently, there are no pending litigations for the City of Hollandale for this fiscal year.

### **CONTACT:**

***If you have any questions concerning this report, please contact the Mayor's Office, City of Hollandale, and P. O. Box 395, Hollandale, MS 38748. Telephone: 662-827-2241 or email: mayormorrow@bbimail.net***

## BASIC FINANCIAL STATEMENTS

**STATEMENT OF NET POSITION**  
**For the Year Ended SEPTEMBER 30, 2019**

	Primary Government			
	Governmental Activities	Business-Type Activities	Eliminating Entry	Total
<b>ASSETS</b>				
Current Assets				
Cash	\$ 189,560	\$ 21,327	\$ -	\$ 210,887
Investments (cash equivalents)	100,376	-	-	100,376
Receivables (net of allowance)			-	
Utility bills	-	69,341	-	69,341
Property taxes	61,960	-	-	61,960
Accrued Interest	63	214	-	277
Garbage fees	49,026	-	-	49,026
Miscellaneous	-	3,242	-	3,242
Due from other funds	148,583	238,053	(381,630)	5,006
Total Current Assets	549,568	332,177	(381,630)	500,115
Restricted Assets				
O & M Escrow	-	20,163	-	20,163
Savings	60,506	109,500	-	170,006
FHA Fund	-	22,066	-	22,066
Total Restricted Assets	60,506	151,729	-	212,235
Fixed Assets (net of accumulated depreciation) (Note 3)	1,589,466	1,578,393	-	3,167,859
<b>TOTAL ASSETS</b>	<b>\$ 2,199,540</b>	<b>\$ 2,062,299</b>	<b>\$ (381,630)</b>	<b>\$ 3,880,209</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Total Deferred Outflows of Resources	17,935	1,750	-	19,685
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities</b>				
Current Liabilities				
Accounts Payable	\$ 55,107	\$ 20,567	\$ -	\$ 75,674
Current Portion of Note Payment (Note 4)	15,814	-	-	15,814
Current Portion of Long-Term Debt (Note 4)	-	17,046	-	17,046
Payroll taxes payable	-	-	-	-
Compensated absences	51,978	-	-	51,978
Due To Other Funds	364,949	15,439	(381,630)	(1,242)
Net pension liability	1,499,597	394,003	-	1,893,600
Payables From Restricted Assets:			-	
Customer Deposits	-	82,467		82,467
Total Current Liabilities	1,987,445	529,522	(381,630)	2,135,337
Non-Current Liabilities				
Note Payable	38,428	-	-	38,428
General Obligation Bond (Note 4)	-	155,931	-	155,931
Total Non-Current Liabilities	38,428	155,931	-	194,359
<b>TOTAL LIABILITIES</b>	<b>2,025,873</b>	<b>685,453</b>	<b>(381,630)</b>	<b>2,329,696</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred Revenue-FEMA Grant	46,906	-		46,906
Pension Deferred Inflows of Resources	16,323	6,432	-	22,755
Total Deferred Inflow of Resources	63,229	6,432	-	69,661

See Independent Auditors' Report and Notes to the Financial Statements.

*STATEMENT OF NET POSITION (Continued)*  
*For the Year Ended SEPTEMBER 30, 2019*

	Primary Government			
	Governmental Activities	Business-Type Activities	Eliminating Entry	Total
<b>NET POSITION</b>				
Investment In General Fixed Assets	\$ 1,589,466	1,578,393	-	\$ 3,167,859
Retained Earnings:				
Unreserved	-	-	-	-
Restricted for:				
FHA Bond Reserve/Saving	-	131,566	-	131,566
Customers deposits	-	20,163	-	20,163
Airport Fund	227	-	-	227
First Time Homebuyers	1,881	-	-	1,881
Home Investment/Improvement Grants	-	-	-	-
FEMA Grant	3,654	-	-	3,654
Sewer Pumping Station Rehab	235	-	-	235
CDBG	3,289	-	-	3,289
Committed:				
Park and Recreation	2,152	-	-	2,152
Fire Fund	134,629	-	-	134,629
Unrestricted	(1,607,160)	(357,960)	-	(1,965,120)
Total Net Position	128,373	1,372,162	-	1,500,535
TOTAL LIABILITIES AND NET POSITION	\$ 2,217,475	\$ 2,064,047		\$ 3,899,892

See Independent Auditors' Report and Notes to the Financial Statements.

GENERAL GOVERNMENT  
STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2019

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government	
	Expenses				Governmental Activities	Business-type Activities
Primary Government						
Governmental Activities:						
General Government	548,143	168,491	9,954		(369,698)	-
Public Safety	683,177		-	7,879	(675,298)	-
Public Works	990,286		441,500		(548,786)	-
Recreation and Parks	-				-	-
	<u>2,221,606</u>	<u>168,491</u>	<u>451,454</u>	<u>7,879</u>	<u>(1,593,782)</u>	<u>(1,593,782)</u>
Business-type Activities						
Water Fund	<u>602,813</u>	<u>430,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(172,770)</u>
Total business activities	<u>602,813</u>	<u>430,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(172,770)</u>
Total Primary Government	<u>\$ 2,824,419</u>	<u>\$ 598,534</u>	<u>\$ 451,454</u>	<u>7,879</u>	<u>(1,593,782)</u>	<u>(172,770)</u>
General revenue:						
Taxes					998,236	-
License and Permits					5,623	-
Fines and Forfeits					26,153	-
Interest Income					7,113	2,834
Miscellaneous					<u>203,856</u>	<u>61,659</u>
Total General Revenues					<u>1,240,981</u>	<u>64,493</u>
Change in Net Position					(352,801)	(108,277)
Net Position at Beginning of year					520,303	1,399,227
Prior Period Adjustment					<u>(39,129)</u>	<u>81,212</u>
Net Position at End of Year					<u>\$ 128,373</u>	<u>\$ 1,372,162</u>

See Independent Auditors' Report and Notes to the Financial Statements.

**BALANCE SHEET- GOVERNMENTAL FUNDS***For the Year Ended September 30, 2019*

	General Fund	Non-Major Governmental Funds	Total
<u>ASSETS</u>			
<u>Current assets</u>			
Cash	\$ 166,852	\$ 22,708	\$ 189,560
Investments (Cash Equivalents)	100,376	-	100,376
Receivables (Net of Allowance for uncollectible)			
Property taxes	61,960	-	61,960
Accrued interest	63	-	63
Garbage fees	49,026	-	49,026
Due from other funds	148,583	-	148,583
Total Current Assets	526,860	22,708	549,568
Restricted Assets			
Savings	-	60,506	60,506
Total Restricted Assets	-	60,506	60,506
TOTAL ASSETS	\$ 526,860	\$ 83,214	\$ 610,074
<u>LIABILITIES AND NET POSITION</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 55,107	\$ -	\$ 55,107
Payroll taxes payable	-	-	\$ -
Compensated absences	51,978	-	51,978
Due To Other Funds	360,734	4,215	364,949
Total Current Liabilities	467,819	4,215	472,034
Non-Current Liabilities			
General Obligation Bond (Note 4)	-	-	-
Total Non-Current Liabilities	-	-	-
TOTAL LIABILITIES	467,819	4,215	472,034
<u>FUND BALANCES</u>			
Retained Earnings			
Unreserved	-	-	-
Restricted			
Airport Fund	-	227	227
First Time Homebuyers	-	1,881	1,881
Home Investment/Improvement Grants	-	-	-
FEMMA Grant	-	3,654	
Sewer Pumping Station Rehab		235	235
CDBG	-	3,289	3,289
Committed			
Park and Recreation	-	2,152	2,152
Fire Fund	-	134,629	134,629
Tot Unassigned	59,041	(67,068)	(8,027)
Total Fund Balance	59,041	78,999	134,386
TOTAL LIABILITIES AND FUND BALANCES	\$ 526,860	\$ 83,214	\$ 610,074

See Independent Auditors' Report and Notes to the Financial Statements.



*RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
For the Year Ended September 30, 2019*

Total Fund Balance - Governmental Funds	\$ 134,386
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Land	656,349
Building and improvements	2,433,195
Equipment	2,135,668
Automobiles	222,466
Infrastructure	264,640
Accumulated depreciation	<u>(4,122,852)</u>
	1,589,466
Deferred outflows of resources - deferred outflows - pension	17,935
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Note payable for capital assets used in governmental activities that is not a financial uses and therefore not reported in the funds	(54,242)
Net pension liability	(1,499,597)
Deferred inflow of resources - deferred inflows - pension	(16,323)
Deferred inflow of resources - FEMA Grant	<u>(43,252)</u>
Net Position of Governmental Activities	<u>\$ 128,373</u>

See Independent Auditors' Report and Notes to the Financial Statements.

*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-*  
*GOVERNMENTAL FUNDS*  
*For the Year Ended September 30, 2019*

	General Fund	Non Major Governmental Funds	Total
REVENUES:			
Taxes	\$ 998,236	\$ -	\$ 998,236
License and Permits	5,623	-	5,623
Intergovernmental	486,838	10,012	496,850
Charges for Services	168,491	-	168,491
Fines and Forfeits	26,153	-	26,153
Interest Income	2,904	4,209	7,113
Miscellaneous	157,640	8,699	166,339
Total Revenues	1,845,885	22,920	1,868,805
EXPENDITURES:			
Personnel	855,256	-	855,256
Supplies	596,098	-	596,098
Other Services and Charges	557,931	8,379	566,310
Miscellaneous	54,170	-	54,170
Total Expenditures	2,063,455	8,379	2,071,834
Excess Of Revenues Over (Under)			
Expenditures	(217,570)	14,541	(203,029)
Fund Balances -Beginning of year	(44,833)	171,534	126,701
Prior Period Adjustment	319,872	(107,076)	212,796
Fund Balances - End of Year	\$ 57,469	\$ 78,999	\$ 136,468

See Independent Auditors' Report and Notes to the Financial Statements.

---

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF  
ACTIVITIES*

*For the Year Ended September 30, 2019*

Net Change in Fund Balance - Total Governmental Funds	\$ (203,029)
---	--------------

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlays as expenses. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Different between pension cost actuarially detrminte and the amount of contribution paid.

-

Depreciation	<u>(149,772)</u>
--------------	------------------

Change in Net Position of Governmental Activities	<u>\$ (352,801)</u>
---	---------------------

See Independent Auditors' Report and Notes to the Financial Statements.

*STATEMENT OF NET POSITION- PROPRIETARY FUND*  
*For the Year Ended September 30, 2019*

ASSETS	
Current Assets	
Cash	\$ 21,327
Accounts Receivable (net allowance)	72,583
Accrued Interest Receivable	214
Due from General Fund	<u>238,052</u>
Total Current Assets	332,176
Restricted Assets	
FHA Funds	22,066
O & M Escrow	20,163
Saving	<u>109,500</u>
Total Restricted Assets	151,729
Fixed Assets	
Property, Plant and Equipment	4,419,802
Less: Accumulated Depreciation	<u>(2,841,409)</u>
Net Fixed Assets	<u>1,578,393</u>
TOTAL ASSETS	<u>\$ 2,062,298</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Total Deferred Outflows of Resources	<u>\$ 1,750</u>
LIABILITIES, CONTRIBUTED CAPITAL AND NET POSITION	
Current Liabilities	
Accounts Payable	\$ 20,567
Current Portion of Long-Term Debt (Note 4)	17,046
Due To Other Funds	15,439
Net pension liability	394,003
Customer Deposits	<u>82,467</u>
Total Current Liabilities	529,522
Long-Term Liabilities	
General Obligation Bond (Note 4)	<u>155,931</u>
Total Long-Term Liabilities	<u>155,931</u>
Total Liabilities	<u>685,453</u>
DEFERRED INFLOWS OF RESOURCES:	
Total Deferred Inflows of Resources	<u>6,432</u>

See Independent Auditors' Report and Notes to the Financial Statements.

---

*STATEMENT OF NET POSITION- PROPRIETARY FUND (Continued)*  
*For the Year Ended September 30, 2019*

Contributed Capital and Net Position	
Investment in general fixed assets	1,578,393
Restricted fund balance	151,729
Net Position	<u>(357,960)</u>
Total Contributed Capital and Net Position	<u>1,372,162</u>
TOTAL LIABILITIES, CONTRIBUTED CAPITAL AND NET POSITION	<u>\$ 2,064,047</u>

See Independent Auditors' Report and Notes to the Financial Statements.

*STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITIONS-  
 PROPRIETARY FUND  
 For the Year Ended September 30, 2019*

Operating Revenues:	
Water and Sewer Fees	\$ 397,570
Tank Repair	27,442
Damages	10,433
Other Charges	<u>56,257</u>
Total Operating Revenues	491,702
Operating Expenses:	
Personnel Costs	147,700
Materials and Supplies	312,521
Other Expenses	39,092
Depreciation Expense	<u>98,391</u>
Total Operating Expenses	<u>597,704</u>
Net Operating Income	(106,002)
Non-Operating Revenues (Expenses)	
Interest Income	2,834
Interest Expense	<u>(5,109)</u>
Total Non-Operating Revenues (Expenses)	<u>(2,275)</u>
Net Income/(Loss)	(108,277)
Net Position - Beginning of Year	1,399,227
Prior Period Adjustment	<u>81,212</u>
Net Position - End of Year	<u><u>\$ 1,372,162</u></u>

See Independent Auditors' Report and Notes to the Financial Statements.

*STATEMENT OF CASH FLOWS- PROPRIETARY FUND**For the Year Ended September 30, 2019**CASH FLOWS FROM OPERATING ACTIVITIES:*

Operating Revenues:	
Water and Sewer Fees	\$ 499,240
Tank Repair	27,442
Damages	10,433
Other Charges	<u>56,257</u>
Total Operating Revenues	593,372
Operating Expenses:	
Personnel Costs	147,700
Materials and Supplies	307,892
Other Expenses	39,611
Depreciation Expense	<u>98,391</u>
Total Operating Expenses	<u>593,594</u>
Net Cash Provided by Operating Activities	(222)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Payment on long-term debt	(16,182)
Interest Income	2,834
Interest Expense	<u>(5,109)</u>
Net Cash Provided By Capital and Related Financing Activities	(18,457)
 CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	<u>40,005</u>
 CASH AND CASH EQUIVALENTS-END OF YEAR	<u><u>\$ 21,326</u></u>
 CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating Income	\$(106,002)
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:	
Depreciation	94,429
Prior Period adjustment	81,212
Changes In Assets and Liabilities:	
Increase in restricted cash	(12,080)
Increase in accounts receivable	(306)
Increase in due from other funds	(99,999)
Decrease in accounts payable	(4,629)
Increase in customer deposits	1,977
Net pension adjustments	34,282
Increase in due to other funds	<u>10,894</u>
Net Cash Provided By Operating Activities	<u><u>\$ (222)</u></u>

---

*NOTES TO THE FINANCIAL STATEMENTS**For the Year Ended September 30, 2019**Note 1 - Summary of Significant Accounting Policies*

The City of Hollandale operates under an alderman—mayor form of government. The accounting policies of the City of Hollandale conform to generally accepted accounting principles as applicable to governments except as discussed in Note 6. The following is a summary of the more significant policies:

- A. Reporting Entity - The financial statements of the City consist of all the funds of the City. There are no component units or related organizations included in the statement as they do not fit the criteria for such inclusion.
- B. Fund Accounting - The accounts of the City are organized on the basis of fund and account groups, each of which is considered a separate accounting entity. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.
- C. Fixed Assets and Long-Term Liabilities - The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All Governmental Funds and Expendable Trust Funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. All Proprietary Funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City has established a capitalization threshold of \$500. All purchased capital assets are valued at historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related asset. Property, plant, and equipment of the primary government, as well as the proprietary fund, are depreciated using the straight-line method over the following estimated useful lives are as follows:



*NOTES TO THE FINANCIAL STATEMENTS*  
*For the Year Ended September 30, 2019*  
*(Continued)*

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

C. Fixed Assets and Long-Term Liabilities (Continued) -

Infrastructure	50 years
Building	40 years
Distribution Systems	25 years
Improvements	20 years
Heavy Equipment	10 years
Other Equipment	5 years
Vehicles	5 years

Long-term liabilities of the Governmental and Proprietary Funds are accounted for in the funds themselves. Additional information concerning fixed assets and long—term liabilities are provided in Notes 2 and 3.

- D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available as net current assets. "Measurable" means that amounts can be reasonably determined within the current period. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Major revenues susceptible to accrual include sales tax and property taxes levied and due in the current year even though a portion of the taxes may be collected in the subsequent year. Penalty on sales taxes and interest on delinquent taxes are considered measurable when paid and are recognized as revenue at that time. Intergovernmental revenues received as reimbursement for specific purposes or projects are recognized in the period the expenditures are incurred. Intergovernmental revenue received but not yet earned

*NOTES TO THE FINANCIAL STATEMENTS*  
*For the Year Ended September 30, 2019*  
*(Continued)*

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

- D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued) - is recorded as deferred revenue. Property and sales taxes received prior to the time they are due are also recorded as deferred revenue. In subsequent periods, when the City has legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Revenue from land sale contracts receivable is deferred until the receivables are collected. Expenditures are recorded when the fund liability is incurred. The exception to this general rule is principal and interest on general long-term debt which is recognized when due.

The City reports the following major governmental funds:

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.

The City reports the following major proprietary funds:

The water fund which accounts for the activities associated with operating water and sewer system for the City Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating 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. FASB Application

**Proprietary Fund Types:** These fund types apply all applicable pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 that are not in conflict with applicable GASB pronouncements.

**Enterprise Funds:** These funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) to provide certain goods and services to the general

*NOTES TO THE FINANCIAL STATEMENTS*  
*For the Year Ended September 30, 2019*  
*(Continued)*

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

public be financed or recovered primarily through user charges or where the governing body has deemed that periodic determination of net income is appropriate for purposes or monitoring capital maintenance, accountability, or other purposes. The City accounts for its water and sewer in the Water and Sewer Fund which meets the criteria of a major fund and has been reported as such in the proprietary fund statements.

- F. Total Columns - Total columns on the financial statements are captioned Memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.
- G. Bank Deposits and Investments - Bank deposits and investments constituting short term certificates of deposit are entirely insured or collateralized with securities held by the bank or by the bank's agent in the bank's name as of September 30, 2019 and during the year then ended. Investments are stated at cost - a schedule of investment is included as part of the supplementary information of this report.
- H. Budget - Governmental fund receipts are budgeted on the cash basis. Expenditures are budgeted on the modified cash basis of accounting. The budget for all proprietary type funds is adopted on the accrual basis of accounting. This is consistent with the applicable laws of the State of Mississippi for municipalities.
- H. Budget (continued) - Prior to the August board meeting, the City Clerk submits to the Mayor and Board a proposed operating budget for the fiscal year commencing the following October 1. Public hearings are conducted at the City Hall for citizens of the City to make comments on the proposed revenue sharing expenditures. The budget is formally adopted before September 15. Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.
- I. Statement of Cash Flows - For purposes of the Statement of Cash Flows, cash equivalents are all short-term investments (including restricted assets) that are highly liquid, readily convertible to known amounts of cash, and have a maturity date of no longer than three months when purchased.
- J. Estimates-The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect

*NOTES TO THE FINANCIAL STATEMENTS*  
*For the Year Ended September 30, 2019*  
*(Continued)*

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

certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Fund equity- Fund Balance.

Fund equity is generally the difference between assets and liabilities. Government-wide and proprietary funds statements report fund equity as retained earnings. Fund equity of governmental fund statements are reported as fund balance.

Government-wide and proprietary funds' net positions are classified into three components. "Investment in capital assets, net of related debt" consists of capital assets of accumulated depreciation and reduced by outstanding debt used to finance purchase or construction of those assets. "Restricted" net positions are noncapital net positions that must be used for a particular purpose as specified by creditors, grantors, or contributors external to the City. "Unrestricted net positions are remaining net positions that do not meet the definition of the other two categories.

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the fiscal year 2019. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

K. Fund equity – Fund Balance (continued)

The statement provides that funds balance be reported and classified in the following manner based on the relative strength of the constraints that control how specific amounts can be spent:

*Non-spendable fund balance* includes amounts that cannot be spent because they are either (a) not in spendable form (e.g. inventories, prepaid) or (b) legally or contractually required to remain intact (e.g. endowments).

*Restricted fund balance* includes amounts constrained for a specific purpose by external parties, constitutional provision, or enabling legislation, (e.g. State and Federal Grants Funds). Effectively, restrictions may only be changed or lifted with the consent of the resource provider.

*NOTES TO THE FINANCIAL STATEMENTS*  
*For the Year Ended September 30, 2019*  
*(Continued)*

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

*Committed funds balance* includes amounts formally constrained for a specific purpose by a government using its highest level of decision-making authority. The commitment of these funds can only be changed by the government taking the same formal action that imposed the constraint originally.

*Assigned fund balance* includes amounts a government intends to use for a particular purpose. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. With the exception of the General Fund, this is the residual fund balance of the classification of all government funds with positive balances.

*Unassigned fund balance* represents general fund amounts not classified elsewhere.

*Note 2 - Property Taxes*

Property taxes attach as an enforceable lien on property as of January 1. The taxes are levied as of January 1 and are due on or before February 1.

The millage rate for the year was 76.00 mills, allocated as follows:

General Fund	72.50 mills
Fire Department Fund	<u>3.50</u> mills
TOTAL	<u>76.00</u> mills

*Note 3 – Budget Process*

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

A. Prior to August 1<sup>st</sup>, the City Clerk and Chief Administrative Officer submits to the Mayor and Aldermen a proposed operating budget for the fiscal year commencing the following October 1<sup>st</sup>. The operating budget includes proposed expenditures and the means of financing them.

B. Public notice is given of the City's budget meetings being open to the public, so that public hearings are conducted at City Hall to obtain taxpayer comments.

C. Prior to September 15th, the budget is legally enacted through adoption by the Mayor and City Aldermen.

D. The budget is formally revised during the year and properly amended by the Mayor and City Aldermen.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2019**  
**(Continued)**

**Note 3 – Budget Process (Continued)**

E. Budgetary comparisons are employed by management as a management control device during the year for all funds.

F. Appropriations lapse at the end of each fiscal year.

Mississippi laws require that municipalities budget revenue and expenditures on a modified-cash basis. Claims that have been incurred prior to the end of the year and that are paid within 30 days under the accrual basis. Prior year claims that are paid after 30 days revert to the cash basis. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered a generally accepted accounting principal. Governmental accounting requires that the "budget to actual" statements be prepared according to budgetary laws and the statement of revenues, expenditures, and fund balance be prepared according to the modified-accrual basis (GAAP). The major reconciling items between the budgetary and GAAP presentations are presented on the "budget to actual" statements

**Note 4 - Fixed Assets**

A summary of changes in general fixed assets follows:

Governmental activities:

	Balance 9/30/2018	Additions	Deletions	Balance 9/30/2019
<b>Non Depreciable assets:</b>				
Land	\$ 656,349	\$ -	\$ -	\$ 656,349
<b>Depreciable Assets:</b>				
Building	882,875	-	-	882,875
Improvements	1,550,320	-	-	1,550,320
Furniture and Equipment	1,914,824	-	-	1,914,824
Automobiles	184,038	38,428	-	222,466
Mobile Equipment	220,847	-	-	220,847
Infrastructure	264,640	-	-	264,640
Total assets	<u>5,673,893</u>	<u>38,428</u>	<u>-</u>	<u>5,712,321</u>
Less accumulated depreciation for				
Building and Improvements	1,613,816	60,828	-	1,674,644
Furniture and Equipment	2,000,581	42,275	-	2,042,856
Mobile Equipment	22,768	39,616	-	62,384
Automobiles	114,131	3,270	-	117,401
Infrastructure	221,787	3,781	-	225,568
	<u>3,973,083</u>	<u>149,770</u>	<u>-</u>	<u>4,122,853</u>
Net Capital Assets	<u>\$ 1,700,810</u>	<u>\$ (111,342)</u>	<u>\$ -</u>	<u>\$1,589,468</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2019**  
**(Continued)**

**Note 4 - Fixed Assets (Continued)**

A summary of changes in general fixed assets follows:

Business-type activities:

	Balance 9/30/2018	Additions	Deletions	Balance 9/30/2019
<b>Non Depreciable Assets:</b>				
Land	\$ 7,500	\$ -	\$ -	\$ 7,500
<b>Depreciable Asset</b>				
Building and Improvements	2,333,708	-	-	2,333,708
Furniture and Equipment	409,857	-	-	409,857
Infrastructure	1,613,372	-	-	1,613,372
Automobile	45,450	-	-	45,450
Mobile Radios	9,915	-	-	9,915
Total capital assets	<u>4,419,802</u>	<u>-</u>	<u>-</u>	<u>4,419,802</u>
Less accumulated depreciation for:				-
Building and Improvements	1,801,945	50,221	-	1,852,166
Furniture and Equipment	397,231	12,102	-	409,333
Infrastructure	501,802	23,048	-	524,850
Automobile	36,087	9,058	-	45,145
Mobile Radios	9,915	-	-	9,915
Total accumulated depreciation	<u>2,746,980</u>	<u>94,429</u>	<u>-</u>	<u>2,841,409</u>
Net Capital Assets	<u>\$ 1,672,822</u>	<u>\$ (94,429)</u>	<u>\$ -</u>	<u>\$1,578,393</u>

*NOTES TO THE FINANCIAL STATEMENTS*  
*For the Year Ended September 30, 2019*  
*(Continued)*

*Note 5 - Changes in Long-Term Debt*  
*General Fund:*

The City of Hollandale, MS has an obligation to a bank bearing interest at 4.93%. The loan is payable in monthly installment of \$1,364.12, including interest, and is collateralized by equipment.

Principle and interest payments for the years following September 30, 2019, are as follows:

	<u>Principal</u>	<u>Interest</u>
2020	\$ 11,036	\$ 1,241
2021	15,363	1,006
2022	<u>12,029</u>	<u>248</u>
	<u>38,428</u>	<u>2,495</u>

City of Hollandale, MS has an obligation to a bank bearing interest at 2.85%. The loan is payable in monthly installments of \$1,965.23, including interest, and is collateralized by vehicles.

Principal and interest payments for the years following September 30, 2018, are as follows:

	<u>Principal</u>	<u>Interest</u>
2020	\$ 15,814	\$ 172
	<u>\$ 15,814</u>	<u>\$ 172</u>

Changes in long-term debts

Balance at 9/30/18	\$ 63,643
Additions	38,428
Payments	<u>(47,829)</u>
Balance at 9/30/19	<u>\$ 54,242</u>

*Proprietary Fund:*

General Obligation Bond:

City of Hollandale has an unsecured obligation to Mississippi Development Authority bearing interest at 4.50%. The loan is payable in monthly installments of \$642, including interest.

Principal and interest payments for the years following September 30, 2019, are as follows:



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2019**  
**(Continued)**

**Note 5 - Changes in Long-Term Debt (Continued)**

	<u>Principal</u>	<u>Interest</u>
2020	6,950	3,563
2021	4,342	3,362
2022	4,542	3,161
2023	4,750	2,954
2024	4,968	2,736
2025 to 2029	28,483	10,037
2030 to 2034	26,460	2,959
	<u>\$80,495</u>	<u>\$28,772</u>

**General Obligation Bond:**

City of Hollandale has an unsecured obligation to Mississippi Development Authority bearing interest at 4.50%. The loan is payable in monthly installments of \$621.00, including interest. Principal and interest payments for the years following September 30, 2019, are as follows:

	<u>Principal</u>	<u>Interest</u>
2020	3,793	3,659
2021	3,968	3,484
2022	4,150	3,302
2023	4,341	3,111
2024	4,540	2,912
2025 to 2029	26,027	11,233
2030 to 2034	32,580	4,680
2035 to 2039	3,628	14
	<u>\$ 83,027</u>	<u>\$ 32,395</u>

City of Hollandale, MS has an obligation to a bank bearing interest at 2.85%.

The loan is payable in monthly installments of \$537.22, including interest, and is collateralized by vehicles .

Principal and interest payments for the years following September 30, 2019, are as follows:

	<u>Principal</u>	<u>Interest</u>
2020	\$ 6,303	\$ 143
2021	1,604	8
	<u>\$ 7,907</u>	<u>\$ 151</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2019**  
**(Continued)**

**Proprietary Fund: (Continued)**

Changes in long-term debts	
Balance at 9/30/18	\$ 201,616
Additions	-
Payments	<u>(30,187)</u>
Balance at 9/30/1	<u>\$ 171,429</u>

**Note 6 - Defined Pension Plan**

**(1) Plan Description**

The Public Employees' Retirement System of Mississippi (PERS or the System) was created with the purpose to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate in the System, and elected members of the State Legislature and the President of the Senate. The System administers a cost-sharing, multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*.

For the cost-sharing plan 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. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

*NOTES TO THE FINANCIAL STATEMENTS*  
*For the Year Ended September 30, 2019*  
*(Continued)*

*Note 6 - Defined Pension Plan (Continued)*

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

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

(2) Basis of Presentation

The Schedule of Employer Allocations and Schedule of Collective Pension Amounts (the Schedules) present amounts that are elements of the financial statements of the System or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the System or its participating employers. The Schedules are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Such preparation requires management to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ.

(3) Employer Allocations

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers to recognize their proportionate share of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. These Schedules are prepared to provide employers with their calculated proportionate share. Contributions from the employers are recognized when legally due, based on statutory requirements. The employer allocation percentages presented in the Schedule of Employer Allocations are based on the ratio of each employer's actual contribution to the System's total actual contributions for the fiscal year ended June 30, 2019.

The current year employer contributions used in the Schedule of Employer Allocations for 2019 are a component of total employer contributions presented in the System's audited financial statements. The reconciliation of employer contributions is as follows for the year ended June 30, 2019:

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2019**  
**(Continued)**

**Note 6 - Defined Pension Plan (Continued)**

Total current year employer contributions per Schedule of Employer	
Allocations	\$ 110,412
Timing differences	67
Fees from Optional Retirement Plan *	1,220
Miscellaneous	43
Total employer contributions per audited financial statements	<u>\$ 111,742</u>

\* Optional Retirement Plan contributes administrative fees of 2.60% of covered wages.

**(4) Collective Net Pension Liability**

The components of the collective net pension liability of the participating employers at June 30, 2019 were as follows:

Total pension liability	\$ 4,929,759
Plan fiduciary net position	<u>3,036,159</u>
Employer's net pension liability	<u>\$ 1,893,600</u>

**(a) Actuarial Assumptions**

The collective total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.00-18.25%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H.-2010 (B) retiree Table with the following adjustments. For males 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions are based on the experience investigation for the four-year period ending June 30, 2018

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2019**  
**(Continued)**

**Note 6 - Defined Pension Plan (Continued)**

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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Domestic	27.00%	4.90%
International Equity	22.00	4.75
Global Equity	12.00	5.00
Debt Securities	20.00	1.50
Real Estate	10.00	4.00
Private equity	8.00	6.25
Cash Equivalent	1.00	0.25
Total	<u>100.00%</u>	

**(b) Discount Rate**

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the current employer contribution rate. 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.

The following table presents the net pension liability of the cost-sharing plan, calculated using the discount rate of 7.75%, as well as what the plans net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate (amounts in thousands):

	<u>1% decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Net pension liability	<u>\$ 2,489,203</u>	<u>\$ 1,893,600</u>	<u>\$ 1,401,983</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2019**  
**(Continued)**

**Note 6 - Defined Pension Plan (Continued)**

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance at June 30, 2018	\$ 21,709	\$ 14,578	\$ 7,131
Changes for the year:			
Service cost	794	-	794
Interest	4,255	-	4,255
Different between actual and expected expense	-	-	-
Change in assumptions	246	-	246
Contribution - employer	-	2,086	(2,086)
Contribution - employee	-	252	(252)
Net investment income		2,721	(2,721)
Benefit payments, including refunds of employee contributions	(3,734)	(3,734)	-
Administrative expense	-	(34)	34
Other changes	-	-	-
Net Changes	1,561	1,291	270
Balance at June 30, 2019	\$ 23,270	\$ 15,869	\$ 7,401

**(5) Collective Deferred Outflows of Resources and Deferred Inflows of Resources**

Annual changes to the net pension liability resulting from differences between expected and actual experiences with regards to economic and demographic factors and from changes of assumptions about future economic or demographic factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members. Effective July 1, 2017, 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. Differences between projected and actual earnings on pension plan investments are amortized over a close period of 5 years. The following presents a summary of changes in the collective deferred outflows or resources and deferred inflows of resources for the year ended June 30, 2019:

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2019**  
**(Continued)**

**Note 6 - Defined Pension Plan (Continued)**

**(5) Collective Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)**

	Measurement	Amortization	Beginning of			End of year
	Period	Period	year balance	Additions	Deductions	balance
Deferred outflows of resources:						
Difference between expected and actual experience	2016	3.48	\$ 6,139	\$ -	\$ (6,139)	\$ -
	2018	3.9	1,710	-	(590)	1,120
			7,849	-	(6,729)	1,120.21
Changes of assumptions	2017	3.37	1,057	-	(771)	285
	2019	3.76	-	24,903	(6,623)	18,280
			1,057	24,903	(7,395)	18,565
			<u>\$ 8,905</u>	<u>\$ 24,903</u>	<u>\$ (14,123)</u>	<u>\$ 19,685</u>
Deferred inflows of resources						
Net difference between projected and actual earnings on investment	2015	5.00	\$ (24,339)	\$ -	\$ 24,339	\$ -
	2016	5.00	(75,967)	-	37,984	(37,984)
	2017	5.00	103,691	-	(34,564)	31,144
	2018	5.00	32,206	-	(8,051)	93,282
	2019	5.00	-	(43,226)	8,645	(10,427)
			35,590	(43,226)	28,353	20,717
Difference between expected and actual experience	2017	3.37	2,886	-	(2,107)	779
			2,886	-	(2,107)	779
Changes in assumptions	2016	3.48	378	-	(378)	-
			378	-	(378)	-
			<u>\$ 38,854</u>	<u>\$ (43,226)</u>	<u>\$ 25,868</u>	<u>\$ 21,496</u>

The collective deferred outflows of resources and deferred inflows of resources reported in the table above will be amortized in the collective proportionate share of pension expense as follows:

Year Ended June 30,	
2020	9,474
2021	(2,682)
2022	563
2023	864
Total	<u>\$ 8,219</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2019**  
**(Continued)**

**Note 6 - Defined Pension Plan (Continued)**

The table below provides a summary of the collective deferred outflows and inflows as of June 30, 2019 (measurement date):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$ 1,017	\$ 195
Changes in assumptions	191	122
Net difference between projected and actual earnings on plan investments	-	385
Employer contribution subsequent to the measurement date	-	-
Total	<u>\$ 1,208</u>	<u>\$ 701</u>

**(6) - Allocable Plan Pension Expense**

The components of allocable plan pension expense, which excludes amounts attributable to employer-paid members contributions for the year ended June 30, 2019, comprised the following:

Service Cost	\$ 74,965
Interest on total pension liability	358,447
Member contribution	(62,532)
Projected earning on planned investment	(226,356)
Administrative expense	1,820
Other	496
Recognition of deferred outflows/inflows of resources:	
Differences between expected and actual experiences	1,220
Differences between expected and actual earning on investments	28,353
Changes in assumptions	6,406
	<u>\$ 182,818</u>

The employer proportionate share of the collective pension expense is equal to the collective pension expense multiplied by the employer's allocation percentage for the fiscal year ended June 30, 2019, as shown in the Schedule of Employer Allocation.



*NOTES TO THE FINANCIAL STATEMENTS*  
*For the Year Ended September 30, 2019*  
*(Continued)*

*Note 7 - Custodial Credit Risk*

Custodial credit risk is the risk that in the event of the failure of a depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Federal Deposit Insurance Corporation (FDIC) insures deposits up to \$250,000. As of September 30, 2019, the City had unsecured funds in the amount of \$273,498. The State of Mississippi Treasury Department oversees the collateralization process for all institutions approved as a public depository in the Statewide Public Funds Collateral Program. On a daily basis, the Treasury monitors collateralization requirements maintained for all of the institutions holding public funds. By using this method, we can provide a better level of assurance to our public entities that their funds are properly safeguarded.

*Note 8 - Compensated Absences*

The City recognizes a liability for the amount of accrued vacation and vested sick leave. Accumulated vacation may be received in cash by the employee at any time, subject to certain restrictions. Unused sick leave is vested at 25% after five years of employment, and an additional 25% is vested after ten years. Vested sick leave may only be received in cash by the employee upon termination of employment. The obligation of accumulated unpaid vacation and vested sick leave amounts to \$51,978 at September 30, 2019 for the Primary Government.

*Note 9 – Interfund Receivable and Payables*

<u>Due From:</u>	<u>Due To:</u>	<u>Amount</u>
Water Fund	General Fund	222,592
Park & Recreation	General Fund	(3,885)
General Fund	FEMMA Grant	46,906
Home Grant	General Fund	400
General Fund	MDA Grant	(1,572)
General Fund	Water Fund	(259,458)

*Note 10 – Water and Sewer Fund Deficit*

The city of Hollandale, Mississippi report a current year deficit in its water and sewer fund in the amount \$108,277.

*NOTES TO THE FINANCIAL STATEMENTS*  
*For the Year Ended September 30, 2019*  
*(Continued)*

*Note 11 – Risk Management*

The government is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There has been no significant reduction in insurance coverage from the previous year and settlements have not exceeded insurance coverage for each of the past three fiscal years.

*Note 12 – Prior Period Adjustments*

*The net asset of the general fund was decreased by \$10,914 and the enterprise fund was increased by \$81,212 to record the changes in the net pension adjustments and reclassify the due to and due from and correct the note payable for an amount that was expensed in prior year.*

General Fund:

Beginning Balance	\$ 571,703
Net pension adjustment	(137,580)
Due to/from accounts	109,474
Depreciation expense	(28,215)
Note payable	17,192
Ending Balance	<u>\$ 532,574</u>

Water Fund:

Beginning Balance	\$ 1,399,227
Net pension adjustment	(23,661)
Due to/from accounts	98,738
Note payable	6,135
Ending Balance	<u>1,480,439</u>

*Note 13 – Subsequent Events*

Management has evaluated events and transaction subsequent to the balance sheet date through the date of the auditors' report (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management did not identify any items that should be disclosed.

*REQUIRED SUPPLEMENTARY INFORMATION*

**BUDGETARY COMPARISON****GENERAL FUND***For the Year Ended September 30, 2019*

	<u>Budgeted Amount</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>				
Taxes	\$ 965,000	\$ 965,000	\$ 998,236	\$ 33,236
License and Permits	5,000	5,000	5,623	623
Intergovernmental	25,000	25,000	486,838	461,838
Charges for Services	200,000	200,000	168,491	(31,509)
Fines and Forfeits	25,000	25,000	26,153	1,153
Interest Income	2,000	2,000	2,904	904
Miscellaneous	<u>284,000</u>	<u>284,000</u>	<u>157,640</u>	<u>(126,360)</u>
<b>TOTAL REVENUES</b>	<b>1,506,000</b>	<b>1,506,000</b>	<b>1,845,885</b>	<b>339,885</b>
<b><u>EXPENDITURES</u></b>				
General Government	453,000	453,000	378,262	74,738
Public Safety	680,000	680,000	675,534	4,466
Public Works	521,000	521,000	990,286	(469,286)
Culture and Recreation	<u>16,000</u>	<u>16,000</u>	<u>19,373</u>	<u>(3,373)</u>
<b>TOTAL EXPENDITURES</b>	<b><u>1,670,000</u></b>	<b><u>1,670,000</u></b>	<b><u>2,063,455</u></b>	<b><u>(393,455)</u></b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b><u>(164,000)</u></b>	<b><u>(164,000)</u></b>	<b>(217,570)</b>	<b><u>(53,570)</u></b>
<b>NET POSITION - BEGINNING OF YEAR</b>			<b>(44,833)</b>	
<b>Prior Period Adjustment</b>			<b><u>319,872</u></b>	
<b>NET POSITION - END OF YEAR</b>			<b><u>\$ 57,469</u></b>	

See Independent Auditors' Report and Notes to the Financial Statements.

**BUDGETARY COMPARISON****PROPRIETARY FUND***For the Year Ended September 30, 2019*

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
<b>REVENUES:</b>				
Water and Sewer Fees	\$ 400,000	\$ 400,000	\$ 397,570	\$ (2,430)
Late Charges and Connection Fees	22,000	22,000	94,132	72,132
Total Operating Revenues	422,000	422,000	491,702	69,702
<b>EXPENDITURES</b>				
Personnel Costs	190,550	190,550	147,700	42,850
Materials and Supplies	245,000	245,000	312,521	(67,521)
Other Expenses	69,950	69,950	39,092	30,858
Capital Outlay	97,500	97,500	-	97,500
Depreciation Expense	-	-	98,391	(98,391)
TOTAL EXPENDITURES	603,000	603,000	597,704	5,296
NET OPERATING INCOME	(181,000)	(181,000)	(106,002)	74,998
NON-OPERATING REVENUES (EXPENSES)				
INTEREST INCOME	1,000	1,000	2,834	1,834
INTEREST EXPENSE	-	-	(5,109)	(5,109)
TOTAL NONOPERATING REVENUES	1,000	1,000	(2,275)	(3,275.00)
NET INCOME(LOSS)	<u><u>\$ (180,000)</u></u>	<u><u>\$ (180,000)</u></u>	<u><u>\$ (108,277)</u></u>	<u><u>\$ 71,723</u></u>
FUND BALANCES - BEGINNING OF YEAR			1,399,227	
Prior Period Adjustment			81,212	
FUND BALANCES - END OF YEAR			<u><u>\$ 1,372,162</u></u>	

See Independent Auditors' Report and Notes to the Financial Statements.

*FIRE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE- BUDGET AND ACTUAL  
For the Year Ended September 30, 2019*

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
<u>REVENUES:</u>				
Grant revenue	\$ -	\$ -	\$ 7,821	\$ 7,821
Total Operating Revenue	-	-	7,821	7,821
<u>Expenditures:</u>				
Other Services and Charges	45,000	45,000	-	45,000
Total Expenditures	45,000	45,000	-	45,000
Net Operating revenue	(45,000)	(45,000)	7,821	(37,179)
Non-Operating Revenue				
Interest income	-	-	2,310	2,310
Total Non-Operating Revenue	-	-	2,310	2,310
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (45,000)</u>	<u>\$ (45,000)</u>	10,131	<u>\$ (34,869)</u>
NET POSITION - BEGINNING OF YEAR			120,548	
Prior Period Adjustment			<u>(70,173)</u>	
NET POSITION - END OF YEAR			<u>\$ 60,506</u>	

See Independent Auditors' Report and Notes to the Financial Statements.

---

*SCHEDULE OF INVESTMENTS – ALL FUNDS*  
*For the Year Ended September 30, 2019*

GENERAL FUND:

Certificate of Deposit	\$ 100,376
Silver Savings	<u>60,506</u>
Total General Fund	160,882

WATER AND SEWER FUND:

O & M Escrow	20,163
Saving	109,500
Guaranty Bank and TRust-FHA Fund	<u>22,066</u>
Total Water and Sewer Fund	<u>151,729</u>

TOTAL INVESTMENTS	<u><u>\$ 312,611</u></u>
-------------------	--------------------------

---

*PRINCIPAL OFFICIALS**For the Year Ended September 30, 2019*

<u>Name</u>	<u>Title and Position</u>	<u>Years in Town Government</u>
Charles Morrow	Mayor	5
Robert Swint	Vice Mayor	17
Josh Bogen	City Attorney	30
Helen Johnson	City Clerk	17
Jeanette Bowdre	Deputy Clerk	32
Charles Dones	Chief of Police	2
Jeraldine Hagger	Alderman	1
Bryine Smith	Alderman	1
Brian Ballinger	Alderman	10
Ronnie Williams	Alderman	14

See Independent Auditors' Report and Notes to the Financial Statements.



*SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS*  
*For the Year Ended September 30, 2019*

Name and Position	Surety Company	Surety Amount
Charles Morrow, Mayor	Mississippi Municipal Bond Program	\$ 50,000
Robert Swint, Vice Mayor	Mississippi Municipal Bond Program	50,000
Helen Johnson, City Clerk	Travelers Casualty and Surety Company of America	100,000
Jeannette Bowdre, Deputy Clerk	Travelers Casualty and Surety Company of America	50,000
Erma Atkins, Deputy Clerk	Travelers Casualty and Surety Company of America	10,000
Chief Of Police	Travelers Casualty and Surety Company of America	50,000
Alderman	Mississippi Municipal Bond Program	50,000
Alderman	Mississippi Municipal Bond Program	50,000
Alderman	Mississippi Municipal Bond Program	50,000
Alderman	Mississippi Municipal Bond Program	50,000
Radio Dispatchers	Travelers Casualty and Surety Company of America	10,000

**SCHEDULE OF EXPENDITURE OF FEDERAL, STATE AND LOCAL AWARDS**  
**For the Year Ended September 30, 2019**

<u>Federal Grantor/ Pass-through Grantor Program Title</u>	<u>Type of Grant</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity</u>	<u>Pass- Through Grantor's Number</u>	<u>Award Amount</u>	<u>(Accrued) or Deferred Revenue at September 30, 2018</u>	<u>Cash Receipts</u>	<u>Expenditures / Revenue Recognized</u>	<u>(Accrued) or Deferred Revenue at September 30, 2019</u>
<b>FEDERAL AWARD</b>									
Federal Emergency Management Agency (FEMA)	Fire Equipment Grant				204,509	10,131	-	-	10,131
<b>Total Federal Awards</b>					<u>204,509</u>	<u>10,131</u>	<u>-</u>	<u>-</u>	<u>10,131</u>
<b>LOCAL AWARD</b>									
Federal Emergency Management Agency (FEMA)	Fire Equipment Grant				-	14,693	-	-	14,693
	Water System Improvements		Delta Regional Authority	MS-50349	450,000	-	441,500	441,500	-
<b>Total Local Award</b>					<u>450,000</u>	<u>14,693</u>	<u>441,500</u>	<u>441,500</u>	<u>14,693</u>
<b>Total Award</b>					<u>\$ 654,509</u>	<u>\$ 24,824</u>	<u>\$ 441,500</u>	<u>\$ 441,500</u>	<u>\$ 24,824</u>

See Independent Auditors' Report and Notes to the Financial Statements.

*SCHEDULE OF EXPENDITURE OF FEDERAL, STATE AND LOCAL AWARDS (Continued)*

*For the Year Ended September 30, 2019*

*Notes to the Schedule of Federal Awards*

*Note 1—Basis of Accounting*

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the City's financial statements. The City uses the accrual basis of accounting. Expenditures represent only the federally funded portions of the program. District records should be consulted to determine amounts expended or matched from non-federal sources.

*Note 2 – Agency Fund (FEMA Grant)*

The City received a grant from the Federal Emergency Management Agency (FEMA) to provide radios for the fire department in five municipalities in Washington County. The total amount of funds that was available at June 30, 2019 was \$14,693.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY**  
**GASB 68 REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2019**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total Pension Liability</b>										
Service cost	\$ 70,005	\$ 64,439	\$ 73,477	\$ 27,194	\$ 73,642	\$ 74,965	\$ -	\$ -	\$ -	\$ -
Interest	282,840	274,322	303,304	113,684	339,561	358,447				
Benefit changes	-	-	-	-	-	-				
Difference between expected and actual experiences	26,436	31,123	41,362	(6,216)	2,239	-				
Changes of assumptions	-	174,219	(6,663)	870	-	24,903				
Benefit payments	(215,612)	(212,292)	(236,842)	(89,304)	(273,519)	(295,730)				
Refund of contributions	(12,479)	(11,416)	(11,296)	(4,098)	(13,030)	(11,630)				
Net change in total pension liability	151,190	320,396	163,342	42,130	128,894	150,956				
Total pension liability - beginning	3,649,540	3,800,730	4,121,125	4,284,467	4,326,597	4,455,491				
Total pension liability - ending (a)	<u>\$ 3,800,730</u>	<u>\$ 4,121,125</u>	<u>\$ 4,284,467</u>	<u>\$ 4,326,597</u>	<u>\$ 4,455,491</u>	<u>\$ 4,606,447</u>				
<b>Plan Fiduciary Net Position</b>										
Contribution - employer	\$ 99,566.13	\$ 95,323.09	\$ 102,156.74	\$ 36,727.79	\$ 106,723.85	\$ 111,741.95				
Contribution - members	56,426	53,370	57,275	20,545	59,832	62,532				
Net investment income	401,040	79,175	13,094	123,839	250,091	183,130				
Benefit payments	(215,612)	(212,292)	(236,842)	(89,304)	(273,519)	(295,730)				
Administrative expense	(1,318)	(1,294)	(1,517)	(615)	(1,705)	(1,820)				
Refunds of contributions	(12,479)	(11,418)	(11,296)	(4,098)	(13,030)	(11,630)				
other	(52)	(48)	(47)	(308)	(504)	(497)				
Net change in plan position	327,571	2,816	(77,177)	86,787	127,890	47,729				
Plan net position - beginning	2,226,812	2,554,383	2,557,199	2,480,021	2,566,809	2,694,699				
Plan net position - ending (b)	<u>\$ 2,554,383</u>	<u>\$ 2,557,199</u>	<u>\$ 2,480,021</u>	<u>\$ 2,566,809</u>	<u>\$ 2,694,699</u>	<u>\$ 2,742,428</u>				
<b>Net pension liability -ending (a) - (b)</b>	<u>\$ 1,246,347</u>	<u>\$ 1,563,927</u>	<u>\$ 1,804,446</u>	<u>\$ 1,759,789</u>	<u>\$ 1,760,792</u>	<u>\$ 1,864,019</u>				

See Independent Auditors' Report and Notes to the Financial Statements.

*SCHEDULE OF THE NET PENSION LIABILITY*  
*GASB 68 REQUIRED INFORMATION*  
*For the Year Ended September 30, 2019*

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability	\$ 3,800,730	\$ 4,121,125	\$ 4,284,467	\$ 4,326,597	\$ 4,455,491	\$ 4,606,447				
Plan fiduciary net position	2,554,383	2,557,199	2,480,021	2,566,809	2,694,699	2,742,428				
Net pension liability	<u>\$ 1,246,347</u>	<u>\$ 1,563,927</u>	<u>\$ 1,804,446</u>	<u>\$ 1,759,789</u>	<u>\$ 1,760,792</u>	<u>\$ 1,864,019</u>				
Plan fiduciary net position as a percentage of the total pension liability	33%	38%	42%	41%	40%	40%				
Covered payroll	599,106	564,856	604,060	655,450	628,839	644,280				
Net pension liability as a percentage of covered payroll	208%	277%	299%	268%	280%	289%				

Employers apply their proportionate share percentage to amounts.

See Independent Auditors' Report and Notes to the Financial Statements.

**COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS***For the Year Ended September 30, 2019*

	<u>Fire Fund</u>	<u>Park &amp; Recreation</u>	<u>Crime Prevention</u>	<u>Other Funds</u>	<u>Total</u>
<b>ASSETS</b>					
<u>Current assets</u>					
Cash	\$ -	\$ 2,151	\$ 8,504	12,053	\$ 22,708
Total Current Assets	-	2,151	\$ 8,504	12,053	\$ 22,708
Restricted Assets					
Savings	60,506	-	-	-	60,506
Total Restricted Assets	60,506	-	-	-	60,506
<b>TOTAL ASSETS</b>	<u>\$ 60,506</u>	<u>\$ 2,151</u>	<u>\$ 8,504</u>	<u>\$ 12,053</u>	<u>\$ 83,214</u>
<u>LIABILITIES AND NET POSITION</u>					
<u>Liabilities</u>					
Due To Other Funds	\$ -	\$ 3,885	\$ -	\$ 330	\$ 4,215
Total Current Liabilities	-	3,885	-	330	4,215
<b>TOTAL LIABILITIES</b>	-	3,885	-	330	4,215
<u>FUND BALANCES</u>					
Retained Earnings					
Unreserved					
Restricted					
Airport Fund	-	-	-	227	227
First Time Homebuyers	-	-	-	1,881	1,881
Home Investment/Improvement Grants	-	-	-	-	-
Sewer Pumping Station Rehab	-	-	-	235	235
CDBG	-	-	-	3,289	3,289
Committed					
Park and Recreation	-	(1,734)	-	-	(1,734)
Fire Fund	60,506	-	-	-	60,506
Unassigned	-	-	8,504	6,091	14,595
Total Fund Balances	60,506	(1,734)	8,504	11,723	78,999
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 60,506</u>	<u>\$ 2,151</u>	<u>\$ 8,504</u>	<u>\$ 12,053</u>	<u>\$ 83,214</u>

See Independent Auditors' Report and Notes to the Financial Statements.

*COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHAGE IN  
FUND BALANCE-NOMAJOR GOVERNMENT FUND  
For the Year Ended September 30, 2019*

	<u>Fire Fund</u>	<u>Park &amp; Recreation</u>	<u>Crime Prevention</u>	<u>Other Funds</u>	<u>Total</u>
REVENUES:					
Intergovernmental	\$ 27,272	\$ -	\$ -	\$ 73,014	\$ 100,286
Charges for Services	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-
Interest Income	1,047	48	110	1,570	2,775
Miscellaneous		250	-	828	1,078
Total Revenues	<u>28,319</u>	<u>298</u>	<u>110</u>	<u>75,412</u>	<u>104,139</u>
EXPENDITURES:					
Other Services and Charges	<u>9,150</u>	<u>-</u>	<u>-</u>	<u>74,986</u>	<u>84,136</u>
Total Expenditures	<u>9,150</u>	<u>-</u>	<u>-</u>	<u>74,986</u>	<u>84,136</u>
Excess Of Revenues Over (Under)					
Expenditures	19,169	298	110	426	20,003
Fund Balances -Beginning of year	105,329	3,586	8,264	54,355	171,534
Prior Period Adjustment	<u>(3,950)</u>	<u>-</u>	<u>-</u>	<u>(59,048)</u>	<u>(62,998)</u>
Fund Balances - End of Year	<u>\$ 120,548</u>	<u>\$ 3,884</u>	<u>\$ 8,374</u>	<u>\$ (4,267)</u>	<u>\$ 128,539</u>

See Independent Auditors' Report and Notes to the Financial Statements.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTER BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



To the City of Hollandale and Board of Aldermen  
Hollandale, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Hollandale, Mississippi, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise City of Hollandale, Mississippi's basic financial statements, and have issued our report thereon dated July 15, 2020.

***Internal Control Over Financial Reporting***

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

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

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



*REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTER BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (Continued)*

identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether City of Hollandale, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

*Purpose of this Report*

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

  
Memphis, TN  
July 15, 2020

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

To the Honorable Mayor and Board of Aldermen  
City of Hollandale, Mississippi

We have audited the general-purpose financial statements of the City of Hollandale, Mississippi, as of and for the year ended September 30, 2019, and have issued our reported thereon dated July 15, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

As required by the state compliance and by the audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state law 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, the general-purpose financial statements disclosed no material instances of noncompliance with state law and regulations. The prior year finding has been corrected.

This report is intended for the information of the City's management and the Office of the State Auditors 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 and its distribution is not limited.



Memphis, TN  
July 15, 2020

**JONES &  
TUGGLE**