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CITY OF HOLLANDALE, MISSISSIPPI

AUDIT REPORT
September 30, 2020

CITY OF HOLLANDALE, MISSISSIPPI

ANNUAL FINANCIAL REPORT Year Ended September 30, 2020

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Booker T. Camper Jr., CPA PLLC

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, 2020, 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, 2020, 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 July 10, 2021, on our consideration of the 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.

Booker T. Camper, Jr. CPA PLLC

Booker T. Camper, Jr. CPA LLC

Memphis, Tennessee

July 10, 2021

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, 2020. 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 decreased by \$327,992
- . Total General Revenues were \$1,948,529
- . Total Business-type revenues (sales of water and sewer) \$404,522
- . Expenses for the City were \$2,706,119

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 have 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 09/30/2020	FYE 09/30/2019
<i>Assets</i>		
Current assets	\$ 1,072,253	\$ 712,350
Capital assets, net	<u>2,935,841</u>	<u>3,167,859</u>
Total Assets	<u>4,008,093</u>	<u>3,880,209</u>
Total Deferred Outflows of Resources	<u>123,390</u>	<u>123,390</u>
<i>Liabilities</i>		
Current Liabilities	2,320,566	2,135,337
Non-current liabilities	<u>196,378</u>	<u>194,359</u>
Total Liabilities	<u>2,516,944</u>	<u>2,329,696</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	2,935,841	3,167,859
Unreserved	-	-
Restricted	183,028	161,015
Committed	157,039	136,781
Unrestricted	<u>(2,181,206)</u>	<u>(1,965,120)</u>
Total Net Position	1,094,702	1,500,535
<i>Revenue</i>		
Taxes & Others	1,325,218	1,746,981
Charges for Services	616,690	598,534
Investment Income	<u>2,088</u>	<u>9,947</u>
Total Revenue	1,943,996	2,355,462
<i>Expenses</i>		
Primary Government	2,228,767	2,221,606
Business-type (Water & Sewer Fund)	<u>477,352</u>	<u>602,813</u>
Total Expenses	2,706,120	2,824,419

The City of Hollandale had a reasonable financial year for the period ending September 30, 2020. 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, 2020. 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, 2020. 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 2020, 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, 2020

	Primary Government			
	Governmental Activities	Business-Type Activities	Eliminating Entry	Total
ASSETS				
Current Assets				
Cash	\$ 154,473	\$ 22,192	\$ -	\$ 176,665
Investments (cash equivalents)	50,376	-	-	50,376
Receivables (net of allowance)			-	
Utility bills	12,060	55,651	-	67,711
Property taxes	61,960	-	-	61,960
Accrued Interest	63	214	-	277
Garbage fees	49,026	-	-	49,026
Miscellaneous	-	3,592	-	3,592
Due from other funds	255,567	304,309	-	559,876
Total Current Assets	583,525	385,958	-	969,483
Restricted Assets				
O & M Escrow	-	46,311	-	46,311
Savings	18,542	15,851	-	34,393
FHA Fund	-	22,066	-	22,066
Total Restricted Assets	18,542	84,228	-	102,770
Fixed Assets (net of accumulated depreciation) (Note 3)	1,447,307	1,488,534	-	2,935,841
TOTAL ASSETS	\$ 2,049,374	\$ 1,958,720	\$ -	\$ 4,008,094
DEFERRED OUTFLOWS OF RESOURCES:				
Total Deferred Outflows of Resources	30,415	1,673	-	32,088
LIABILITIES AND FUND EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable	\$ 82,141	\$ 13,465	\$ -	\$ 95,606
Current Portion of Note Payment (Note 4)	-	-	-	-
Current Portion of Long-Term Debt (Note 4)	-	9,914	-	9,914
Payroll taxes payable	5,016	-	-	5,016
Compensated absences	58,245	-	-	58,245
Due To Other Funds	183,596	19,880	(381,630)	(178,154)
Net pension liability	1,796,961	450,987	-	2,247,948
Payables From Restricted Assets:			-	
Customer Deposits	-	81,991	-	81,991
Total Current Liabilities	2,125,959	576,237	(381,630)	2,320,566
Non-Current Liabilities				
Note Payable	32,558	-	-	32,558
General Obligation Bond (Note 4)	-	163,820	-	163,820
Total Non-Current Liabilities	32,558	163,820	-	196,378
TOTAL LIABILITIES	2,158,517	740,057	(381,630)	2,516,944
DEFERRED INFLOWS OF RESOURCES:				
Deferred Revenue-FEMA Grant	46,906	-	-	46,906
Pension Deferred Inflows of Resources	-	-	-	-
Total Deferred Inflow of Resources	46,906	-	-	46,906

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

STATEMENT OF NET POSITION (Continued)
For the Year Ended SEPTEMBER 30, 2020

	Primary Government			Total
	Governmental Activities	Business-Type Activities	Eliminating Entry	
NET POSITION				
Investment In General Fixed Assets	\$ 1,447,307	1,488,534	-	\$ 2,935,841
Retained Earnings:				
Unreserved	-	-	-	-
Restricted for:				
FHA Bond Reserve/Saving	-	37,917	-	37,917
Customers deposits	-	46,311	-	46,311
Airport Fund	(791)	-	-	(791)
First Time Homebuyers	1,896	-	-	1,896
Home Investment/Improvement Grants	-	-	-	-
FEMA Grant	94,104	-	-	94,104
Sewer Pumping Station Rehab	291	-	-	291
CDBG	3,300	-	-	3,300
Committed:				
Park and Recreation	2,219	-	-	2,219
Fire Fund	154,820	-	-	154,820
Unrestricted	(1,828,780)	(352,426)	-	(2,181,206)
Total Net Position	(125,634)	1,220,336	-	1,094,702
TOTAL LIABILITIES AND NET POSITION	\$ 2,079,789	\$ 1,960,393		\$ 3,658,552

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

GENERAL GOVERNMENT
 STATEMENT OF ACTIVITIES
 For the Year Ended September 30, 2020

	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
Primary Government							
Governmental Activities:							
General Government	568,966	212,168	19,972	139,586	(197,240)	-	(197,240)
Public Safety	1,068,410		-	-	(1,068,410)	-	(1,068,410)
Public Works	463,954			294,545	(169,409)	-	(169,409)
Recreation and Parks					-		
Depreciation Expense	127,437				(127,437)	-	(127,437)
	<u>2,228,767</u>	<u>212,168</u>	<u>19,972</u>	<u>434,131</u>	<u>(1,562,496)</u>		<u>(1,562,496)</u>
Business-type Activities							
Water Fund	477,352	404,522	-	-	-	(72,830)	(72,830)
Total business activities	<u>477,352</u>	<u>404,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72,830)</u>	<u>(72,830)</u>
Total Primary Government	<u>\$2,706,119</u>	<u>\$ 616,690</u>	<u>\$ 19,972</u>	<u>434,131</u>	<u>(1,562,496)</u>	<u>(72,830)</u>	<u>(1,635,326)</u>
General revenue:							
Taxes					1,080,194	-	1,080,194
License and Permits					9,413	-	9,413
Fines and Forfeits					42,626	-	42,626
Interest Income					1,351	737	2,088
Miscellaneous					148,674	24,339	173,013
Total General Revenues					<u>1,282,258</u>	<u>25,076</u>	<u>1,307,334</u>
Change in Net Position					(280,238)	(47,754)	(327,992)
Net Position at Beginning of year					128,373	1,372,162	1,500,535
Prior Period Adjustment					26,231	(104,072)	(77,841)
Net Position at End of Year					<u>\$ (125,634)</u>	<u>\$ 1,220,336</u>	<u>\$ 1,094,702</u>

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

BALANCE SHEET- GOVERNMENTAL FUNDS*For the Year Ended September 30, 2020*

	General Fund	Non-Major Governmental Funds	Total
<u>ASSETS</u>			
<u>Current assets</u>			
Cash	\$ 132,158	\$ 22,315	\$ 154,473
Investments (Cash Equivalents)	50,376	-	50,376
Receivables (Net of Allowance for uncollectible)			
Utility	12,060	-	12,060
Property taxes	61,960	-	61,960
Accrued interest	63	-	63
Garbage fees	49,026	-	49,026
Due from other funds	119,290	136,277	255,567
Total Current Assets	424,933	158,592	583,525
Restricted Assets			
Savings	-	18,542	18,542
Total Restricted Assets	-	18,542	18,542
TOTAL ASSETS	<u>\$ 424,933</u>	<u>\$ 177,134</u>	<u>\$ 602,067</u>
<u>LIABILITIES AND NET POSITION</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 82,141	\$ -	\$ 82,141
Payroll taxes payable	5,016	-	\$ 5,016
Compensated absences	58,245	-	58,245
Due To Other Funds	183,596	-	183,596
Total Current Liabilities	328,998	-	328,998
Non-Current Liabilities			
General Obligation Bond (Note 4)	-	-	-
Total Non-Current Liabilities	-	-	-
TOTAL LIABILITIES	328,998	-	328,998
<u>FUND BALANCES</u>			
Retained Earnings			
Unreserved	-	-	-
Restricted			
Airport Fund	-	(791)	(791)
First Time Homebuyers	-	1,896	1,896
Home Investment/Improvement Grants	-	-	-
FEMA Grant	47,198	-	47,198
Sewer Pumping Station Rehab		291	291
CDBG	-	3,300	3,300
Committed			
Park and Recreation	-	2,219	2,219
Fire Fund	-	154,820	154,820
Tot Unassigned	48,737	15,399	64,136
Total Fund Balance	95,935	177,134	273,069
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 424,933</u>	<u>\$ 177,134</u>	<u>\$ 602,067</u>

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, 2020*

Total Fund Balance - Governmental Funds		\$ 273,069
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	2,275,254	
Automobiles	222,466	
Infrastructure	264,640	
Accumulated depreciation	<u>(4,404,597)</u>	1,447,307
Deferred outflows of resources - deferred outflows - pension		30,415
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		(32,558)
Net pension liability		(1,796,961)
Deferred inflow of resources - deferred inflows - pension		-
Deferred inflow of resources - FEMA Grant		<u>(46,906)</u>
Net Position of Governmental Activities		<u><u>\$ (125,634)</u></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, 2020

	General Fund	Non Major Governmental Funds	Total
REVENUES:			
Taxes	\$ 1,080,194	\$ -	\$ 1,080,194
License and Permits	9,413	-	9,413
Intergovernmental	435,187	-	435,187
Charges for Services	212,168	-	212,168
Fines and Forfeits	42,626	-	42,626
Interest Income	472	879	1,351
Miscellaneous	146,740	20,850	167,590
Total Revenues	1,926,800	21,729	1,948,529
EXPENDITURES:			
Personnel	930,618	-	930,618
Supplies	533,900	-	533,900
Other Services and Charges	186,627	925	187,552
Miscellaneous	30,748	-	30,748
Total Expenditures	1,681,893	925	1,682,818
Excess Of Revenues Over (Under)			
Expenditures	244,907	20,804	265,711
Fund Balances -Beginning of year	(217,589)	157,020	(60,569)
Prior Period Adjustment	-	-	-
Fund Balances - End of Year	\$ 27,318	\$ 177,824	\$ 205,142

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, 2020

Net Change in Fund Balance - Total Governmental Funds	\$ 265,711
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.	(434,131)
Different between pension cost actuarially detrminte and the amount of contribution paid.	170,223
Depreciation	<u>(127,437)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (125,634)</u></u>

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

STATEMENT OF NET POSITION- PROPRIETARY FUND
For the Year Ended September 30, 2020

ASSETS	
Current Assets	
Cash	\$ 22,192
Accounts Receivable (net allowance)	59,243
Accrued Interest Receivable	214
Due from General Fund	<u>304,309</u>
Total Current Assets	385,958
Restricted Assets	
FHA Funds	22,066
O & M Escrow	46,311
Saving	<u>15,851</u>
Total Restricted Assets	84,228
Fixed Assets	
Property, Plant and Equipment	4,436,802
Less: Accumulated Depreciation	<u>(2,948,268)</u>
Net Fixed Assets	<u>1,488,534</u>
TOTAL ASSETS	<u>\$ 1,958,720</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Total Deferred Outflows of Resources	<u>\$ 1,673</u>
LIABILITIES, CONTRIBUTED CAPITAL AND NET POSITION	
Current Liabilities	
Accounts Payable	\$ 13,465
Current Portion of Long-Term Debt (Note 4)	9,914
Due To Other Funds	19,880
Net pension liability	450,987
Customer Deposits	<u>81,991</u>
Total Current Liabilities	576,237
Long-Term Liabilities	
General Obligation Bond (Note 4)	<u>163,820</u>
Total Long-Term Liabilities	<u>163,820</u>
Total Liabilities	<u>740,057</u>
DEFERRED INFLOWS OF RESOURCES:	
Total Deferred Inflows of Resources	<u>-</u>

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

STATEMENT OF NET POSITION- PROPRIETARY FUND (Continued)
For the Year Ended September 30, 2020

Contributed Capital and Net Position	
Investment in general fixed assets	1,488,534
Restricted fund balance	84,228
Net Position	<u>(352,426)</u>
Total Contributed Capital and Net Position	<u>1,220,336</u>
TOTAL LIABILITIES, CONTRIBUTED CAPITAL AND NET POSITION	<u>\$ 1,960,393</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, 2020*

Operating Revenues:	
Water and Sewer Fees	\$ 404,203
Tank Repair	3,956
Damages	8,197
Other Charges	<u>12,505</u>
Total Operating Revenues	428,861
Operating Expenses:	
Personnel Costs	168,809
Materials and Supplies	161,011
Other Expenses	44,934
Depreciation Expense	<u>102,598</u>
Total Operating Expenses	<u>477,352</u>
Net Operating Income	(48,491)
Non-Operating Revenues (Expenses)	
Interest Income	737
Interest Expense	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>737</u>
Net Income/(Loss)	(47,754)
Net Position - Beginning of Year	1,372,162
Prior Period Adjustment	<u>(104,072)</u>
Net Position - End of Year	<u><u>\$ 1,220,336</u></u>

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

STATEMENT OF CASH FLOWS- PROPRIETARY FUND
For the Year Ended September 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Operating Revenues:	
Water and Sewer Fees	\$ 461,963
Tank Repair	3,956
Damages	8,197
Other Charges	<u>12,505</u>
Total Operating Revenues	486,621
Operating Expenses:	
Personnel Costs	168,809
Materials and Supplies	153,909
Other Expenses	44,934
Depreciation Expense	<u>102,598</u>
Total Operating Expenses	<u>470,250</u>
Net Cash Provided by Operating Activities	16,371
CASH FLOWS FROM CAPITAL AND RELATED	
FINANCING ACTIVITIES:	
Purchase of fixed assets	(17,000)
Payment on long-term debt	757
Interest Income	737
Interest Expense	<u>-</u>
Net Cash Provided By Capital and Related Financing Activities	(15,506)
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	<u>21,327</u>
CASH AND CASH EQUIVALENTS-END OF YEAR	<u><u>\$ 22,192</u></u>

STATEMENT OF CASH FLOWS- PROPRIETARY FUND (Continued)
For the Year Ended September 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Operating Income	\$ (48,491)
Adjustments To Reconcile Operating Income	
To Net Cash Provided By Operating Activities:	
Depreciation	102,598
Changes In Assets and Liabilities:	
Increase in accounts receivable	13,340
Increase in due from other funds	(47,939)
Decrease in accounts payable	(7,102)
Increase in customer deposits	(476)
Increase in due to other funds	<u>4,441</u>
Net Cash Provided By Operating Activities	<u><u>\$ 16,371</u></u>

*CASH FLOWS FROM CAPITAL AND RELATED**FINANCING ACTIVITIES:*

<i>Purchase of fixed assets</i>	(17,000)
Payment on long-term debt	757
Interest Income	737
Interest Expense	<u>-</u>
Net Cash Provided By Capital and Related Financing Activities	<u>(15,506)</u>
Net Change In Cash and Cash Equivalents	865
<i>CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR</i>	<u>21,327</u>
<i>CASH AND CASH EQUIVALENTS-END OF YEAR</i>	<u><u>\$ 22,192</u></u>

*NOTES TO THE FINANCIAL STATEMENTS**For the Year Ended September 30, 2020**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, 2020
(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, 2020
(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, 2020
(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, 2020 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, 2020
(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 2020. 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, 2020
(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 1st, 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 1st. 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, 2020
(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 9/30/2019	Additions	Deletions	Balance 9/30/2020
Non Depreciable assets:				
Land	\$ 656,349	\$ -	\$ -	\$ 656,349
Depreciable Assets:				
Building	882,875	-	-	882,875
Improvements	1,550,320	-	-	1,550,320
Furniture and Equipment	1,914,824	139,583	-	2,054,407
Automobiles	222,466	-	-	222,466
Mobile Equipment	220,847	-	-	220,847
Infrastructure	264,640	-	-	264,640
Total assets	<u>5,712,321</u>	<u>139,583</u>	<u>-</u>	<u>5,851,904</u>
Less accumulated depreciation for				
Building and Improvements	1,674,644	60,828	-	1,735,472
Furniture and Equipment	2,202,682	19,941	-	2,222,623
Mobile Equipment	56,864	5,520	-	62,384
Automobiles	117,401	37,367	-	154,768
Infrastructure	225,568	3,781	-	229,349
	<u>4,277,159</u>	<u>127,437</u>	<u>-</u>	<u>4,404,596</u>
Net Capital Assets	<u>\$ 1,435,162</u>	<u>\$ 12,146</u>	<u>\$ -</u>	<u>\$1,447,308</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020
(Continued)

Note 4 - Fixed Assets (Continued)

A summary of changes in general fixed assets follows:

Business-type activities:

	Balance 9/30/2019	Additions	Deletions	Balance 9/30/2020
Non Depreciable Assets:				
Land	\$ 7,500	\$ -	\$ -	\$ 7,500
Depreciable Asset				
Building and Improvements	2,333,708	-	-	2,333,708
Furniture and Equipment	409,857	17,000	-	426,857
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>17,000</u>	<u>-</u>	<u>4,436,802</u>
Less accumulated depreciation for:				-
Building and Improvements	1,856,427	58,390	-	1,914,817
Furniture and Equipment	409,333	12,102	-	421,435
Infrastructure	524,850	23,048	-	547,898
Automobile	45,145	9,058	-	54,203
Mobile Radios	9,915	-	-	9,915
Total accumulated depreciation	<u>2,845,670</u>	<u>102,598</u>	<u>-</u>	<u>2,948,268</u>
Net Capital Assets	<u>\$ 1,574,132</u>	<u>\$ (85,598)</u>	<u>\$ -</u>	<u>\$1,488,534</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020
(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, 2020, are as follows:

	<u>Principal</u>	<u>Interest</u>
2021	\$ 15,363	\$ 757
2022	<u>10,283</u>	<u>507</u>
	<u><u>\$ 25,646</u></u>	<u><u>\$ 1,264</u></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>
2021	\$ 23,721	\$ 408
	<u><u>\$ 23,721</u></u>	<u><u>\$ 408</u></u>

Changes in long-term debts

Balance at 9/30/18	\$ 54,242
Additions	-
Payments	<u>(4,875)</u>
Balance at 9/30/19	<u><u>\$ 49,367</u></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, 2020, are as follows:

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020
(Continued)

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

	<u>Principal</u>	<u>Interest</u>
2021	4,206	3,498
2022	4,399	3,305
2023	4,601	3,103
2024	4,812	2,892
2024	5,033	2,671
2026 to 2030	28,856	9,664
2031 to 2035	27,744	2,592
	<u>\$ 79,651</u>	<u>\$27,725</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, 2020, are as follows:

	<u>Principal</u>	<u>Interest</u>
2021	4,059	3,393
2022	4,246	3,206
2023	4,441	3,011
2024	4,645	2,807
2025	4,858	2,594
2026 to 2030	27,852	9,408
2031 to 2035	27,136	2,556
	<u>\$ 77,237</u>	<u>\$ 26,975</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>
2021	16,809	479
	<u>\$ 16,809</u>	<u>\$ 479</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020
(Continued)

Proprietary Fund: (Continued)

Changes in long-term debts	
Balance at 9/30/19	\$ 190,743
Additions	-
Payments	<u>(17,046)</u>
Balance at 9/30/20	<u>\$ 173,697</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, 2020
(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.

(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, 2020.

The current year employer contributions used in the Schedule of Employer Allocations for 2020 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, 2020:

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020
(Continued)

Note 6 - Defined Pension Plan (Continued)

Total current year employer contributions per Schedule of Employer	
Allocations	\$ 134,539
Timing differences	114
Fees from Optional Retirement Plan *	1,399
Miscellaneous	<u>17</u>
Total employer contributions per audited financial statements	<u>\$ 136,070</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, 2020 were as follows:

Total pension liability	\$ 5,479,265
Plan fiduciary net position	<u>3,231,317</u>
Employer's net pension liability	<u>\$ 2,247,948</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, 2020
(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 most recent target asset allocation and best estimates of real rates of return for each major asset class as of June 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic	27.00%	4.90%
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	0.50
Real Estate	10.00	4.00
Private equity	8.00	6.25
Cash Equivalent	1.00	0.00
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 of 9.00 percent and that employer contributions will be made at the rate set in the Board's Funding Policy. 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.

Paragraph 31 (b)(1): This paragraph requires disclosure of the sensitivity of NPL to changes in the discount rate. The following presents the NPL of the System, calculated using the discount rate of 7.75%, as well as what the System NPL 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:

	1% decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net pension liability	<u>\$ 2,909,693</u>	<u>\$ 2,247,948</u>	<u>\$ 1,701,743</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020
(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, 2019	\$ 23,270	\$ 15,869	\$ 7,401
Changes for the year:			
Service cost	82,719	-	82,719
Interest	398,733	-	398,733
Different between actual and expected expense	26,060	-	26,060
Change in assumptions	-	-	-
Contribution - employer	-	136,534	(136,534)
Contribution - employee	-	69,058	(69,058)
Net investment income		99,507	(99,507)
Benefit payments, including refunds of employee contributions	(346,377)	(346,377)	-
Administrative expense	-	(2,294)	2,294
Other changes	-	3	(3)
Net Changes	161,135	(43,569)	204,704
Balance at June 30, 2020	\$ 184,405	\$ (27,700)	\$ 212,105

(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 member. 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, 2020:

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020
(Continued)

Note 6 - Defined Pension Plan (Continued)

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

	Measurement period	Amortization period	Beginning of year balance	Addition	Deduction	End of year Balance
Deferred outflows of resources:						
Difference between expected and actual experiences						
	2016	3.48	5,705	-	(5,705)	-
	2018	3.9	1,666	-	(548)	1,118
			<u>7,371</u>	<u>-</u>	<u>(6,253)</u>	<u>1,118</u>
Changes in assumptions						
	2017	3.37	1,029	-	(751)	278
	2019	3.76	-	249	(662)	(413)
			<u>1,029</u>	<u>249</u>	<u>(1,413)</u>	<u>(136)</u>
			<u>\$ 8,400</u>	<u>\$ 249</u>	<u>\$ (7,666)</u>	<u>\$ 982</u>
Deferred inflows of resources:						
Net difference between projected and actual earnings on investments						
	2016	5.0	(7,060)	-	3,530	(3,530)
	2017	5.0	3,472	-	(12)	3,460
	2018	5.0	3,136	-	(784)	2,352
	2019	5.0	-	432	8,645	9,077
			<u>(452)</u>	<u>432</u>	<u>11,379</u>	<u>2,283</u>
Difference between expected and actual experience						
	2017	3.37	2,527	-	(1,845)	682
			<u>2,527</u>	<u>-</u>	<u>(1,845)</u>	<u>682</u>
Changes of assumptions						
	2016	3.48	919	-	(1)	918
			<u>919</u>	<u>-</u>	<u>(1)</u>	<u>918</u>
			<u>\$ 2,994</u>	<u>\$ 432</u>	<u>\$ 9,534</u>	<u>\$ 3,883</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	538,640
2021	(2,682)
2022	563
2023	864
Total	<u>\$537,385</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020
(Continued)

Note 6 - Defined Pension Plan (Continued)

The table below provides a summary of the collective deferred outflows and inflows as of June 30, 2020 (measurement date):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$ 19,512	\$ -
Changes in assumptions	12,575	-
Net difference between projected and actual earnings on plan investments	92,337	-
Employer contribution subsequent to the measurement date	-	-
Total	<u>\$ 124,425</u>	<u>\$ -</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, 2020, comprised the following:

Service Cost	\$ 82,719
Interest on total pension liability	398,733
Member contribution	(69,058)
Projected earning on planned investment	(248,277)
Administrative expense	2,294
Other	3
Recognition of deferred outflows/inflows of resources:	
Differences between expected and actual experiences	5,558
Differences between expected and actual earning on investments	327,608
Changes in assumptions	7,452
	<u>\$ 507,031</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, 2020, as shown in the Schedule of Employer Allocation.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020
(Continued)

Note 6 - Defined Pension Plan (Continued)

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, 2018, valuation for the June 30, 2020 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, Including inflation

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, 2020, the City had unsecured funds in the amount of \$79,811. 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 \$58,245 at September 30, 2020 for the Primary Government.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020
(Continued)

Note 9 – Interfund Receivable and Payables

General Fund	Water Fund	(55,226)
Home Grant	General Fund	400
General Fund	Water Fund	324,218
Water	General Fund	217,522

The interfund receivable and payables do not balance out to zero. Management should perform a review of the interfund receivable and payables and correct the balances.

Note 10 – Water and Sewer Fund Deficit

The city of Hollandale, Mississippi reports a current year deficit in its water and sewer fund in the amount \$47,754.

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 increased by \$26,231 and the enterprise fund was decreased by \$104,072 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020
(Continued)

Note 12 – Prior Period Adjustments (continued)

General Fund:

Beginning Balance	\$ 128,373
Net pension adjustment	26,231
Due to/from accounts	-
Note payable	-
Ending Balance	<u>\$ 154,604</u>

Water Fund:

Beginning Balance	\$ 1,304,467
Net pension adjustment	(104,072)
Due to/from accounts	-
Note payable	-
Ending Balance	<u>1,200,395</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, 2020*

	Budgeted Amount			Variance
	Original	Final	Actual	Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes	\$ 1,101,000	\$ 1,101,000	\$ 1,080,194	\$ (20,806)
License and Permits	5,000	5,000	9,413	4,413
Intergovernmental	136,000	136,000	435,187	299,187
Charges for Services	200,000	200,000	212,168	12,168
Fines and Forfeits	25,000	25,000	42,626	17,626
Interest Income	2,000	2,000	1,351	(649)
Miscellaneous	194,000	194,000	167,590	(26,410)
TOTAL REVENUES	1,663,000	1,663,000	1,948,529	285,529
<u>EXPENDITURES</u>				
General Government	484,000	484,000	374,823	109,177
Public Safety	740,000	740,000	773,386	(33,386)
Public Works	539,000	539,000	529,197	9,803
Culture and Recreation	-	-	5,412	(5,412)
TOTAL EXPENDITURES	1,763,000	1,763,000	1,682,818	80,182
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(100,000)</u>	<u>(100,000)</u>	265,711	<u>365,711</u>
NET POSITION - BEGINNING OF YEAR			(60,569)	
Prior Period Adjustment			-	
NET POSITION - END OF YEAR			<u>\$ 205,142</u>	

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

BUDGETARY COMPARISON**PROPRIETARY FUND***For the Year Ended September 30, 2020*

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES:				
Water and Sewer Fees	\$ 425,000	\$ 425,000	\$ 404,248	\$ (20,752)
Late Charges and Connection Fees	24,000	24,000	24,613	613
Total Operating Revenues	449,000	449,000	428,861	(20,139)
EXPENDITURES				
Personnel Costs	144,000	144,000	168,809	(24,809)
Materials and Supplies	255,000	255,000	161,011	93,989
Other Expenses	113,500	113,500	44,234	69,266
Capital Outlay	57,500	57,500	700	56,800
Depreciation Expense	-	-	102,598	(102,598)
TOTAL EXPENDITURES	570,000	570,000	477,352	92,648
NET OPERATING INCOME	(121,000)	(121,000)	(48,491)	72,509
NON-OPERATING REVENUES (EXPENSES)				
INTEREST INCOME	1,000	1,000	737	(263)
INTEREST EXPENSE	-	-	-	-
TOTAL NONOPERATING REVENUES	1,000	1,000	737	(263.00)
NET INCOME(LOSS)	<u><u>\$(120,000)</u></u>	<u><u>\$ (120,000)</u></u>	<u><u>\$ (47,754)</u></u>	<u><u>\$ 72,246</u></u>
FUND BALANCES - BEGINNING OF YEAR			1,372,162	
Prior Period Adjustment			<u>(104,072)</u>	
FUND BALANCES - END OF YEAR			<u><u>\$ 1,220,336</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, 2020*

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
<u>REVENUES:</u>				
Grant revenue	\$ -	\$ -	\$ 19,972	\$ 19,972
Total Operating Revenue	-	-	19,972	19,972
<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)	19,972	(25,028)
Non-Operating Revenue				
Interest income	-	-	220	220
Total Non-Operating Revenue	-	-	220	220
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (45,000)</u>	<u>\$ (45,000)</u>	20,192	<u>\$ (24,808)</u>
NET POSITION - BEGINNING OF YEAR			134,628	
Prior Period Adjustment			-	
NET POSITION - END OF YEAR			<u>\$ 154,820</u>	

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

SCHEDULE OF INVESTMENTS – ALL FUNDS
For the Year Ended September 30, 2020

GENERAL FUND:

Certificate of Deposit	\$ 50,376
Silver Savings	<u>18,542</u>
Total General Fund	68,918

WATER AND SEWER FUND:

O & M Escrow	46,311
Saving	15,851
Guaranty Bank and TRust-FHA Fund	<u>22,066</u>
Total Water and Sewer Fund	<u>84,228</u>

TOTAL INVESTMENTS	<u><u>\$ 153,146</u></u>
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*PRINCIPAL OFFICIALS**For the Year Ended September 30, 2020*

<u>Name</u>	<u>Title and Position</u>	<u>Years in Town Government</u>
Charles Morrow	Mayor	6
Robert Swint	Vice Mayor	18
Josh Bogen	City Attorney	31
Helen Johnson	City Clerk	18
Jeanette Bowdre	Deputy Clerk	33
Charles Dones	Chief of Police	3
Geraldine Haggard	Alderman	2
Bryine Smith	Alderman	2
Brian Ballinger	Alderman	11
Ronnie Williams	Alderman	15

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

*SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS
For the Year Ended September 30, 2020*

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, 2020

<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>Expenditures / Revenue Recognized</u>
FEDERAL AWARD					
USDA	3 Mowers	10.519			95,000
CDBG	Sewer Improvement	14.228	1135-18-212-PF-01		<u>294,545</u>
Total Federal Awards					<u>389,545</u>
LOCAL AWARD					
Federal Emergency Management Agency (FEMA)	Fire Equipment Grant				-
USDA Mtching Grant	3 Mowers and Equipment				<u>44,586</u>
Total Local Award					<u>44,586</u>
Total Award					<u><u>\$ 434,131</u></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, 2020

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.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
GASB 68 REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2020

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability										
Service cost	\$ 70,005	\$ 64,439	\$ 73,477	\$ 27,194	\$ 73,642	\$ 74,965	\$ 82,718.55	\$ -	\$ -	\$ -
Interest	282,840	274,322	303,304	113,684	339,561	358,447	398,733			
Benefit changes	-	-	-	-	-	-	0			
Difference between expected and actual experiences	26,436	31,123	41,362	(6,216)	2,239	-	26,060			
Changes of assumptions	-	174,219	(6,663)	870	-	24,903	-			
Benefit payments	(215,612)	(212,292)	(236,842)	(89,304)	(273,519)	(295,730)	(334,202)			
Refund of contributions	(12,479)	(11,416)	(11,296)	(4,098)	(13,030)	(11,630)	(12,175)		\$ -	
Net change in total pension liability	151,190	320,396	163,342	42,130	128,894	150,956	161,135			
Total pension liability- beginning	3,649,540	3,800,730	4,121,125	4,284,467	4,326,597	4,455,491	4,606,447			
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>	<u>4,767,582</u>			
Plan Fiduciary Net Position										
Contribution - employer	\$ 99,566.13	\$ 95,323.09	\$ 102,156.74	\$ 36,727.79	\$ 106,723.85	\$ 111,741.95	136,070			
Contribution - members	56,426	53,370	57,275	20,545	59,832	62,532	69,058			
Net investment income	401,040	79,175	13,094	123,839	250,091	183,130	99,507			
Benefit payments	(215,612)	(212,292)	(236,842)	(89,304)	(273,519)	(295,730)	(334,201.84)			
Administrative expense	(1,318)	(1,294)	(1,517)	(615)	(1,705)	(1,820)	(2,294)			
Refunds of contributions	(12,479)	(11,418)	(11,296)	(4,098)	(13,030)	(11,630)	(12,172)			
other	(52)	(48)	(47)	(308)	(504)	(497)	3			
Net change in plan position	327,571	2,816	(77,177)	86,787	127,890	47,729	(44,030)			
Plan net position - beginning	2,226,812	2,554,383	2,557,199	2,480,021	2,566,809	2,694,699	\$ 2,742,428			
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>	<u>2,698,397</u>			
Net pension liability- ending (a) - (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>	<u>2,069,184</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, 2020

SCHEDULE OF THE NET PENSION LIABILITY

	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	4,767,582			
Plan fiduciary net position	2,554,383	2,557,199	2,480,021	2,566,809	2,694,699	2,742,428	2,698,397			
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>	<u>2,069,184</u>			
Plan fiduciary net position as a percentage of the total pension liability	33%	38%	42%	41%	40%	40%	43%			
Covered payroll	599,106	564,856	604,060	655,450	628,839	644,280	771,396			
Net pension liability as a percentage of covered payroll	208%	277%	299%	268%	280%	289%	268%			

Employers apply their proportionate share percentage to amounts.

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

*SCHEDULE OF EMPLOYER CONTRIBUTIONS**GASB 67 Paragraph 32(c)**For the Year Ended September 30, 2020*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Employer Contribution	\$ 128,643	\$ 104,177	\$ 99,042	\$ 343	\$ 94,883	\$ 88,965	\$ 94,584
Actual employer contributions	<u>136,070</u>	<u>111,742</u>	<u>106,724</u>	<u>367,278</u>	<u>102,157</u>	<u>95,323</u>	<u>99,489</u>
Annual contribution deficiency (excess)	<u>\$ (7,427)</u>	<u>\$ (7,565)</u>	<u>\$ (7,682)</u>	<u>\$ (366,935)</u>	<u>\$ (7,273)</u>	<u>\$ (6,358)</u>	<u>\$ (4,904)</u>
Covered Payroll	\$ 771,396	\$ 644,280	\$ 628,839	\$ 655,450	\$ 604,060	\$ 564,856	\$ 599,106
Actual contribustion as a percentage of coverage payroll	16.68%	16.17%	15.75%	0.05%	15.71%	15.75%	15.79%

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

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS*For the Year Ended September 30, 2020*

	<u>Fire Fund</u>	<u>Park & Recreation</u>	<u>Crime Prevention</u>	<u>Other Funds</u>	<u>Total</u>
ASSETS					
<u>Current assets</u>					
Cash	\$ -	\$ 2,219	\$ 7,795	12,301	\$ 22,315
Total Current Assets	-	2,219	\$ 7,795	12,301	\$ 22,315
Restricted Assets					
Savings	18,543	-	-	-	18,543
Total Restricted Assets	18,543	-	-	-	18,543
Due From Other Funds	136,277	-	-	-	136,277
TOTAL ASSETS	<u>\$ 154,820</u>	<u>\$ 2,219</u>	<u>\$ 7,795</u>	<u>\$ 12,301</u>	<u>\$ 177,135</u>
<u>LIABILITIES AND NET POSITION</u>					
<u>Liabilities</u>					
Due To Other Funds	\$ -	\$ -	\$ -	\$ 1,020	\$ 1,020
Total Current Liabilities	-	-	-	1,020	1,020
TOTAL LIABILITIES	-	-	-	1,020	1,020
<u>FUND BALANCES</u>					
Retained Earnings					
Unreserved					
Restricted					
Airport Fund	-	-	-	(791)	(791)
First Time Homebuyers	-	-	-	1,896	1,896
Home Investment/Improvement Grants	-	-	-	-	-
Sewer Pumping Station Rehab	-	-	-	291	291
CDBG	-	-	-	3,300	3,300
Committed					
Park and Recreation	-	2,219	-	-	2,219
Fire Fund	154,820	-	-	-	154,820
Unassigned	-	-	7,795	6,585	14,380
Total Fund Balances	154,820	2,219	7,795	11,281	176,115
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 154,820</u>	<u>\$ 2,219</u>	<u>\$ 7,795</u>	<u>\$ 12,301</u>	<u>\$ 177,135</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, 2020*

	<u>Fire Fund</u>	<u>Park & Recreation</u>	<u>Crime Prevention</u>	<u>Other Funds</u>	<u>Total</u>
REVENUES:					
Intergovernmental	\$ 19,972	\$ -	\$ -	\$ -	\$ 19,972
Charges for Services	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-
Interest Income	220	17	61	581	879
Miscellaneous		50	-	828	878
Total Revenues	<u>20,192</u>	<u>67</u>	<u>61</u>	<u>1,409</u>	<u>21,729</u>
EXPENDITURES:					
Other Services and Charges	-	-	770	925	1,695
Total Expenditures	<u>-</u>	<u>-</u>	<u>770</u>	<u>925</u>	<u>1,695</u>
Excess Of Revenues Over (Under)					
Expenditures	20,192	67	(709)	484	20,034
Fund Balances -Beginning of year	134,628	2,152	8,504	10,797	156,081
Prior Period Adjustment	-	-	-	-	-
Fund Balances - End of Year	<u>\$ 154,820</u>	<u>\$ 2,219</u>	<u>\$ 7,795</u>	<u>\$ 11,281</u>	<u>\$ 176,115</u>

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



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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, 2020, 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 10, 2021.

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

**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)**

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.

Booker T. Camper, Jr. CPA PLLC

Memphis, TN

July 10, 2021



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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, 2020, and have issued our reported thereon dated July 10, 2021. 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.

Booker T. Camper, Jr. CPA PLLC

Memphis, TN
July 10, 2021

