

OFFICE OF THE STATE AUDITOR REPORT NOTE:

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

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

CITY OF HOLLANDALE, MISSISSIPPI

AUDIT REPORT
September 30, 2023

CITY OF HOLLANDALE, MISSISSIPPI
ANNUAL FINANCIAL REPORT
Year Ended September 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the City of Hollandale
City of Hollandale, Mississippi

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hollandale, Mississippi, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of City of Hollandale, Mississippi, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of City of Hollandale, Mississippi's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Hollandale, Mississippi's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Hollandale, Mississippi's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information is presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the

basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hollandale, Mississippi's basic financial statements. The combining and individual nonmajor fund financial statements, and pension analysis are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

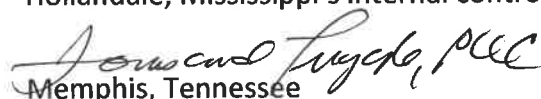
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2024, 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, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hollandale, Mississippi's internal control over financial reporting and compliance.


Memphis, Tennessee
September 24, 2024

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, 2023. 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 performance.

FINANCIAL HIGHLIGHTS

- . The City's net assets decreased by \$378,342.
- . Total General Revenues were \$1,704,142.
- . Total Business-type revenues (sales of water and sewer) \$516,938
- . Expenses for the City were \$2,285,268.

OVERVIEW OF FINANCIAL STATEMENT

These statements consist of two types of financial statements:

Government-wide financial statements – 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 state of new 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 – A fund is a grouping of related accounts that is used to maintain control over monies that have been earmarked for specific activities of 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 09/30/2023	FYE 09/30/2022
<i>Assets</i>		
Current assets	\$ 2,220,687	\$ 2,578,784
Capital assets, net	2,010,951	2,736,558
Total Assets	4,231,637	5,315,342
Total Deferred Outflows of Resources	458,601	542,449
<i>Liabilities</i>		
Current Liabilities	2,601,802	2,426,725
Non-current liabilities	998,219	1,097,088
Total Liabilities	3,600,021	3,523,813
Total Deferred Inflows of Resources	-	378,571
<i>Net Position</i>		
Invested in capital assets, net of related debt	2,010,951	2,736,558
Unreserved	-	-
Restricted	1,628,740	1,554,761
Committed	48,014	229,724
Unrestricted	(2,592,415)	(2,601,879)
Total Net Position	1,095,290	1,919,164
<i>Revenue</i>		
Taxes & Others	1,528,065	2,132,680
Charges for Services	707,519	700,831
Investment Income	44,483	7,180
Total Revenue	2,280,067	2,840,691
<i>Expenses</i>		
Primary Government	1,797,909	2,285,268
Business-type (Water & Sewer Fund)	615,537	476,105
Total Expenses	2,413,447	2,761,373

The City of Hollandale had a reasonable financial year for the period ending September 30, 2023. 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, 2023. 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 costs and other economic difficulties.

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The millage rate is at 94 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. The sustainability of our community relies heavily upon our taxpayers and funding from other sources.

1. The City of Hollandale received \$75,842.82 from the Mississippi Infrastructure Modernization Act of 2018 to assist in repair, maintenance and /or reconstruction of streets as well as repair, maintenance and/or improvements to water and sewer infrastructure. The City proposes to repay the Urban Renewal Bond used to overlay Johnson, Truman, and Roosevelt streets.
2. The City of Hollandale was awarded a total of \$800,000 in MCWI (Municipal and County Water Infrastructure) Sub-award grant funds. The City proposes to use funds for drainage and radio ready meters.

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 2023, there were no substantial adjustments required, therefore no revisions were necessary.

MANAGEMENT'S DISCUSSION AND ANALYSIS – continued (4)

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: mayorcausey@cityofhollandale.org

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
For the Year Ended SEPTEMBER 30, 2023

	Primary Government			
	Governmental Activities	Business-Type Activities	Eliminating Entry	Total
ASSETS				
Current Assets				
Cash	\$ 1,475,526	\$ 302,633	\$ -	\$ 1,778,159
Investments (cash equivalents)	50,376	-	-	50,376
Receivables (net of allowance)			-	
Utility bills	12,060	19,936	-	31,996
Property taxes	61,960	-	-	61,960
Accrued Interest	63	214	-	277
Garbage fees	49,026	-	-	49,026
Miscellaneous	-	1,981	-	1,981
Due from other funds	211,312	100,044	(245,881)	65,475
Total Current Assets	1,860,323	424,808	(245,881)	2,039,250
Restricted Assets				
O & M Escrow	-	115,218	-	115,218
Savings	24,736	19,392	-	44,128
FHA Fund	-	22,091	-	22,091
Total Restricted Assets	24,736	156,701	-	181,437
Fixed Assets (net of accumulated depreciation) (Note 3)	865,998	1,144,953	-	2,010,951
TOTAL ASSETS	\$ 2,751,057	\$ 1,726,462	\$ (245,881)	\$ 4,231,638
DEFERRED OUTFLOWS OF RESOURCES:				
Pension	20,287	5,072	-	25,359
Unexpended ARPA Funds	438,314	-	-	438,314
Total Deferred Outflows of Resources	458,601	5,072	-	463,673
LIABILITIES AND FUND EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable	\$ 100,898	\$ 29,665	\$ -	\$ 130,563
Loans for O & M Fund	54,000	-	-	54,000
Current Portion of Long-Term Debt (Note 4)	-	9,600	-	9,600
Payroll taxes payable	38,547	-	-	38,547
Compensated absences	58,245	-	-	58,245
Due To Other Funds	64,788	(4,446)	(245,881)	(185,539)
Net pension liability	1,976,251	427,209	-	2,403,460
Payables From Restricted Assets:			-	
Customer Deposits	-	92,926	-	92,926
Total Current Liabilities	2,292,729	554,954	(245,881)	2,601,802
Non-Current Liabilities				
Note Payable	-	-	-	-
Urban Renewal Bond	880,000			880,000
General Obligation Bond (Note 4)	-	118,219	-	118,219
Total Non-Current Liabilities	880,000	118,219	-	998,219
TOTAL LIABILITIES	3,172,729	673,173	(245,881)	3,600,021
DEFERRED INFLOWS OF RESOURCES:				
Pension Deferred Inflows of Resources	-	-	-	-
Total Deferred Inflow of Resources	-	-	-	-

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

STATEMENT OF NET POSITION (Continued)
For the Year Ended SEPTEMBER 30, 2023

	Primary Government			
	Governmental Activities	Business-Type Activities	Eliminating Entry	Total
<u>NET POSITION</u>				
Investment In General Fixed Assets	\$ 865,998	1,144,953	-	\$ 2,010,951
Retained Earnings:				
Unreserved	-	-	-	-
Restricted for:				
FHA Bond Reserve/Saving	-	41,483	-	41,483
Customers deposits	-	115,218	-	115,218
Airport Fund	(95)	-	-	(95)
First Time Homebuyers	1,541	-	-	1,541
Modernization	981,312	-	-	981,312
ARPA Grant	438,314	-	-	438,314
FEMA Grant	47,206	-	-	47,206
Sewer Pumping Station Rehab	361	-	-	361
CDBG	3,400	-	-	3,400
Committed:				
Park and Recreation	2,286	-	-	2,286
Fire Fund	45,728	-	-	45,728
Unrestricted	(2,349,122)	(243,293)	-	(2,592,415)
Total Net Position	36,929	1,058,361	-	1,095,290
TOTAL LIABILITIES AND NET POSITION	\$ 3,209,658	\$ 1,731,534	\$ -	\$ 4,695,311

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

GENERAL GOVERNMENT
STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
	Expenses				Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General Government	354,699	190,908	75,843	-	(87,948)	-	(87,948)
Public Safety	909,052		20,565	-	(888,487)	-	(888,487)
Public Works	464,029		-	-	(464,029)	-	(464,029)
Recreation and Parks	-				-		
Depreciation Expense	70,129				(70,129)	-	(70,129)
	<u>1,797,909</u>	<u>190,908</u>	<u>96,408</u>	<u>-</u>	<u>(1,510,593)</u>		<u>(1,510,593)</u>
Business-type Activities							
Water Fund	615,537	516,611	-	-	-	(98,926)	(98,926)
Total business activities	<u>615,537</u>	<u>516,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(98,926)</u>	<u>(98,926)</u>
Total Primary Government	<u>\$2,413,446</u>	<u>\$ 707,519</u>	<u>\$ 96,408</u>	<u>-</u>	<u>(1,510,593)</u>	<u>(98,926)</u>	<u>(1,609,519)</u>
General revenue:							
Taxes					1,072,188	-	1,072,188
License and Permits					7,221	-	7,221
Fines and Forfeits					5,178	-	5,178
Interest Income					36,727	7,756	44,483
Miscellaneous					295,512	51,558	347,070
Total General Revenues					<u>1,416,826</u>	<u>59,314</u>	<u>1,476,140</u>
Change in Net Position					(93,767)	(39,612)	(133,379)
Net Position at Beginning of year					61,233	1,556,915	1,618,148
Prior Period Adjustment (Note 14)					69,463	(458,942)	(389,479)
Net Position at End of Year					<u>\$ 36,929</u>	<u>\$ 1,058,361</u>	<u>\$ 1,095,290</u>

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

BALANCE SHEET- GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	General Fund	Urban Renewal	Non-Major Governmental Funds	Total
ASSETS				
Current assets				
Cash	\$ 506,757	\$943,976	\$ 24,793	\$ 1,475,526
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	143,745	-	67,567	211,312
Total Current Assets	823,987	943,976	92,360	1,860,323
Restricted Assets				
Savings	-	-	24,736	24,736
Total Restricted Assets	-	-	24,736	24,736
TOTAL ASSETS	\$ 823,987	\$943,976	\$ 117,096	\$ 1,885,059
LIABILITIES AND NET POSITION				
Liabilities				
Accounts Payable	\$ 60,898	\$ -	\$ -	\$ 60,898
Payroll taxes payable	38,547	-	-	38,547
Compensated absences	58,245	-	-	58,245
Loan from O&M Fund	54,000	-	-	54,000
Loan from Municipal Fire Protection	40,000	-	-	40,000
Due To Other Funds	64,788	-	-	64,788
Total Current Liabilities	316,478	-	-	316,478
Non-Current Liabilities				
Bond Payable	-	880,000	-	880,000
General Obligation Bond (Note 4)	-	-	-	-
Total Non-Current Liabilities	-	880,000	-	880,000
TOTAL LIABILITIES	316,478	880,000	-	1,196,478
FUND BALANCES				
Retained Earnings				
Unreserved	-		-	-
Restricted				
Airport Fund	-		(785)	(785)
First Time Homebuyers	-		1,541	1,541
Modernization	-		-	-
Crime Prevention	63,561		-	63,561
FEMA Grant	47,206		-	47,206
Sewer Pumping Station Rehab			361	361
CDBG	-		3,400	3,400
Committed				
Park and Recreation	-		2,286	2,286
Fire Fund	-		45,728	45,728
Urban Renewal	-	63,976	-	63,976
Tot Unassigned	396,742	-	64,565	461,307
Total Fund Balance	507,509	63,976	117,096	688,581
TOTAL LIABILITIES AND FUND BALANCES	\$ 823,987	\$943,976	\$ 117,096	\$ 1,885,059

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, 2023*

Total Fund Balance - Governmental Funds		\$ 688,581
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>(4,985,906)</u>	865,998
Deferred outflows of resources - deferred outflows - pension		20,287
Deferred outflows of resources - ARAP Funds		438,314
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		-
Net pension liability		(1,976,251)
Deferred inflow of resources - deferred inflows - pension		-
Net Position of Governmental Activities		<u><u>\$ 36,929</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, 2023

	General Fund	Urban Renewal	Non Major Governmental Funds	Total
REVENUES:				
Taxes	\$ 1,072,188	\$ -	\$ -	\$ 1,072,188
License and Permits	7,221	-	-	7,221
Intergovernmental	97,291	-	75,843	173,134
Charges for Services	190,908	-	-	190,908
Fines and Forfeits	5,178	-	-	5,178
Interest Income	7,066	16,513	29,661	53,240
Miscellaneous	175,271	-	22,950	198,221
Total Revenues	1,555,123	16,513	128,454	1,700,090
EXPENDITURES:				
Personnel	854,894	-	-	854,894
Supplies	610,581	-	(106)	610,475
Other Services and Charges	137,379	43,994	4,678	186,051
Miscellaneous	43,973	-	-	43,973
Total Expenditures	1,646,827	43,994	4,572	1,695,393
Excess Of Revenues Over (Under)				
Expenditures	(91,704)	(27,481)	123,882	4,697
Fund Balances -Beginning of year	235,771	91,457	186,175	513,403
Prior Period Adjustment	363,442	-	(192,961)	170,481
Fund Balances - End of Year	\$ 507,509	63,976	\$ 117,096	\$ 688,581

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, 2023

Net Change in Fund Balance - Total Governmental Funds	\$ 4,697
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.	(70,129)
Different between pension cost actuarially determined and the amount of contribution paid.	(28,335)
Capital grant revenue used in governmental activities are not financial sources and therefore are not reported in the funds	-
Capital expenditures used in governmental activities are not financial uses and therefore are not reported in the funds.	-
Change in Net Position of Governmental Activities	<u>\$ (93,767)</u>

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

STATEMENT OF NET POSITION- PROPRIETARY FUND
For the Year Ended September 30, 2023

ASSETS	
Current Assets	
Cash	\$ 302,633
Accounts Receivable (net allowance)	21,917
Accrued Interest Receivable	214
Due from General Fund	<u>100,044</u>
Total Current Assets	424,808
Restricted Assets	
FHA Funds	22,091
O & M Escrow	115,218
Saving	<u>19,392</u>
Total Restricted Assets	156,701
Fixed Assets	
Property, Plant and Equipment	4,436,802
Less: Accumulated Depreciation	<u>(3,291,849)</u>
Net Fixed Assets	<u>1,144,953</u>
TOTAL ASSETS	<u>\$ 1,726,462</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Total Deferred Outflows of Resources	<u>\$ 5,072</u>
LIABILITIES, CONTRIBUTED CAPITAL AND NET POSITION	
Current Liabilities	
Accounts Payable	\$ 29,665
Current Portion of Long-Term Debt (Note 4)	9,600
Due To Other Funds	(4,446)
Net pension liability	427,209
Customer Deposits	<u>92,926</u>
Total Current Liabilities	554,954
Long-Term Liabilities	
General Obligation Bond (Note 4)	<u>118,219</u>
Total Long-Term Liabilities	<u>118,219</u>
Total Liabilities	<u>673,173</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, 2023

Contributed Capital and Net Position	
Investment in general fixed assets	1,144,953
Restricted fund balance	156,701
Net Position	<u>(243,293)</u>
Total Contributed Capital and Net Position	<u>1,058,361</u>
TOTAL LIABILITIES, CONTRIBUTED CAPITAL AND NET POSITION	<u>\$ 1,731,534</u>

*STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITIONS-
 PROPRIETARY FUND
 For the Year Ended September 30, 2023*

Operating Revenues:	
Water and Sewer Fees	\$ 516,938
Tank Repair	3,984
Damages	19,428
Other Charges	<u>27,819</u>
Total Operating Revenues	568,169
Operating Expenses:	
Personnel Costs	208,915
Materials and Supplies	243,571
Other Expenses	68,983
Depreciation Expense	<u>81,438</u>
Total Operating Expenses	<u>602,907</u>
Net Operating Income	(34,738)
Non-Operating Revenues (Expenses)	
Interest Income	7,756
Interest Expense	<u>(12,630)</u>
Total Non-Operating Revenues (Expenses)	<u>(4,874)</u>
Net Income/(Loss)	(39,612)
Net Position - Beginning of Year	1,556,915
Prior Period Adjustment	<u>(458,942)</u>
Net Position - End of Year	<u>\$ 1,058,361</u>

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

STATEMENT OF CASH FLOWS- PROPRIETARY FUND
For the Year Ended September 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Operating Revenues:	
Water and Sewer Fees	\$ 591,948
Tank Repair	3,984
Damages	19,428
Other Charges	<u>27,819</u>
Total Operating Revenues	643,179
Operating Expenses:	
Personnel Costs	208,915
Materials and Supplies	243,571
Other Expenses	75,015
Depreciation Expense	<u>81,438</u>
Total Operating Expenses	<u>608,939</u>
Net Cash Provided by Operating Activities	34,240
CASH FLOWS FROM CAPITAL AND RELATED	
FINANCING ACTIVITIES:	
Interest Income	7,756
Decrease in Note Payable	(16,521)
Interest Expense	<u>(12,630)</u>
Net Cash Provided By Capital and Related Financing Activities	(21,395)
CASH FLOW FROM INVESTING ACTIVITIES	
Decrease in restricted cash	<u>45,879</u>
Net Cash Provided by Investing Activities	45,879
Net Change In Cash and Cash Equivalents	58,724
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	<u>243,909</u>
CASH AND CASH EQUIVALENTS-END OF YEAR	<u><u>\$ 302,633</u></u>

STATEMENT OF CASH FLOWS- PROPRIETARY FUND (Continued)
For the Year Ended September 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Operating Income	\$ (34,738)
Adjustments To Reconcile Operating Income	
To Net Cash Provided By Operating Activities:	
Depreciation	81,438
Changes In Assets and Liabilities:	
Increase in accounts receivable	71,620
Increase in due from other funds	89,764
Decrease in accounts payable	11,368
Decrease in net pension liability	(143,265)
Decrease in due to other funds	(44,387)
Increase in customer deposits	2,440
Net Cash Provided By Operating Activities	<u>\$ 34,240</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

REPORTING ENTITY

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:

Note 1 - Summary of Significant Accounting Policies

Basis of Account/Measurement Focus

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that are comprised its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenue, and expenditures or expensed, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

A. Government-Wide Financial Statements

The Town's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the Town accompanied by a total column. The Town has no Fiduciary activities.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenue for the Tow are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the government activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Government Fund Accounting

Government Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The City has presented all major funds that met those qualifications.

All government funds are accounted for on a spending, or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. (The Town’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to the finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenue subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Town, are property tax, sales tax, intergovernmental revenues, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The government reports the following major government funds:

The general fund is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The solid waste fund accounts for the Town’s trash collection and deposits.

C. Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Proprietary Fund Financial Statements (Continued)

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operation expenses.

When both restricted and unrestricted funds are available for use, it is the Town’s policy to use restricted resources first and then unrestricted resources, as necessary.

The government reports the following major proprietary funds:

The water and sewer funds operate the water and sewage distribution system. The gas fund operates the gas distribution system.

D. Assets, Liability, and Net Assets or Equity

Deposit and Investments

The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorized the City to invest in certificate of deposit, obligations of the U. S. Treasury, agencies, instrumentalities, and obligations guaranteed as to principal and interest by the United States or any of its agencies, repurchase agreements, and the Mississippi local government investment pool.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liability, and Net Assets or Equity (Continued)

portion of interfund loans) or “advances to/from other funds)” (i.e., non-current portion of interfund loans). Receivables and payables classified as “due from related organizations” and “due to related organizations” are made up of transactions between individual funds of the City of Hollandale.

Trade receivables listed on the utilities’ balance sheet result from unpaid billing for services to customers, approximately one month’s billing.

Property taxes are levied annually on October 1. Taxes are due and payable from the following February 1 through March 31 in the year succeeding the tax levy. An unperfected lien attaches by statute to property on March 15 and unpaid taxes for the prior year’s levy. Taxes uncollected for one year past due are submitted to the Chancery Court for collections. Tax liens become perfected at the time the court enters judgement.

The millage rate for the year was 94.00 mills, allocated as follows:

General Fund	90.50 mills
Fire Department Fund	<u>3.50</u> mills
TOTAL	<u>94.00</u> mills

Inventories

Government fund inventories of gasoline and diesel and stated at cost, using the first-in/first-out method (FIFO).

Restricted Assets

One saving account in the general fund and three in the water fund are reported as restricted assets, on the balance sheet.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Are reported in the applicable government or business-type activities columns in the government-wide financial statements. Capital assets are defined in the governmental funds as assets with an initial, individual cost or more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liability, and Net Assets or Equity (Continued)

Capital Assets (Continued)

estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The proprietary funds define capital assets, which include property, plant, equipment, and construction in progress, as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Assets acquired through contributions from developers or other customers are capitalized at their estimated fair market value at the date of donation. The Town of Henning elected not to report major general infrastructure assets retroactively.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlay for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the following straight-line method over the following estimated useful life:

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.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Assets, Liability, and Net Assets or Equity (Continued)

Long-term Obligations (Continued)

applicable governmental activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance cost, are deferred and amortized over the life of the bonds using the effective interest method. Bond payables are reported net of the applicable bond premium or discount. Bond issue costs are reported as deferred charges and amortized over the term of the related debt

Net Position/Fund Equity

In the proprietary funds, equity is classified as net position and displayed in the following three components:

- Invested in capital assets, net of related debt – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets, debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.
- Restricted for debt services – consists of net assets for which constraints are placed thereon by external parties such as lenders, grantors, contributor, laws, regulations and enabling legislation including self-imposed legal mandates less any related liabilities.
- Unrestricted – All other net assets that do not meet the description of the above categories.

In the fund financial statements, the government has not implemented policies and procedures for the governmental fund balance using committed and assigned fund balances.

NOTE 2 – STEWARDWHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds and special revenue funds. All annual appropriations lapse at fiscal year-end. The appropriated budget is prepared by fund, function, and department. Transfers of appropriations require the approval of the Town board. The legal level of budgetary control (i.e., the level at which expenditure may not legally exceed appropriations) is the department level. As an extension of the budgetary process, the Board may transfer or appropriate additional funds

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023
(Continued)

for expenditures not anticipated at the time of the budget adoption. The Board amended the budget at the end of the fiscal year.

NOTE 3 – MEASUREMENT FOCUS, BASIS OF ACCOUNTING, 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. Penalties 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.

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.

NOTE 4 – ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023
(Continued)

NOTE 5 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometime report a separate section for deferred outflows or resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town had no items reported in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The Town has one item that qualify for reporting in this category deferred inflows related to unearned property taxes.

NOTE 6 – 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.

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 principle. 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023
(Continued)

NOTE 7 – FIXED ASSETS

A summary of changes in general fixed assets follows:

Governmental activities:

	Balance 9/30/2022	Additions	Deletions	Balance 9/30/2023
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	2,054,407	-	-	2,054,407
Automobiles	222,466	-	-	222,466
Mobile Equipment	220,847	-	-	220,847
Infrastructure	264,640	-	-	264,640
Total assets	<u>5,851,904</u>	<u>-</u>	<u>-</u>	<u>5,851,904</u>
Less accumulated depreciation for				
Building and Improvements	1,857,128	60,828	-	1,917,956
Furniture and Equipment	2,054,407	-	-	2,054,407
Mobile Equipment	73,424	5,520	-	78,944
Automobiles	222,466	-	-	222,466
Infrastructure	236,911	3,781	-	240,692
	<u>4,444,336</u>	<u>70,129</u>	<u>-</u>	<u>4,514,465</u>
Net Capital Assets	<u>\$ 1,407,568</u>	<u>\$ (70,129)</u>	<u>\$ -</u>	<u>\$1,337,439</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023
(Continued)

Note 7 - Fixed Assets (Continued)

A summary of changes in general fixed assets follows:

Business-type activities:

	Balance 9/30/2020	Additions	Deletions	Balance 9/30/2021
Non Depreciable Assets:				
Land	\$ 7,500	\$ -	\$ -	\$ 7,500
Depreciable Asset				
Building and Improvements	2,333,708	-	-	2,333,708
Furniture and Equipment	426,857	-	-	426,857
Infrastructure	1,613,372	-	-	1,613,372
Automobile	45,450	-	-	45,450
Mobile Radios	9,915	-	-	9,915
Total capital assets	<u>4,436,802</u>	<u>-</u>	<u>-</u>	<u>4,436,802</u>
Less accumulated depreciation for:				-
Building and Improvements	2,031,597	58,390	-	2,089,987
Furniture and Equipment	426,857	-	-	426,857
Infrastructure	593,994	23,048	-	617,042
Automobile	45,450	-	-	45,450
Mobile Radios	9,915	-	-	9,915
Total accumulated depreciation	<u>3,107,813</u>	<u>81,438</u>	<u>-</u>	<u>3,189,251</u>
Net Capital Assets	<u>\$ 1,328,989</u>	<u>\$ (81,438)</u>	<u>\$ -</u>	<u>\$1,247,551</u>

NOTE 8 – CHANGES IN LONG-TERM DEBTS

Proprietary Fund:

General Obligation Bond:

The City of Hollandale has an unsecured obligation to the 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, 2023, are as follows:

	Principal	Interest
2024	4,715	2,737
2025	4,932	2,520
2026	5,158	2,294
2027	5,395	2,057
2028	5,643	1,809
2029 to 2033	32,352	4,908
2034 to 2038	4,764	79
	<u>\$ 62,959</u>	<u>\$ 16,404</u>

NOTES TO THE FINANCIAL STATEMENTS*For the Year Ended September 30, 2023**(Continued)***NOTE 8 – CHANGES IN LONG-TERM DEBTS (Continued)****General Obligation Bond:**

The 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, 2023, are as follows:

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

	<u>Principal</u>	<u>Interest</u>
2024	4,885	2,819
2025	5,110	2,594
2026	5,344	2,360
2027	5,590	2,114
2028	5,847	1,857
2029 to 2033	33,518	5,002
2034 to 2038	4,565	71
	<u>\$ 64,859</u>	<u>\$ 16,817</u>

Changes in long-term debts

Balance at 9/30/22	\$ 139,249
Additions	-
Payments	<u>(11,431)</u>
Balance at 9/30/23	<u>\$ 127,818</u>

NOTE 9 – 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

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023
(Continued)

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.

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

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023
(Continued)

Note 9 - Defined Pension Plan (Continued)

of each employer's actual contribution to the System's total actual contributions for the fiscal year ended June 30.

The current year employer contributions used in the Schedule of Employer Allocations for 2023 are a component of total employer contributions presented in the Systems audited financial statements. The reconciliation of employer contributions is as follows for the year ended June 30:

Total current year employer contributions per Schedule of Employer Allocations	\$ 118,367
Timing differences	60
Fees from Optional Retirement Plan *	1,433
Miscellaneous	63
Total employer contributions per audited financial statements	<u>\$ 119,922</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, 2023 were as follows:

Total pension liability	\$ 5,210,086
Plan fiduciary net position	<u>2,901,949</u>
Employer's net pension liability	<u>\$ 2,308,137</u>

(a) Actuarial Assumptions

The collective total pension liability was determined by an actuarial valuation as of June 30, 2022 and a measurement date determined of June 30, 2023 using standard roll forward techniques using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	2.65-17.90%, including inflation
Investment rate of return	7.00%, 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 95% of male rates up to 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023
(Continued)

Note 9 - Defined Pension Plan (Continued)

76. Mortality rates will be projected generationally using the MP-2020 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, 2022.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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 real rates of return for each major asset class as of June 30, 2023, 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%	4.75%
International Equity	22.00	4.75
Global Equity	12.00	4.95
Debt Securities	20.00	1.75
Real Estate	10.00	3.25
Private equity	8.00	6.00
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 7.00%. 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-

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023
(Continued)

Note 9 - Defined Pension Plan (Continued)

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 7.00%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.0%)
Net pension liability	<u>\$ 2,976,401</u>	<u>\$ 2,308,137</u>	<u>\$ 1,759,752</u>

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance at June 30, 2022	<u>\$ 5,789,819</u>	<u>\$ 2,808,416</u>	<u>\$ 2,981,403</u>
Changes for the year:			
Service cost	63,755	-	63,755
Interest	344,342	-	344,342
Different between actual and expected experience	61,725	-	61,725
Change in assumptions	333,271	-	333,271
Contribution - employer	-	119,628	(119,628)
Contribution - employee	-	60,750	(60,750)
Net investment income		205,047	(205,047)
Benefit payments, including refunds of employee contributions	(307,668)	(307,668)	-
Administrative expense	-	(1,509)	1,509
Other changes	<u>-</u>	<u>1</u>	<u>(1)</u>
Net Changes	<u>495,425</u>	<u>76,249</u>	<u>419,176</u>
Balance at June 30, 2023	<u>\$ 6,285,244</u>	<u>\$ 2,884,665</u>	<u>\$ 3,400,579</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023
(Continued)

Note 9 - Defined Pension Plan (Continued)

(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 an inactive member. Differences between projected and actual earnings on pension plan investments are amortized over a closed period of 5 years. The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources for the year ended June 30, 2023:

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

	Measurement Period	Amortization Period	Beginning of year balance	Additions	Deductions	End of year balance
Deferred outflows (inflows) of resources:						
Net difference between						
projected and actual						
earnings on investments	2019	5.00	\$ 8,645	\$ -	\$ (8,645)	\$ -
	2020	5.00	59,508		(29,754)	29,754
	2021	5.00	(450,341)	-	150,114	(300,228)
	2022	5.00	426,933	-	(106,733)	320,200
	2023	5.00	-	3,432	(686)	2,745
			<u>44,746</u>	<u>3,432</u>	<u>4,295</u>	<u>52,472</u>
Difference between expected						
and actual experience						
	2020	3.66	4,699	-	(4,699)	-
	2021	3.88	9,940	-	(5,287)	4,653
	2022	3.73	15,591	-	(5,711)	9,880
	2023	3.59	-	61,725	(17,194)	44,531
			<u>30,230</u>	<u>61,725</u>	<u>(32,891)</u>	<u>59,064</u>
Changes in assumptions						
	2021	3.88	80,567	-	(42,855)	37,712
	2023	3.59	-	333,271	(92,833)	240,438
			<u>80,567</u>	<u>333,271</u>	<u>(135,688)</u>	<u>278,150</u>
			<u>\$ 155,542</u>	<u>\$ 398,427</u>	<u>\$ (164,284)</u>	<u>\$ 389,686</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023
(Continued)

Note 9 - Defined Pension Plan (Continued)

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:

Years Ended June 30

2024	\$ 143,950
2025	89,854
2026	155,874
2027	8
	<u>\$ 389,686</u>

The table below provides a summary of the collective deferred outflows and inflows as of June 30, 2023 (measurement date):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experiences	\$ 57,792	\$ -
Changes in assumptions	271,019	-
Net difference between projected and actual earnings on plan investments	90,305	-
Employer contribution subsequent to the measurement date	<u>See note</u>	<u>-</u>
Total	<u>\$ 419,116</u>	<u>\$ -</u>

Note: The deferred outflow of resources reported by an employer should include contributions made by the employer during its fiscal year that will be reflected in the net pension liability in the next measurement period. Amortization periods for fiscal year 2023 are 3.88 for the average expected remaining service life of members and 5.0 years for investment gains/losses. PERS will provide current year collective information. In order to properly report PE and deferred outflows/inflows of resources in future years, it will be necessary for employers to maintain schedules for amortizing deferred amounts.

(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, comprised the following:

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023
(Continued)

Note 9 - Defined Pension Plan (Continued)

Service cost	\$ 63,755
Interest on the total pension liability	344,342
Member contributions	(60,750)
Projected earnings on plan investments	(208,478)
Administrative expense	1,509
Other	(1)
Recognition of deferred outflows/inflows of resources:	
Difference between expected and actual experience	30,679
Difference between expected and actual earning on investment	12,344
Changes in assumptions	127,584
	<u>\$310,984</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, 2023, as shown in the Schedule of Employer Allocation.

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, 2023, 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	27.7 years
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Salary increases	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, Including inflation

Note 10 - 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, 2023, the City had unsecured funds in the amount of \$1,759,972. The State of Mississippi Treasury Department

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023
(Continued)

Note 10 - Custodial Credit Risk (Continued)

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 11 - 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, 2023 for the Primary Government.

Note 12 – Interfund Receivable and Payables

Due From	Due To	
General Fund	Water Fund	<u>58,949.35</u>

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 13 – 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 14 – Prior Period Adjustments

The net asset of the general fund was increased by \$69,463 and the enterprise fund was decreased by \$458,942 to correct the client posting of the pension liability, interfund balances, duplication of the garbage fees, and depreciation.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023
(Continued)

Note 14 – Prior Period Adjustments (continued)

General Fund

Decrease in fund balance to correct over depreciated assets	(14,962.32)
Correct prior years due to and due from	6,111.00
Pension adjustment	78,315.22
	<u>69,463.90</u>

Water Fund

Pension adjustment	(61,489.91)
Correct the prior years interfund balances.	(263,006.00)
Decrease the duplicate posting of garbage fees	(53,008.09)
Decrease in fund balance to correct over depreciated assets	(81,438.00)
	<u>(458,942.00)</u>

Note 15 – Water Fund Operating at a Loss

During the current year, the water funded operated at a net loss of \$39,612. Municipal water funds should establish rates that are adequate to prevent the proprietary funds from operating at a loss.

Note 16 – 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. The city has received a grant in the amount of \$250,000 for infrastructural for the State of Mississippi as well as a loan from Guaranty Bank in the amount of \$179,438 for the purchase of three new police cars.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON**GENERAL FUND***For the Year Ended September 30, 2023*

	Budgeted Amount			Variance
	Original	Final	Actual	Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes	\$ 1,215,000	\$ 1,215,000	\$ 1,072,188	\$ (142,812)
License and Permits	5,000	5,000	7,221	2,221
Intergovernmental	212,000	212,000	173,134	(38,866)
Charges for Services	200,000	200,000	190,908	(9,092)
Fines and Forfeits	25,000	25,000	5,178	(19,822)
Interest Income	2,000	2,000	53,240	51,240
Miscellaneous	194,000	194,000	198,221	4,221
TOTAL REVENUES	1,853,000	1,853,000	1,700,090	(152,910)
<u>EXPENDITURES</u>				
General Government	550,000	550,000	383,880	166,120
Public Safety	754,000	754,000	868,509	(114,509)
Public Works	549,000	549,000	432,404	116,596
Culture and Recreation	-	-	10,600	(10,600)
TOTAL EXPENDITURES	1,853,000	1,853,000	1,695,393	157,607
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	4,697	4,697
NET POSITION - BEGINNING OF YEAR			513,403	
Prior Period Adjustment (Note 14)			69,463	
NET POSITION - END OF YEAR			\$ 587,563	

BUDGETARY COMPARISON**PROPRIETARY FUND***For the Year Ended September 30, 2023*

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Water and Sewer Fees	\$ 425,000	\$ 425,000	\$ 516,938	\$ 91,938
Late Charges and Connection Fees	25,000	25,000	51,231	26,231
Total Operating Revenues	450,000	450,000	568,169	118,169
EXPENDITURES				
Personnel Costs	167,000	167,000	208,915	(41,915)
Materials and Supplies	255,000	255,000	243,571	11,429
Other Expenses	76,000	76,000	81,613	(5,613)
Capital Outlay	95,000	95,000	-	95,000
Depreciation Expense	-	-	81,438	(81,438)
TOTAL EXPENDITURES	593,000	593,000	615,537	(22,537)
NET OPERATING INCOME	(143,000)	(143,000)	(47,368)	95,632
NON-OPERATING REVENUES (EXPENSES)				
INTEREST INCOME	1,000	1,000	7,756	6,756
INTEREST EXPENSE	-	-	-	-
TOTAL NONOPERATING REVENUES	1,000	1,000	7,756	6,756.00
NET INCOME(LOSS)	<u>\$ (142,000)</u>	<u>\$ (142,000)</u>	<u>\$ (39,612)</u>	<u>\$ 102,388</u>
FUND BALANCES - BEGINNING OF YEAR			1,556,915	
Prior Period Adjustment (Note 14)			(458,942)	
FUND BALANCES - END OF YEAR			<u>\$ 1,058,361</u>	

*FIRE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE- BUDGET AND ACTUAL
For the Year Ended September 30, 2023*

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
<u>REVENUES:</u>				
Grant revenue	\$ 15,950	\$ 15,950	\$ 20,565	\$ 4,615
Total Operating Revenue	15,950	15,950	20,565	4,615
<u>Expenditures:</u>				
Other Services and Charges	67,524	67,524	10,833	56,691
Total Expenditures	67,524	67,524	10,833	56,691
Net Operating revenue	(51,574)	(51,574)	9,732	(52,076)
Non-Operating Revenue				
Interest income	-	-	1,074	1,074
Total Non-Operating Revenue	-	-	1,074	1,074
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (51,574)</u>	<u>\$ (51,574)</u>	10,806	<u>\$ (51,002)</u>
NET POSITION - BEGINNING OF YEAR			227,482	
Prior Period Adjustment (Note 14)			<u>(192,561)</u>	
NET POSITION - END OF YEAR			<u>\$ 45,727</u>	

OTHER INFORMATION

SCHEDULE OF INVESTMENTS – ALL FUNDS
For the Year Ended September 30, 2023

GENERAL FUND:

Certificate of Deposit

Silver Savings 24,736

Total General Fund 24,736

WATER AND SEWER FUND:

O & M Escrow 115,218

Saving 19,392

Guaranty Bank and Trust-FHA Fund 22,091

Total Water and Sewer Fund 156,701

TOTAL INVESTMENTS \$ 181,437

SCHEDULE OF CHANGES IN LONG-TERM DEBTS*For the Year Ended September 30, 2023*

	GENERAL FUND		WATER FUND		Total
	Note Payable	Revenue Bond Payable	MDA Note Payable	MDA Note Payable	
Beginning Balance at 9/30/22	\$ 13,217	\$ 960,000	\$ 70,676	\$ 68,574	\$1,112,467
Additions	-	-	-	-	-
Payments	<u>(13,217)</u>	<u>(80,000)</u>	<u>(5,817)</u>	<u>(5,614)</u>	<u>(104,648)</u>
Ending Balance at 9/30/23	<u>\$ -</u>	<u>\$ 880,000</u>	<u>\$ 64,859</u>	<u>\$ 62,960</u>	<u>\$1,007,819</u>

*PRINCIPAL OFFICIALS**For the Year Ended September 30, 2023*

<u>Name</u>	<u>Title and Position</u>	<u>Years in Town Government</u>
Peresa Causey	Mayor	3
Kenneth Knight	Vice Mayor	3
Josh Bogen	City Attorney	35
Jeanette Bowdre	City Clerk	36
Geraldine Haggard	Alderwoman	8
Angela Warren	Alderwoman	3
Janice Williams	Alderwoman	3
Jarvis Jernigan	Alderman	1
Helen Johnson	Alderwoman	1
Johnny Spand	Chief of Police	1

SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS
For the Year Ended September 30, 2023

<u>Name and Position</u>	<u>Surety Company</u>	<u>Surety Amount</u>
Pereas Causey, Mayor	Mississippi Municipal Bond Program	\$ 50,000
Kenneth Knight Vice Mayor	Mississippi Municipal Bond Program	50,000
Jennette Bowdre, City Clerk	Travelers Casualty and Surety Company of America	100,000
Erma Atkins, Deputy Clerk	Travelers Casualty and Surety Company of America	50,000
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, 2023

Federal Grantor/ Pass-through Grantor Program Title	Type of Grant	Federal CFDA Number	Pass-Through Entity	Pass-Through Grantor's Number	Expenditures / Revenue Recognized
FEDERAL AWARD					
U.S. Department of Treasury - Coronavirus Relief Fund	ARAP Funds Emergency Relief Program	21.027	MS Emergency Management Agency		27,178
DRA Truck Route	Truck Route		Delta Regional Authority		-
CDBG	Sewer Improvement	14.228	MS Development Authority	1135-18-212-PF-01	-
Total Federal Awards					<u>27,178</u>
STATE AWARD					
Mississippi Department of Transportation	Sidewalk Grant			N/A	31,625
Mississippi Department of Transportation	Municipal Fire Protection				4,678
Mississippi Department of Revenue	Modernization Grant				-
Total Local Award					<u>36,303</u>
Total Award					<u><u>\$ 63,481</u></u>

SCHEDULE OF EXPENDITURE OF FEDERAL, STATE AND LOCAL AWARDS (Continued)
For the Year Ended September 30, 2023

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, 2023

	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	\$ 82,719	\$ 81,440	\$ 72,492	\$ 63,755
Interest	282,840	274,322	303,304	113,684	339,561	358,447	398,733	400,277	348,973	358,563
Benefit changes	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experiences	26,436	31,123	41,362	(6,216)	2,239	-	26,060	20,514	21,301	61,725
Changes of assumptions	-	174,219	(6,663)	870	-	24,903	-	166,276	-	333,271
Benefit payments	(215,612)	(212,292)	(236,842)	(89,304)	(273,519)	(295,730)	(334,202)	(338,973)	(299,567)	(297,067)
Refund of contributions	(12,479)	(11,416)	(11,296)	(4,098)	(13,030)	(11,630)	(12,175)	(11,435)	(11,544)	(10,601)
Net change in total pension liability	151,190	320,396	163,342	42,130	128,894	150,956	161,135	318,098	131,655	509,646
Total pension liability - beginning	4,353,253	4,504,443	4,824,838	4,988,180	5,030,310	5,167,204	5,318,160	5,479,265	5,797,363	5,929,018
Total pension liability - ending (a)	<u>\$ 4,504,443</u>	<u>\$ 4,824,839</u>	<u>\$ 4,988,180</u>	<u>\$ 5,030,310</u>	<u>\$ 5,159,204</u>	<u>\$ 5,318,160</u>	<u>\$ 5,479,295</u>	<u>\$ 5,797,363</u>	<u>\$ 5,929,018</u>	<u>\$ 6,438,664</u>
Plan Fiduciary Net Position										
Contribution - employer	\$ 99,566	\$ 95,323	\$ 102,157	\$ 36,728	\$ 106,724	\$ 111,742	136,070	\$ 132,373	\$ 115,724	\$ 119,628
Contribution - members	56,426	53,370	57,275	20,545	59,832	62,532	69,058	67,322	58,810	60,750
Net investment income	401,040	79,175	13,094	123,839	250,091	183,130	99,507	988,725	(284,800)	205,047
Benefit payments	(215,612)	(212,292)	(236,842)	(89,304)	(273,519)	(295,730)	(334,202)	(338,973)	(299,567)	(297,067)
Administrative expense	(1,318)	(1,294)	(1,517)	(615)	(1,705)	(1,820)	(2,294)	(1,776)	(1,522)	(1,509)
Refunds of contributions	(12,479)	(11,418)	(11,296)	(4,098)	(13,030)	(11,630)	(12,172)	(11,435)	(11,544)	(10,601)
other	(52)	(48)	(47)	(308)	(504)	(497)	3	1	1	1
Net change in plan position	327,571	2,816	(77,177)	86,787	127,890	47,729	(44,030)	836,236	(422,899)	76,249
Plan net position - beginning	2,759,732	3,087,303	3,090,119	3,012,942	3,099,729	3,227,619	\$ 3,275,348	3,231,317	4,067,553	3,644,654
Plan net position - ending (b)	<u>\$ 3,087,303</u>	<u>\$ 3,090,119</u>	<u>\$ 3,012,942</u>	<u>\$ 3,099,729</u>	<u>\$ 3,227,619</u>	<u>\$ 3,275,348</u>	<u>3,231,318</u>	<u>4,067,553</u>	<u>3,644,654</u>	<u>3,720,903</u>
Net pension liability - ending (a) - (b)	<u>\$ 1,417,141</u>	<u>\$ 1,734,720</u>	<u>\$ 1,975,238</u>	<u>\$ 1,930,581</u>	<u>\$ 1,931,585</u>	<u>\$ 2,042,812</u>	<u>\$ 2,247,977</u>	<u>\$ 1,729,810</u>	<u>\$ 2,284,364</u>	<u>\$ 2,717,761</u>

SCHEDULE OF THE NET PENSION LIABILITY
GASB 68 REQUIRED INFORMATION
For the Year Ended September 30, 2023

SCHEDULE OF THE NET PENSION LIABILITY

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability	\$ 4,504,443	\$ 4,824,839	\$ 4,988,180	\$ 5,030,310	\$ 5,159,204	\$ 5,318,160	\$ 5,479,295	\$ 5,797,363	\$ 4,909,371	5,210,086
Plan fiduciary net position	3,087,303	3,090,119	3,012,942	3,099,729	3,227,619	3,275,348	3,231,318	4,067,553	2,942,399	2,901,949
Net pension liability	<u>\$ 1,417,141</u>	<u>\$ 1,734,720</u>	<u>\$ 1,975,238</u>	<u>\$ 1,930,581</u>	<u>\$ 1,931,585</u>	<u>\$ 2,042,812</u>	<u>\$ 2,247,977</u>	<u>\$ 1,729,810</u>	<u>\$ 1,966,973</u>	<u>\$ 2,308,137</u>
Plan fiduciary net position as a percentage of the total pension liability	31%	36%	40%	38%	37%	38%	41%	30%	67%	80%
Covered payroll	599,106	564,856	604,060	655,450	628,839	644,280	771,396	706,861	616,817	648,394
Net pension liability as a percentage of covered payroll	237%	307%	327%	295%	307%	317%	291%	245%	477%	448%

Employers apply their proportionate share percentage to amounts.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
GASB 67 Paragraph 32(c)
For the Year Ended September 30, 2023

SCHEDULE OF EMPLOYER CONTRIBUTIONS
 GASB 67 Paragraph 32(c)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<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	139,340	120,218	\$ 134,093	\$ 128,643	\$ 104,177	\$ 99,042	\$ 343	\$ 94,883	\$ 88,965	\$ 94,584
Actual employer contributions	<u>119,628</u>	<u>115,724</u>	<u>132,373</u>	<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>\$ 19,712</u>	<u>\$ 4,494</u>	<u>\$ 1,720</u>	<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	648,394	616,817	706,869	\$ 730,098	\$ 661,439	\$ 628,839	\$ 2,176,178	\$ 604,060	\$ 564,856	\$ 597,499
Actual contribution as a percentage of coverage payroll	18.45%	18.76%	18.73%	18.64%	16.89%	16.97%	16.88%	16.91%	16.88%	16.65%

OTHER SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS*For the Year Ended September 30, 2023*

	<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	\$ -	\$ 2,286	\$ 4,244	17,075	\$ 23,605
Total Current Assets	-	2,286	4,244	17,075	23,605
<u>Restricted Assets</u>					
Savings	24,736	-	-	1,188	25,924
Total Restricted Assets	24,736	-	-	1,188	25,924
Due From Other Funds	20,991	-	-	46,576	67,567
TOTAL ASSETS	<u>\$ 45,727</u>	<u>\$ 2,286</u>	<u>\$ 4,244</u>	<u>\$ 64,839</u>	<u>\$ 117,096</u>
<u>LIABILITIES AND NET POSITION</u>					
<u>Liabilities</u>					
Bond Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due To Other Funds	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
<u>FUND BALANCES</u>					
<u>Retained Earnings</u>					
<u>Unreserved</u>					
<u>Restricted</u>					
Airport Fund	-	-	-	(785)	(785)
First Time Homebuyers	-	-	-	1,541	1,541
Home Investment/Improvement Grants	-	-	-	-	-
Sewer Pumping Station Rehab	-	-	-	361	361
CDBG	-	-	-	3,400	3,400
Modernization	-	-	-	-	-
Urban Renewal	-	-	-	-	-
<u>Committed</u>					
Park and Recreation	-	2,286	-	-	2,286
Fire Fund	45,727	-	-	-	45,727
Unassigned	-	-	4,244	60,322	64,566
Total Fund Balances	45,727	2,286	4,244	64,839	117,096
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 45,727</u>	<u>\$ 2,286</u>	<u>\$ 4,244</u>	<u>\$ 64,839</u>	<u>\$ 117,096</u>

*COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHAGE IN
FUND BALANCE-NOMAJOR GOVERNMENT FUND
For the Year Ended September 30, 2023*

	<u>Fire Fund</u>	<u>Park & Recreation</u>	<u>Crime Prevention</u>	<u>Other Funds</u>	<u>Total</u>
REVENUES:					
Intergovernmental	\$ 20,565	\$ -	\$ -	\$ -	\$ 20,565
Charges for Services	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-
Interest Income	1,074	43	82	1,278	2,477
Miscellaneous		-	-	3,013	3,013
Total Revenues	<u>21,639</u>	<u>43</u>	<u>82</u>	<u>4,291</u>	<u>26,055</u>
EXPENDITURES:					
Other Services and Charges	<u>10,833</u>	<u>-</u>	<u>4,760</u>	<u>-</u>	<u>15,593</u>
Total Expenditures	<u>10,833</u>	<u>-</u>	<u>4,760</u>	<u>-</u>	<u>15,593</u>
Excess Of Revenues Over (Under)					
Expenditures	10,806	43	(4,678)	4,291	10,462
Fund Balances -Beginning of year	227,482	2,243	8,922	60,948	299,595
Prior Period Adjustment	<u>(192,561)</u>	<u>-</u>	<u>-</u>	<u>(400)</u>	<u>(192,961)</u>
Fund Balances - End of Year	<u>\$ 45,727</u>	<u>\$ 2,286</u>	<u>\$ 4,244</u>	<u>\$ 64,839</u>	<u>\$ 117,096</u>

INDEPENDENT AUDITORS' 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, 2023, 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 September 24, 2024

Report on 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)**

Report on 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
September 24, 2024

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

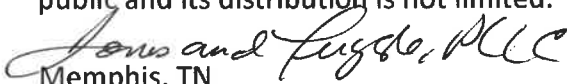
To the Honorable Mayor and Board of Aldermen
City of Hollandale, Mississippi

We have audited the general-purpose financial statements of the City of Hollandale, Mississippi, as of and for the year ended September 30, 2023, and have issued our report thereon dated September 24, 2024. 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

September 24, 2024

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