

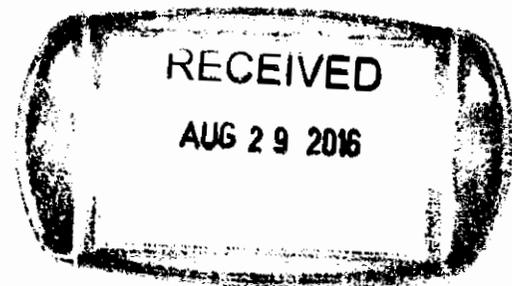


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CITY OF POPLARVILLE, MISSISSIPPI

FINANCIAL STATEMENTS

SEPTEMBER 30, 2015



**CITY OF POPLARVILLE, MISSISSIPPI
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INTRODUCTORY SECTION

**CITY OF POPLARVILLE, MISSISSIPPI
LISTING OF CITY OFFICIALS
SEPTEMBER 30, 2015**

ELECTED OFFICIALS

Mayor
Aldersperson
Aldersperson
Aldersperson
Aldersperson
Aldersperson

Brad Necaise
Glenn Bolin
Jason Pearson
Margaret Ann Smith
Byron Wells
Shirley Wiltshire

APPOINTED OFFICIALS

City Clerk and Tax Collector

Jody Stuart
(through December 31, 2015)

Police Chief

Jane C. O'Neal
(effective January 1, 2016)

Fire Chief

Charles Fazende
(through December 31, 2015)
Don T. "Butch" Raby, Jr.
(effective January 1, 2016)

Superintendent
City Attorney

Bobby Strahan
(through May 5, 2015)
Jonathan Head
(effective May 6, 2015)
Sam Hale
Nick Thompson

INDEPENDENT AUDITORS' REPORT



ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC
Certified Public Accountants & Business Consultants

AVL WEALTHCARE, LLC
Wealth Management

INDEPENDENT AUDITORS' REPORT

May 18, 2016

Honorable Mayor and Members of the
Board of Alderpersons
City of Poplarville
Poplarville, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Poplarville, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Poplarville, Mississippi, as of September 30, 2015, 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.

Honorable Mayor and Members of the
Board of Alderpersons
City of Poplarville, Mississippi
May 18, 2016

Emphasis of Matter

As discussed in Notes 1, 10, and 13 to the financial statements, in 2015, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, budgetary comparison information on pages 41-43, and pension plan information on pages 44 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

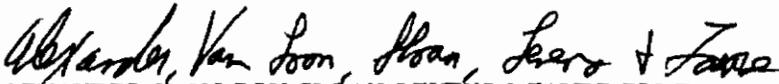
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Poplarville, Mississippi's, basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2016, on our consideration of the City of Poplarville, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 City of Poplarville, Mississippi's internal control over financial reporting and compliance.


ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE, PLLC
Certified Public Accountants
Gulfport, Mississippi

MANAGEMENT'S DISCUSSION AND ANALYSIS

***City of Poplarville
200 Highway 26 East
Poplarville, MS 39470
(601)795-8161***

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Introduction

The following Management's Discussion and Analysis of the City of Poplarville, Mississippi's (the "City") activities and financial performance provides an introduction to the financial statements of the City for the fiscal year ended September 30, 2015. The information contained in this Management's Discussion and Analysis has been prepared by management and should be considered in conjunction with the financial statements and the notes thereto, which follow this section.

The components of the annual financial report include:

- Management's Discussion and Analysis (MD&A)
- Basic Financial Statements
- Required Supplementary Information (RSI)

The MD&A, a component of RSI, introduces the basic financial statements and provides an analytical overview of the City's financial activities.

Financial Highlights

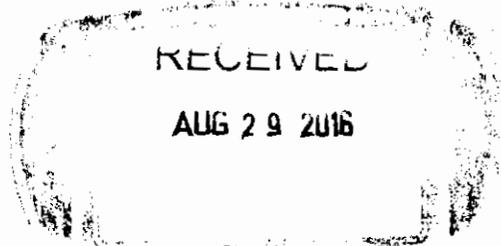
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2015 by \$4,279,427.
- The total net position increased by \$745,248. Of this amount, an increase of \$494,375 was associated with governmental activities and an increase of \$250,873 was from business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,219,182 an increase of \$303,649 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the governmental funds was \$1,123,097 which would cover approximately six months of expenditures.
- The City implemented a new pension reporting requirement according to GASB 68 restating the 2014 net position, which caused unrestricted net position to decrease by \$2,717,922. Due to this prior year adjustment, 2015 total unrestricted net position is (\$693,448). This new requirement and its effect on the financial statements herein are further discussed in the notes to the financial statements at Notes 10 and 13.

Overview of the Financial Statements

The City's basic financial statements comprise the following elements:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2015

Overview of the Financial Statements (Continued)

Government-wide Financial Statements (Continued)

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, court, public safety, highways and streets, public works and culture and recreation. The business-type activities of the City are comprised of water operations.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting not only to ensure and demonstrate compliance with finance-related legal requirements but also to help control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes, grants, and other money. All of the funds of the City can be divided into two categories:

- **Governmental funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

The City maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, which are both considered to be major funds.

- **Proprietary Funds**

The City maintains one proprietary fund for water operations. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Information for this fund is presented in the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows.

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Refer to Note 1 to the financial statements for more detailed information on the elements of the financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Government-wide Financial Analysis

Table 1 below presents the City's condensed statement of net position as of September 30, 2015 and 2014, derived from the government-wide Statement of Net Position.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 1,302,073	\$ 965,120	\$ 1,230,266	\$ 1,157,085	\$ 2,532,339	\$ 2,122,205
Capital assets, net	4,183,394	3,925,269	1,140,631	961,092	5,324,025	4,886,361
Total assets	5,485,467	4,890,389	2,370,897	2,118,177	7,856,364	7,008,566
Deferred Outflows of Resources						
Deferred outflows for pensions	314,340	66,385	67,660	14,704	382,000	81,089
Other liabilities	153,456	154,111	252,742	354,682	406,198	508,793
Long-term liabilities	2,628,236	2,075,086	802,740	600,220	3,430,976	2,675,306
Total liabilities	2,781,692	2,229,197	1,055,482	954,902	3,837,174	3,184,099
Deferred Inflows of Resources						
Deferred inflows for pensions	100,196	304,033	21,567	67,344	121,763	371,377
Net position:						
Invested in capital assets, net of related debt	4,047,725	3,783,443	885,177	738,534	4,932,902	4,521,977
Restricted	30,514	34,107	9,459	63,398	39,973	97,505
Unrestricted	(1,160,320)	(1,394,006)	466,872	308,703	(693,448)	(1,085,303)
Total net position	\$ 2,917,919	\$ 2,423,544	\$ 1,361,508	\$ 1,110,635	\$ 4,279,427	\$ 3,534,179

At September 30, 2015 and 2014, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$4,279,427 and \$3,534,179, respectively. By far, the largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire or construct those assets. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, these net positions are not available for future spending. A portion of the net position is restricted to comply with debt covenants on water and sewer revenue bonds, funds set aside to cover future unemployment claims against the City, and drug seizure funds remitted to the City to be used to purchase law enforcement equipment. The remaining portion of net position is unrestricted, which can be used to finance government operations.

Total liabilities increased by \$653,075 due largely to the recording of the net pension liability accrual (see Note 10 for details related to the net pension liability). With the additional net pension liability of \$3,091,606 attributable to FYE 2015, the City added \$382,000 to deferred outflows for pensions and \$121,763 to deferred inflows for pensions primarily as the Plan's actuarial assumptions changed during this period. Deferred outflows for pensions increased \$300,911 and deferred inflows for pensions decreased \$249,614 during the current fiscal year.

Due to the recording of the net pension liability accrual, governmental activities reflect a negative or deficit fund balance in unrestricted net position of \$1,160,320 at September 30, 2015. This is a \$233,686 decrease from prior year's negative or deficit fund balance in unrestricted net position of \$1,394,006, which is after the restatement of net position for the cumulative effect of the change in accounting principle.

Business-type activities reflect an unrestricted net position of \$466,872 at September 30, 2015, an increase of \$158,169 over prior year's restated unrestricted net position of \$308,703. The increase in unrestricted net position is primarily due to the receipt of grant funds used for the HWY 26 water line extension.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Government-wide Financial Analysis (Continued)

Table 2 below presents the City's condensed statement of activities for the fiscal years ended September 30, 2015 and 2014, as derived from the government-wide Statement of Activities.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Fees, fines and charges for services	\$ 433,754	\$ 355,686	\$ 701,998	\$ 636,262	\$ 1,135,752	\$ 991,948
Operating grants and contributions	-	4,820	-	-	-	4,820
Capital grants and contributions	340,126	35,545	150,000	-	490,126	35,545
Total program revenues	773,880	396,051	851,998	636,262	1,625,878	1,032,313
General revenues						
Property taxes	830,366	808,619	-	-	830,366	808,619
Sales taxes	766,582	670,127	-	-	766,582	670,127
Franchise taxes	200,648	194,163	-	-	200,648	194,163
Unrestricted grants and contributions	25,872	25,128	-	-	25,872	25,128
Interest earnings	2,037	1,953	189	218	2,226	2,171
Other	52,475	48,314	-	-	52,475	48,314
Total general revenues	1,877,980	1,748,304	189	218	1,878,169	1,748,522
Total revenues	2,651,860	2,144,355	852,187	636,480	3,504,047	2,780,835
Program expenses						
General government	373,492	329,822	-	-	373,492	329,822
Court	73,084	69,399	-	-	73,084	69,399
Public safety	1,155,905	1,196,904	-	-	1,155,905	1,196,904
Highways and streets	341,653	328,279	-	-	341,653	328,279
Public works	152,292	150,686	-	-	152,292	150,686
Culture and recreation	41,381	41,733	-	-	41,381	41,733
Miscellaneous	22,182	34,343	-	-	22,182	34,343
Interest and fiscal charges	5,183	3,083	-	-	5,183	3,083
Water	-	-	593,627	583,770	593,627	583,770
Total program expenses	2,165,172	2,154,249	593,627	583,770	2,758,799	2,738,019
Change in net position before transfers	486,688	(9,894)	258,560	52,710	745,248	42,816
Transfers	7,687	-	(7,687)	-	-	-
Change in net position after transfers	494,375	(9,894)	250,873	52,710	745,248	42,816
Beginning net position, before restatement	2,423,544	4,658,506	1,110,635	1,550,779	3,534,179	6,209,285
Cumulative effect of change in accounting principle	-	(2,225,068)	-	(492,854)	-	(2,717,922)
Beginning net position, restated	2,423,544	2,433,438	1,110,635	1,057,925	3,534,179	3,491,363
Ending net position	\$ 2,917,919	\$ 2,423,544	\$ 1,361,508	\$ 1,110,635	\$ 4,279,427	\$ 3,534,179

Governmental Activities

Governmental activities increased the City's net position by \$494,375 due to increases in capital grants and sales tax revenue from the new truck stop. Due to the cumulative effect of change in accounting principle for GASB 68, a prior period adjustment was recorded to beginning net position for a total of \$2,717,922 to account for the net pension liability and expense in the prior year.

Business-type Activities

Business-type activities increased the City's net position by \$250,635. The key element of this increase is the receipt of \$246,183 in grant funds for the extension of the water line along HWY 26 to Love's Travel Stop.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Financial Analysis of the City's Funds

Governmental Funds

As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$1,219,182.

General Fund

Fund balance at September 30, 2015 totaled \$1,181,596, an increase of \$298,486 during the fiscal year in comparison to a \$159,314 increase in fiscal year 2014. Significant changes in revenues and expenses in comparison to fiscal year 2014 are as follows:

- Sales and miscellaneous taxes increased \$96,455 due to the opening of Love's Travel Stop and an additional payment of \$49,342 from the State as a result of a sales tax audit.
- Intergovernmental revenue (grants) increased \$321,769 due to a grant to extend the water line along HWY 26 to Love's Travel Stop and a grant for Library and City Park ADA renovations.
- Licenses and permits increased \$69,956 due to a payment of \$70,000 for permits, of which \$65,243 was for a building permit.
- Public safety expenditures decreased \$59,136 due to personnel and budget reductions within the Police Department.
- Culture and recreation expenditures decreased \$29,330 due to the completion of grant-funded projects.
- Capital outlay expenditures increased \$374,486. See Capital Asset Activity below.
- There were proceeds from long term debt of \$47,980 for the purchase of two vehicles in fiscal year 2015.

Debt Service Fund

The debt service fund had a fund balance of \$37,586 at September 30, 2015, which is an increase of \$5,163 from prior year due primarily to principal and interest payments on notes payable and capital leases.

Proprietary Fund

The City's proprietary fund, the water fund, reported net position of \$1,361,508, an increase of \$250,873 during the fiscal year in comparison to a \$52,710 increase in the prior fiscal year. An overall increase in net position is due to the receipt of \$246,183 in grant funds for the extension of the water line along HWY 26 to Love's Travel Stop.

Budget Variances in the General Fund

Budget amendments are summarized below and are primarily related to the purchase of various unbudgeted equipment items within the Police Department, and expenses incurred during the Library/City Park ADA renovations, and Splashpad installation. All significant differences in the original budget and the final amended budget are summarized as follows:

- \$26,781 (3%) increase in police expenditures.
- \$72,269 (21%) increase in culture and recreation expenditures.

The net result of the amendments to the expenditures budgeted created the need to draw down an additional \$107,450 of existing fund balance not appropriated with the original adopted budget. However, the City ended the year with an overall positive variance between the budget and actual by \$416,125 due to responsible budget management, increased revenue, and no additional unforeseen expenses that were not budgeted.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2015

Capital Asset and Long-Term Debt Activity

Capital Asset Activity

At September 30, 2015, the City reported \$4,183,394 in net capital assets for governmental activities and \$1,140,631 in capital assets for business-type activities. Major capital asset events during the year included the following:

- The City incurred expenditures of \$51,633 for the purchase/lease of two vehicles and \$43,699 for the purchase of other equipment.
- The City incurred expenditures of \$401,482 for construction in progress on the Library/City Park renovations.
- The City incurred expenses of \$260,135 for construction in progress on the Hwy 26 Water Line extension.

Additional information on the City's capital assets can be found in Note 5 to the financial statements.

Long-Term Liabilities Activity

At the end of the current fiscal year, the City had \$135,669 in outstanding governmental debt and \$255,454 in outstanding proprietary debt. As noted earlier, new governmental debt totaling \$47,980 was issued for the lease purchase of two vehicles. Refer to Note 6 to the financial statements for additional information on the City's long-term debt and other liabilities.

Pursuant to the provisions of Governmental Accounting Standards Board Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the City of Poplarville recorded approximately \$3.1 million in pension liabilities for the defined benefit plans administered by the State of Mississippi's Public Employees' Retirement System for the fiscal year ended September 30, 2015. The \$3.1 million is the City's proportionate share of the total net pension liability of the State of Mississippi's Public Employees' Retirement System. See Note 10 to the financial statements for further information.

Economic Conditions and Outlook

Assessed values of properties slightly increased in 2015, and, therefore, the City expects an increase in property tax revenue. In addition, sales tax collections are also expected to increase due to the new truck stop.

The City is actively pursuing grant funding and other funding sources which will be used to fund City projects as allowable by the grant agreements.

The City expects expenditures other than those funded by grants to remain consistent with the previous year.

Contact the City's Financial Management

This financial report is designed to provide a general overview of the City of Poplarville for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Clerk, Jane C. O'Neal, at 200 Highway 26 East, Poplarville, Mississippi 39470.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

RECEIVED

AUG 29 2016

CITY OF POPLARVILLE, MISSISSIPPI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 449,424	\$ 117,784	\$ 567,208
Pooled cash and cash equivalents	597,650	803,446	1,401,096
Receivables, net	226,795	185,155	411,950
Internal balances	(32,115)	32,115	-
Due from other governmental agencies	1,820	-	1,820
Prepaid expenses	27,985	2,602	30,587
Restricted assets:			
Cash and cash equivalents	-	9,459	9,459
Pooled cash and cash equivalents	30,514	79,705	110,219
Capital assets:			
Land, improvements, and construction in progress	503,932	24,010	527,942
Other capital assets, net of accumulated depreciation	3,679,462	1,116,621	4,796,083
Total capital assets	<u>4,183,394</u>	<u>1,140,631</u>	<u>5,324,025</u>
Total assets	<u>5,485,467</u>	<u>2,370,897</u>	<u>7,856,364</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources for pensions	<u>314,340</u>	<u>67,660</u>	<u>382,000</u>
LIABILITIES			
Accounts payable	42,316	9,947	52,263
Accrued liabilities	28,958	5,882	34,840
Due to other governmental agencies	-	132,573	132,573
Payable from restricted assets:			
Customer deposits	-	79,705	79,705
Long-term liabilities:			
Due within one year			
Bonds, capital leases, and notes payable	39,999	11,754	51,753
Accrued interest	-	496	496
Compensated absences	42,183	12,385	54,568
Due in more than one year			
Bonds, capital leases, and notes payable	95,670	243,700	339,370
Net pension liability	2,532,566	559,040	3,091,606
Total liabilities	<u>2,781,692</u>	<u>1,055,482</u>	<u>3,837,174</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources for pensions	<u>100,196</u>	<u>21,567</u>	<u>121,763</u>
NET POSITION			
Invested in capital assets, net of related debt	4,047,725	885,177	4,932,902
Restricted for:			
Debt service	-	9,459	9,459
Other projects	30,514	-	30,514
Unrestricted	<u>(1,160,320)</u>	<u>466,872</u>	<u>(693,448)</u>
Total net position	<u>\$ 2,917,919</u>	<u>\$ 1,361,508</u>	<u>\$ 4,279,427</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF POPLARVILLE, MISSISSIPPI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 373,492	\$ 86,709	\$ -	\$ -	\$ (286,783)		\$ (286,783)
Court	73,084	-	-	-	(73,084)		(73,084)
Public safety	1,155,905	184,105	-	11,247	(960,553)		(960,553)
Highways and streets	341,653	-	-	-	(341,653)		(341,653)
Public works	152,292	162,940	-	-	10,648		10,648
Culture and recreation	41,381	-	-	328,879	287,498		287,498
Miscellaneous	22,182	-	-	-	(22,182)		(22,182)
Interest on long-term debt	5,183	-	-	-	(5,183)		(5,183)
Total governmental activities	2,165,172	433,754	-	340,126	(1,391,292)		(1,391,292)
Business-type activities							
Water	593,627	701,998	-	150,000	-	\$ 258,371	258,371
Total	\$2,758,799	\$ 1,135,752	\$ -	\$ 490,126	(1,391,292)	258,371	(1,132,921)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					830,366	-	830,366
Sales taxes					766,582	-	766,582
Franchise taxes					200,648	-	200,648
Grants and contributions not restricted to specific programs					25,872	-	25,872
Unrestricted investment earnings					2,037	189	2,226
Miscellaneous					52,475	-	52,475
Transfers in (out)					7,687	(7,687)	-
Total general revenues and transfers					1,885,667	(7,498)	1,878,169
Change in net position					494,375	250,873	745,248
Net position - beginning, as previously reported					4,648,612	1,603,489	6,252,101
Restatement of beginning net position, adoption of GASB Statement No. 68					(2,225,068)	(492,854)	(2,717,922)
Net position - beginning, as restated					2,423,544	1,110,635	3,534,179
Net position - ending					\$ 2,917,919	\$ 1,361,508	\$ 4,279,427

The accompanying notes are an integral part of these financial statements.

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

**CITY OF POPLARVILLE, MISSISSIPPI
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 449,424	\$ -	\$ 449,424
Pooled cash and cash equivalents	560,355	37,295	597,650
Receivables, net	226,504	291	226,795
Due from other governments	1,820	-	1,820
Prepaid expenses	27,985	-	27,985
Restricted assets:			
Pooled cash and cash equivalents	30,514	-	30,514
Total assets	<u>\$1,296,602</u>	<u>\$ 37,586</u>	<u>\$ 1,334,188</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 42,316	\$ -	\$ 42,316
Accrued liabilities	28,958	-	28,958
Due to other funds	32,115	-	32,115
Deferred revenue	9,531	-	9,531
Other payables	2,086	-	2,086
Total liabilities	115,006	-	115,006
Fund balances:			
Nonspendable:			
Prepays	27,985	-	27,985
Restricted for:			
Unemployment compensation fund	13,687	-	13,687
Police forfeiture fund	16,827	-	16,827
Assigned	-	37,586	37,586
Unassigned	1,123,097	-	1,123,097
Total fund balances	1,181,596	37,586	1,219,182
Total liabilities and fund balances	<u>\$1,296,602</u>	<u>\$ 37,586</u>	<u>\$ 1,334,188</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF POPLARVILLE, MISSISSIPPI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

Total fund balance, governmental funds (Exhibit C)	\$	1,219,182
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities reported in governmental funds are not financial resources and therefore are not reported in the funds.		4,183,394
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Notes payable		(87,689)
Capital leases		(47,980)
Compensated absences		(40,097)
Net pension liability		(2,532,566)
Some revenues are not available to pay for current period expenditures and therefore are reported as deferred revenue in the funds.		9,531
Deferred amounts for pension-related items are reported in the Statement of Net Position as deferred outflows or deferred inflows of resources (to be amortized as interest expense) but are not reported in the funds.		214,144
Net position of governmental activities (Exhibit A)	\$	<u>2,917,919</u>

The accompanying notes are an integral part of these financial statements.

CITY OF POPLARVILLE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 788,269	\$ 42,097	\$ 830,366
Sales and miscellaneous taxes	766,582	-	766,582
Franchise taxes	191,117	-	191,117
Fees and fines	118,473	-	118,473
Licenses and permits	86,709	-	86,709
Intergovernmental	437,307	-	437,307
Charges for services	162,940	-	162,940
Investment earnings	2,037	-	2,037
Miscellaneous	46,798	-	46,798
	<u>2,600,232</u>	<u>42,097</u>	<u>2,642,329</u>
Total revenues			
EXPENDITURES			
Current:			
General government	369,106	-	369,106
Court	68,878	-	68,878
Public safety	902,441	-	902,441
Highways and streets	324,750	-	324,750
Public works	152,292	-	152,292
Culture and recreation	40,087	-	40,087
Miscellaneous	22,182	-	22,182
Debt service:			
Principal	22,107	32,030	54,137
Interest and other charges	279	4,904	5,183
Capital outlay	478,479	-	478,479
	<u>2,380,601</u>	<u>36,934</u>	<u>2,417,535</u>
Total expenditures			
Excess of revenues over expenditures	<u>219,631</u>	<u>5,163</u>	<u>224,794</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt, net	47,980	-	47,980
Sale of assets	23,188	-	23,188
Transfers in	7,687	-	7,687
	<u>78,855</u>	<u>-</u>	<u>78,855</u>
Total other financing sources			
Net change in fund balances	298,486	5,163	303,649
Fund balances - beginning	<u>883,110</u>	<u>32,423</u>	<u>915,533</u>
Fund balances - ending	<u>\$ 1,181,596</u>	<u>\$ 37,586</u>	<u>\$ 1,219,182</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF POPLARVILLE, MISSISSIPPI
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, 2015**

Net change in fund balances - total governmental funds (Exhibit D)	\$ 303,649
 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 outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays (which exceed the capitalization thresholds) of \$469,130 exceeded depreciation of \$199,244 in the current period.	269,886
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.	(11,761)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	9,531
Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments (\$54,137) exceeded proceeds (\$47,980).	6,157
Pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Also, governmental funds report current pension contribution expenses, whereas these amounts are deferred and amortized in the Statement of Activities.	(93,354)
Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>10,267</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 494,375</u>

The accompanying notes are an integral part of these financial statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

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**CITY OF POPLARVILLE, MISSISSIPPI
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2015**

	Water Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current assets:	
Cash and cash equivalents	\$ 117,784
Pooled cash and cash equivalents	803,446
Accounts receivable, net	185,155
Due from other funds	32,115
Prepaid expenses	2,602
Total current assets	1,141,102
Non-current assets:	
Restricted assets:	
Cash and cash equivalents	9,459
Pooled cash and cash equivalents	79,705
Capital assets:	
Land	24,010
Buildings and improvements	2,475,145
Machinery and equipment	332,725
Less: accumulated depreciation	(1,691,249)
Total non-current assets	1,229,795
Total assets	2,370,897
Deferred outflows of resources:	
Deferred outflows of resources for pensions	67,660
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Current liabilities:	
Accounts payable	9,947
Accrued liabilities	5,882
Accrued interest payable	496
Due to other governmental agencies	132,573
Compensated absences	12,385
Bonds payable	11,754
Payable from restricted assets:	
Customer deposits	79,705
Total current liabilities	252,742
Non-current liabilities:	
Bonds payable	243,700
Net pension liability	559,040
Total non-current liabilities	802,740
Total liabilities	1,055,482
Deferred inflows of resources:	
Deferred inflows of resources for pensions	21,567
NET POSITION	
Invested in capital assets, net of related debt	885,177
Restricted for debt service	9,459
Unrestricted	466,872
Total net position	\$ 1,361,508

The accompanying notes are an integral part of these financial statements.

CITY OF POPLARVILLE, MISSISSIPPI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Water Fund
REVENUES	
Charges for services	\$ 701,998
Total operating revenues	701,998
OPERATING EXPENSES	
Personnel services	288,789
Supplies	83,312
Materials	34,211
Utilities	39,092
Depreciation and amortization	73,274
Other operating expenses	61,166
Total operating expenses	579,844
Operating income	122,154
NON-OPERATING REVENUE (EXPENSES)	
Interest and investment revenue	189
Loss on asset disposal	(3,291)
Capital grants	150,000
Interest expense	(10,492)
Total non-operating revenue (expenses)	136,406
Net income before transfers	258,560
Transfers out	(7,687)
CHANGE IN NET POSITION	250,873
TOTAL NET POSITION - BEGINNING, as previously stated	1,603,489
Restatement of beginning net position, adoption of GASB Statement No. 68	(492,854)
TOTAL NET POSITION - BEGINNING, as restated	1,110,635
TOTAL NET POSITION - ENDING	\$ 1,361,508

The accompanying notes are an integral part of these financial statements.

**CITY OF POPLARVILLE, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 683,237
Payments to suppliers	(263,959)
Payments to employees	(267,264)
	152,014
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases and construction of capital assets	(268,872)
Proceeds from sale of capital assets	5,081
Proceeds from capital grants	150,000
Proceeds from debt	96,183
Principal paid on capital debt	(63,287)
Interest paid on capital debt	(10,280)
Net cash used in capital and related financing activities	(91,175)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	189
	189
Net increase in cash and cash equivalents	61,028
Balances-beginning of the year	949,366
Balances-end of the year	\$ 1,010,394
RECONCILIATION TO STATEMENT OF NET POSITION	
Unrestricted:	
Cash and cash equivalents	\$ 117,784
Pooled cash and cash equivalents	803,446
Restricted:	
Cash and cash equivalents	9,459
Pooled cash and cash equivalents	79,705
	\$ 1,010,394

**CITY OF POPLARVILLE, MISSISSIPPI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Water Fund</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 122,154
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	73,274
Bad debt expense	2,878
Decrease (increase) in assets	
Accounts receivable	(15,611)
Due from other funds	50
Prepaid expenses	530
Increase (decrease) in liabilities	
Accounts payable	(46,758)
Accrued liabilities	(337)
Due to other governments	(13,303)
Compensated absences	1,769
Customer deposits	7,275
Pension liabilities and deferrals	20,093
Net cash provided by operating activities	\$ 152,014

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Introduction

The City of Poplarville, Mississippi (City), incorporated in 1876 under the laws of the State of Mississippi and situated in Pearl River County, operates under the Mayor-Board form of government and provides the following services as authorized by its charter: Public Safety (Police, Fire, and Inspection), Street Maintenance, Garbage Collection, Water Services, Culture and Recreational, Public Improvements, Planning and Zoning, and General Administrative Services.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the notes is organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended September 30, 2015.

II. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units of the City consist of oversight responsibility, special financing relationships and scope of public services. Oversight responsibility is determined by the extent of financial interdependency, control over the selection of the governing authority and management, ability to significantly influence operations, and accountability for fiscal matters. Based on these criteria, the City has no component units. However, see Note 9 for information describing related organizations not included in the City's reporting entity.

III. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

(A) Basis of Accounting

The City complies with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities, and as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles.

**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IV. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

(A) Basis of Accounting (continued)

The government-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting generally, including the reclassification or elimination of internal activity (between or within funds). Proprietary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Major revenue sources susceptible to accrual include: property taxes, franchise taxes, sales taxes, and intergovernmental revenues. In general, other revenues are recognized when cash is received by the City.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include personnel costs, administrative expenses, and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

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

(B) Fund Types and Major Funds

Governmental Funds

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

Debt Service Fund – The debt service fund accounts for the servicing of long-term general obligation debt and payment of related interest and agency fees.

Proprietary Fund

Water Fund – The water fund accounts for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing water services to the general public on a continuing basis be financed or recovered primarily through user charges.

**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IV. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

(C) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions 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.

(D) Adoption of Accounting Principle

Effective for the City's September 30, 2015 financial statements, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to the actuarial present value, and attribute that present value to periods of employee services. The statement also requires additional note disclosures and supplemental information. See Notes 10 and 13.

V. Assets, Liabilities, and Net Position or Equity

(A) Cash and Cash Equivalents

The City's cash and cash equivalents are primarily considered to be cash on hand and amounts held in demand deposits. For purposes of the statement of cash flows, short-term investments held in the proprietary fund with a maturity date within three months of the date acquired by the City, if any, are considered to be cash equivalents.

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

(B) Receivables and Payables

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods and other miscellaneous receivables/payables between funds. 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 portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

An allowance has been provided in the water enterprise fund and general fund for estimated uncollectible charges. The allowance is based on historical collection experience and other relevant circumstances.

**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Assets, Liabilities, and Net Position or Equity (continued)

(C) Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2015, are recorded as prepaid items. In governmental funds, reported prepaid items are equally offset by nonspendable fund balance amounts, which indicate they do not constitute "available spendable resources" even though they are a component of net current assets. The net change in nonspendable fund balances is not presented because the combined statement of revenues, expenditures, and changes in fund balances reflects the changes in total fund balances rather than just the spendable and nonspendable fund balances.

(D) Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws. Restricted assets in the enterprise fund represent utility customer deposits subject to refund and amounts restricted per bond covenants. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

(E) Capital Assets

Capital assets, which include property, plant, equipment, and current infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), net of depreciation, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. However, infrastructure assets acquired or constructed prior to October 1, 2003 are not reported in the basic financial statements, as allowed by GASB. The City generally capitalizes assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Buildings	25 – 50 years
Improvements	25 years
Utility system infrastructure	40 years
Machinery and equipment	5 – 25 years
Vehicles	3 – 25 years

(F) Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and thus, will not be recognized as an outflow of resources (expense) until then. The City has only one item that qualifies for reporting in this category related to the City's participation in the pension plan, the unamortized changes in investments actual performance, expectations, and projections, and changes in plan assumptions. See Note 10.

**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Assets, Liabilities, and Net Position or Equity (continued)

(F) Deferred Outflows and Inflows of Resources (continued)

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 or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category related to the City's participation in the pension plan, the difference between projected and actual plan investment earnings. See Note 10.

(F) Long-Term Obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities and proprietary fund type statement of net position. Bond premiums and discounts are capitalized and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when issued.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures when incurred.

(G) Compensated Absences

The City's policy on vacation leave allows employees to accrue an unlimited amount of vacation time once that employee has had one year of continuous service for the City. There are no restrictions on when the employees are allowed to take their vacation time, but can be no longer than two weeks at a time. Retiring and terminated employees are paid for unused vacation up to 20 days. It is the City's policy that all unused sick leave is forfeited upon termination, retirement, or layoff. There is no liability for unpaid accumulated sick leave since sick pay is not paid upon termination of employment. Employees can only accrue up to 40 hours of compensatory time per year; however, all compensatory time accrued may be rolled over to the next year. Retiring and terminated employees are paid for unused compensatory time up to 40 hours. All vacation and compensatory pay is accrued when incurred in the government-wide and proprietary fund financial statements. In the fund financial statements, a liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements or use of vacation time.

The compensated absences liability was computed using the specific identification method whereby the actual number of vacation and compensatory hours is multiplied by the employee's hourly rate at September 30, 2015. The resulting liability is then increased to include social security and retirement contributions that the City is required to pay upon liquidation of the liability.

(H) Fund Equity

In the government-wide and proprietary fund financial statements, equity is classified as net position and displayed in three components:

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

Restricted net position – Consists of net assets with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.

Unrestricted net position – All other assets that do not meet the definition of "restricted" or "net investment in capital assets."

**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Assets, Liabilities, and Net Position or Equity (continued)

(H) Fund Equity (continued)

Government fund equity is classified as fund balance. Fund balance is further classified as follows:

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

Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through formal action of the highest level of decision making authority. The Board of Alderpersons is the highest level of decision making authority that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. This includes the budget reserve account.

Assigned – Includes fund balance amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent can be stipulated by the Board of Alderpersons.

Unassigned – Includes the residual balance of the General Fund that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes.

As discussed previously in this note, restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the Board or the assignment has been changed by the mayor. Decreases to fund balance first reduce unassigned fund balance; in the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

NOTE 2: CASH AND CASH EQUIVALENTS

A summary of cash and cash equivalents as of September 30, 2015, follows:

	Cash on Hand	Cash Deposits	Pooled Cash Deposits	Total
Governmental Activities				
General Fund	\$ 600	\$ 448,824	\$ 590,869	\$ 1,040,293
Debt Service Fund	-	-	37,295	37,295
Total governmental activities	<u>600</u>	<u>448,824</u>	<u>628,164</u>	<u>1,077,588</u>
Business-type Activities				
Enterprise Fund				
Water Fund	100	127,143	883,151	1,010,394
Total cash and cash equivalents	<u>\$ 700</u>	<u>\$ 575,967</u>	<u>\$ 1,511,315</u>	<u>\$ 2,087,982</u>

**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

The City maintained the following restricted assets as of September 30, 2015:

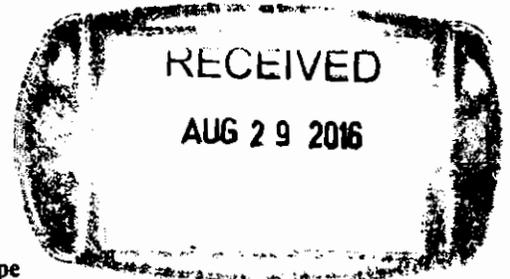
Governmental Activities	
Cash and cash equivalents	
Restricted for public safety use	\$ 16,827
Restricted for unemployment claims	<u>13,687</u>
Total restricted assets - governmental activities	<u>30,514</u>
Business-type Activities	
Cash and cash equivalents	
Restricted for utility customer deposits	79,705
Restricted for bond covenant	<u>9,459</u>
Total restricted assets - business-type activities	<u>89,164</u>
Total restricted assets - government-wide	<u><u>\$ 119,678</u></u>

Custodial Credit Risk – Deposits

Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The City does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City. Depositories must be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized in an amount equal to 105% of the uninsured deposit. The collateral is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 of the Mississippi Code. Under this program, the City's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation. By using this multiple financial institution collateral pool, none of the City's deposits at September 30, 2015, were exposed to custodial credit risk.

At September 30, 2015, deposits (including restricted deposits) are as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and cash equivalents	<u>\$2,138,993</u>	<u>\$2,087,982</u>



NOTE 3: RECEIVABLES

Receivables at September 30, 2015, consist of the following:

	Governmental Activities		Business-type	Total
	General Fund	Debt Service Fund	Water and Sewer Fund	
Property taxes	\$ 7,733	\$ 291	\$ -	\$ 8,024
Sales taxes	135,046	-	-	135,046
Franchise taxes	62,856	-	-	62,856
Court fines	514,729	-	-	514,729
Accounts, gross	-	-	255,310	255,310
Other	8,811	-	-	8,811
Total receivables, gross	729,175	291	255,310	984,776
Less allowance for doubtful receivables	<u>(502,671)</u>	<u>-</u>	<u>(70,155)</u>	<u>(572,826)</u>
Total receivables, net	<u>\$ 226,504</u>	<u>\$ 291</u>	<u>\$ 185,155</u>	<u>\$ 411,950</u>

**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 3: RECEIVABLES (Continued)

(A) Property Taxes

The City levies a tax on real and personal property based on the assessed value of property as compiled by the Pearl River County tax assessor from information extracted from the County assessment tax rolls. The taxes on real property become due and payable on January 1 and attach as an enforceable lien on the property as of February 1 and personal property taxes become delinquent on February 1. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. Taxes on real and personal property are levied by the Board at the first regular meeting in September. The City's tax assessment roll is then approved by the Board after a series of public hearings to receive citizens' objections. Pearl River County bills and collects real, personal property, auto ad valorem and mobile home taxes for the City. These taxes are remitted by the County monthly to the City. In addition, the County also remits to the City a prorata share of road and bridge taxes they collect.

In accordance with Mississippi Code of 1972, as amended for code section 27-39-321, the Board may levy taxes in any amount for general revenue purposes and general improvements. However, taxes collected for the current year are limited to an increase of not more than 10% over receipts for any one of the preceding three years. For purposes of the computation, taxes collected in the current year resulting from property added to the tax assessment roll are excluded from the computation.

The rates are expressed in terms of mills (i.e., ten mills equal one cent). The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt and other purposes for the year ended September 30, 2015, was 56 mills or \$56.00 per \$1,000 of assessed valuation. A summary of the assessed valuations and tax levies of the City for the year ended September 30, 2015, have been provided below.

The assessed valuations of the City for the year ended September 30, 2015, are as follows:

Real property	\$ 9,256,204
Personal property	1,968,084
Public utilities	1,699,214
Automobiles	<u>1,409,251</u>
Totals	<u>\$ 14,332,753</u>

The tax levies for the City for the years ended September 30, 2015, 2014, and 2013, are as follows:

	2015	2014	2013
General Fund	53.00	52.60	52.60
Debt Service Fund	3.00	3.40	1.40
Total levy	<u>56.00</u>	<u>56.00</u>	<u>54.00</u>

(B) Sales Taxes

The State levies a 7% sales tax on retail sales and remits 18.5% of the amount collected (within the corporate boundaries of the City of Poplarville) back to the City monthly. Sales tax revenue reported in the general fund was \$766,582. Sales taxes receivable consists of taxes collected by the State for August and September 2015 not received by the City until October and November 2015.

(C) Pearl River County Utility Authority

The City transferred its entire sewer and wastewater system to the Pearl River County Utility Authority (Authority). Under the terms of the agreement with the Authority, the City shall provide for the billing and collection of sewer rates, fees, charges and other assessments based upon the sewer rates, charges and assessments established by the Authority, at no expense to the Authority.

**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 3: RECEIVABLES (Continued)

(C) Pearl River County Utility Authority (continued)

In order to manage the billing and collection services for the Authority, the City records total receivables billed on behalf of the Authority as an asset with an offsetting payable due to the Authority in the Statement of Net Position. As of September 30, 2015, \$132,573, included in due to other governmental agencies in the Statement of Net Position, is due to the Authority and represents current year sewer billings net of adjustments and collection remittances.

NOTE 4: DUE FROM OTHER GOVERNMENTAL AGENCIES

Due from other governmental agencies consists of the following at September 30, 2015:

	Governmental Activities		Business-type Activities	Total
	General	Debt Service	Water and Sewer	
	Fund	Fund	Fund	
Due from State of Mississippi	\$ 1,820	\$ -	\$ -	\$ 1,820

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015, is as follows:

	Balance October 1, 2014	Additions	Disposals	Transfers	Balance September 30, 2015
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 503,932	\$ -	\$ -	\$ -	\$ 503,932
Construction in progress	27,684	-	-	(27,684)	-
Total capital assets, not being depreciated	531,616	-	-	(27,684)	503,932
Capital assets, being depreciated:					
Buildings and improvements	3,406,447	401,482	-	-	3,807,929
Machinery and equipment	658,037	43,699	(2,495)	54,900	754,141
Vehicles	568,551	25,616	(42,750)	60,606	612,023
Equipment under lease	54,900	-	-	(54,900)	-
Vehicles under lease	60,608	26,017	-	(60,606)	26,019
Total capital assets, being depreciated	4,748,543	496,814	(45,245)	-	5,200,112
Less accumulated depreciation for:					
Buildings and improvements	(648,955)	(102,923)	-	-	(751,878)
Machinery and equipment	(381,190)	(56,317)	374	-	(437,133)
Vehicles	(265,563)	(40,004)	33,110	(59,182)	(331,639)
Equipment under lease	(31,371)	-	-	31,371	-
Vehicles under lease	(27,811)	-	-	27,811	-
Total accumulated depreciation	(1,354,890)	(199,244)	33,484	-	(1,520,650)
Total capital assets, being depreciated, net	3,393,653	297,570	(11,761)	-	3,679,462
Total governmental activities capital assets, net	\$ 3,925,269	\$ 297,570	\$ (11,761)	\$ (27,684)	\$ 4,183,394

**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 5: CAPITAL ASSETS (Continued)

	Balance October 1, 2014	Additions	Disposals	Transfers	Balance September 30, 2015
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 24,010	\$ -	\$ -	\$ -	\$ 24,010
Total capital assets, not being depreciated	<u>24,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,010</u>
Capital assets, being depreciated:					
Buildings and improvements	2,215,010	260,135	-	-	2,475,145
Machinery and equipment	209,362	1,050	(6,730)	-	203,682
Vehicles	125,458	-	(19,509)	23,094	129,043
Vehicles under lease	23,094	-	-	(23,094)	-
Total capital assets, being depreciated	<u>2,572,924</u>	<u>261,185</u>	<u>(26,239)</u>	<u>-</u>	<u>2,807,870</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,398,566)	(53,648)	-	-	(1,452,214)
Machinery and equipment	(137,724)	(7,066)	2,260	-	(142,530)
Vehicles	(94,740)	(12,560)	15,606	(4,811)	(96,505)
Vehicles under lease	(4,811)	-	-	4,811	-
Total accumulated depreciation	<u>(1,635,841)</u>	<u>(73,274)</u>	<u>17,866</u>	<u>-</u>	<u>(1,691,249)</u>
Total capital assets, being depreciated, net	<u>937,083</u>	<u>187,911</u>	<u>(8,373)</u>	<u>-</u>	<u>1,116,621</u>
Total business-type activities capital assets, net	<u>\$ 961,093</u>	<u>\$ 187,911</u>	<u>\$ (8,373)</u>	<u>\$ -</u>	<u>\$ 1,140,631</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General government	\$ 23,089
Parks and recreation	9,188
Public safety	105,146
Public works	61,821
Total governmental activities depreciation expense	<u>\$199,244</u>
Business-Type Activities	
Water and sewer	<u>\$ 73,274</u>

**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 6: LONG-TERM LIABILITIES

Changes in long-term liabilities during the year ended September 30, 2015, are as follows:

	Balance October 1, 2014	Additions	Principal Payments/ Reductions	Balance September 30, 2015	Due within One Year
Governmental Activities					
Notes payable	\$ 119,719	\$ -	\$ (32,025)	\$ 87,694	\$ 24,314
Capital leases payable	22,107	47,980	(22,107)	47,980	15,685
Compensated absences	53,371	18,283	(29,471)	42,183	42,183
Net pension liability*	1,987,420	780,126	(234,980)	2,532,566	-
Total governmental activities	\$ 2,182,617	\$ 846,389	\$ (318,583)	\$ 2,710,423	\$ 82,182
Business-type Activities					
Notes payable	\$ -	\$ 96,183	\$ (744)	\$ 95,439	\$ 8,395
Bonds payable	214,705	-	(54,690)	160,015	3,359
Capital leases payable	7,853	-	(7,853)	-	-
Compensated absences	10,616	10,470	(8,701)	12,385	12,385
Net pension liability*	440,214	169,405	(50,579)	559,040	-
Total business-type activities	\$ 673,388	\$ 276,058	\$ (122,567)	\$ 826,879	\$ 24,139

* Restatement to beginning balance due to the implementation of GASB Statement No. 68. See Note 13.

(A) Notes Payable

At September 30, 2015, the City's outstanding notes payable are described as follows:

	Date Issued	Maturity Date	Interest Rate	Original Amount	Balance September 30, 2015
Governmental Activities:					
State of Mississippi	8/8/2005	3/1/2016	2.00%	\$ 161,191	\$ 9,240
State of Mississippi	5/5/2014	6/1/2024	3.00%	149,000	78,454
Total governmental activities				310,191	87,694
Business-type Activities:					
State of Mississippi	10/27/2014	8/1/2025	3.00%	96,183	95,439
Total notes payable at year-end				\$ 406,374	\$ 183,133

Principal and interest maturities will be as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 24,314	\$ 2,230	\$ 8,395	\$ 2,750
2017	15,532	1,733	8,650	2,495
2018	16,004	1,261	8,913	2,232
2019	16,491	774	9,185	1,960
2020	15,353	269	9,464	1,681
Thereafter	-	-	50,832	4,149
Total payments	\$ 87,694	\$ 6,267	\$ 95,439	\$ 15,267

**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 6: LONG-TERM LIABILITIES (Continued)

(B) Bonds Payable

At September 30, 2015, the City's outstanding revenue bonds payable are described as follows:

	Date of Issue	Original Issue	Final Maturity Date	Rates	Balance September 30, 2015
Business-type Activities:					
Revenue bond (acquired by the USDA)	11/16/2006	\$ 185,185	2/16/2041	4.38%	<u>\$ 160,015</u>

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

Year Ending September 30,	Business-type Activities		Total Requirements
	Principal	Interest	
2016	\$ 3,359	\$ 6,931	\$ 10,290
2017	3,665	6,775	10,440
2018	3,829	6,611	10,440
2019	4,000	6,440	10,440
2020	4,178	6,261	10,439
2021-2025	23,861	28,339	52,200
2026-2030	29,684	22,516	52,200
2031-2035	36,927	15,273	52,200
2036-2040	45,939	6,261	52,200
2041	4,573	50	4,623
Total	<u>\$ 160,015</u>	<u>\$ 105,457</u>	<u>\$ 265,472</u>

The City's Water and Sewer Revenue Bond dated November 16, 2006, requires the establishment of certain funds (accounts) and periodic transfers of money to these funds as follows:

- Water and Sewer System Bond Cushion Fund - Into which shall be deposited \$44 per month until the funds and investments shall equal \$5,304.
- Waterworks and Sewer System Depreciation Fund - Into which shall be deposited \$22 per month until the funds and investments shall equal \$2,652.
- Waterworks and Sewer System Contingent Fund - Into which shall be deposited \$22 per month until the funds and investments shall equal \$2,652.

These monies are not separate funds but are restricted accounts within the water fund.

At September 30, 2015, the balances in the restricted accounts required by the bond covenants are as follows:

	Required Balance	Balance September 30, 2015	(Under) Over Funded
Bond cushion fund	\$ 4,729	\$ 4,729	\$ -
Depreciation fund	2,365	2,365	-
Contingent fund	2,365	2,365	-
	<u>\$ 9,459</u>	<u>\$ 9,459</u>	<u>\$ -</u>

**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 6: LONG-TERM LIABILITIES (Continued)

(C) Capital Leases Payable

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

The capital lease obligations outstanding as of September 30, 2015, are as follows:

	Date Issued	Effective Interest Rate	Original Amount	Outstanding Present Value
Governmental Activities:				
2015 Chevy Silverado	9/2/2015	1.86%	\$ 21,960	\$ 21,960
2015 Dodge Charger	9/3/2015	1.99%	26,020	26,020
Total capital leases at year-end			<u>\$ 47,980</u>	<u>\$ 47,980</u>

The following is an analysis of property leased under capital leases as of September 30, 2015:

	Cost	Accumulated Amortization	Net Book Value
Governmental Activities			
Vehicles	<u>\$ 47,980</u>	<u>\$ (732)</u>	<u>\$ 47,248</u>

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

The following is a schedule of future minimum lease payments under capital leases and present value of net minimum payments at September 30, 2015:

Year Ending September 30,	Governmental Activities
2016	\$ 16,473
2017	16,473
2018	16,473
Total minimum lease payments	49,419
Less amount representing interest	<u>(1,439)</u>
Present value of minimum payments	<u>\$ 47,980</u>

(D) Legal Debt Margin

The City's legal debt limit for general obligation bonds is \$2,866,551, of which approximately \$2,731,000 is available to the City for further borrowing.

**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 7: INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources primarily to provide services.

(A) Interfund Receivables and Payables

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Interfund receivables and payables consisted of the following at September 30, 2015:

Due From	Due To
Governmental Activities	Business-type Activities
General Fund	Water Fund
\$	\$
32,115	32,115
	<u>32,115</u>

(B) Interfund Transfers

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administrations of various projects or programs.

The government-wide statement of activities eliminates transfers as reported within the segregated governmental and business-type activities columns. Only transfers between the two columns appear in this statement. Interfund transfers between funds during the year ended September 30, 2015 consist of the following:

Transfers Out	Transfers In		Total Transfers Out
	Governmental Activities	Business-type Activities	
General Fund	General Fund	Water and Sewer Fund	
Governmental Activities:			
General	\$ -	\$ (7,687)	\$ (7,687)
Business-Type Activities:			
Utility	<u>7,687</u>	<u>-</u>	<u>7,687</u>
Total Due To	<u>\$ 7,687</u>	<u>\$ (7,687)</u>	<u>\$ -</u>

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**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 8: RESTRICTED NET POSITION

(A) Governmental Activities

Unemployment Compensation Fund

The City is required by Mississippi Code Section 71-5-359 to set aside funds in excess of 2% of the prior year's covered wages (i.e., the first \$14,000 of wages paid to an employee) to pay future unemployment compensation claims. As of September 30, 2015 the City had \$13,687 in its unemployment compensation fund.

Forfeiture Fund

Additionally, the City receives cash from court judgments where the defendant is ordered to forfeit cash seized in the arrest. The use of these funds by the City is restricted to enhancing public safety efforts. At September 30, 2015, the City had \$16,827 net of restricted accounts payable, in its forfeiture fund.

Therefore, total restricted net position was \$30,514 at September 30, 2015.

(B) Business-type Activities

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

The restricted portions are as follows:

Restricted Assets	
Customer deposits	\$ 79,705
Revenue bond cushion fund account	4,729
Revenue bond depreciation fund account	2,365
Revenue bond contingent fund account	<u>2,365</u>
Total restricted accounts	<u>89,164</u>
Liabilities Payable from Restricted Assets	
Customer deposits	<u>79,705</u>
Restricted net position	<u><u>\$ 9,459</u></u>

NOTE 9: JOINT VENTURES

Poplarville – Pearl River County Airport

The Poplarville – Pearl River County Airport is a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), between the City and Pearl River County. The joint venture was created to provide airport service to the area. The airport is governed by a five-member board of commissioners appointed as follows: Poplarville, two; Pearl River County, two; jointly, one. The City and Pearl River County jointly lease the land and own the buildings of the Poplarville – Pearl River County Airport. The City provides \$3,300 in support each year to the Airport. In addition, the City provides liability insurance and utilities, which totaled \$3,457 for the year ended September 30, 2015, and are included in miscellaneous expenses on the statement of activities. The County provides at least \$5,000 to the airport each year. Any potential future financial benefit or burden to the City resulting from the airport is not determinable at this time. The \$3,300 the City paid to the Airport during the year ended September 30, 2015, is included in miscellaneous expenses on the statement of activities. Complete financial statements on the Poplarville – Pearl River County Airport can be obtained from Highway 53 South, Poplarville, MS 39470.

**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 9: JOINT VENTURES (Continued)

Poplarville Public Library

The Pearl River County Library System is a joint venture, authorized by Section 39-3-8, Miss. Code Ann. (1972), among the Cities of Picayune and Poplarville, and Pearl River County. The library system was created to provide free library service to all the people in the County. The library system is governed by a board of trustees consisting of ten members. Poplarville appoints one member, Pearl River County appoints five, and Picayune appoints four. The City owns the Poplarville Public Library land and building which are recorded in the City's governmental capital assets as follows: Land, \$40,000; Building and improvements, \$250,530, with accumulated depreciation of \$145,035. The City also provided \$24,000 in support and \$16,087 for the liability insurance policy, utilities, and supplies during the year ended September 30, 2015, which is all included in culture and recreation expenses on the statement of activities. The Pearl River County Library System's financial information is reported independently. Complete financial statements can be obtained from the Margaret Reed Crosby Memorial Library located at 900 Goodyear Blvd., Picayune, MS 39466.

Pearl River County Development Association

The City of Poplarville is a participant with Pearl River County, the City of Picayune, the Chamber of Commerce, and Pearl River Community College in a joint venture, authorized by Section 19-5-99, Miss Code Ann. (1972), to operate the Pearl River County Development Association. The Association was created to foster, encourage and facilitate economic development in the County. The Association is composed of seven members appointed as follows: Poplarville, one; Pearl River County, two; Picayune, one; Chamber of Commerce, two; and Pearl River Community College, one. The City appropriated no expenses to this joint venture during the year ended September 30, 2015. Complete financial statements can be obtained from P.O. Box 278, Picayune, MS 39466. The City discontinued their participation in the joint venture in 2015.

NOTE 10: RETIREMENT PLANS

The Governmental Accounting Standards Board (GASB) Statement No. 68 – Accounting and Financial Reporting for Pensions has been implemented for the year ended September 30, 2015. A prior period adjustment has been recorded for the cumulative effect of implementing the change in accounting principles. See Note 13 for further information.

Plan Description and Provisions

The City's employees are provided pensions through the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Mississippi's Public Employees' Retirement System's Board of Trustees. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained from its website, www.pers.ms.gov, by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS, 39201-1005, or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits Provided

PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. 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 become members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2 percent of their average compensation for each year of credited service up to and including 30 years (25 years for those who became members before July 1, 2011) plus 2.5 percent for each additional year of credited 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 credited 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. Benefit provisions are established by Section 25-11-1 et seq., Mississippi Code Ann. (1972) and may be amended only by the State Legislature.

**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 10: RETIREMENT PLANS (Continued)

Benefits Provided (Continued)

A Cost-of-Living Adjustment (COLA) is made to eligible retirees and beneficiaries. The COLA is equal to 3 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 percent compounded for each fiscal year thereafter.

Contributions

The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The adequacy of these rates is assessed annually by actuarial valuation. PERS members are required to contribute 9% of their annual covered salary and the City is required to contribute at an actuarially determined rate. For the periods ending September 30, 2015, 2014, and 2013, the City's contribution rates were 15.75%, 14.26%, and 12.93% of annual covered payroll, respectively. The City's contributions to PERS for the years ended September 30, 2015, 2014, and 2013 were \$160,670, \$165,848, and \$167,452, respectively, equal to the required contributions for each year.

Pension Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

At September 30, 2015, the City recognized a total of \$3,091,606 as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the City's proportion was 0.016335 percent, which was a decrease of 0.001286 from its proportion measured as of June 30, 2014 (.017621 percent).

For the year ended September 30, 2015, the City recognized expense of \$277,242. In addition, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 71,826	\$ -
Changes of assumptions	266,331	-
Net difference between projected and actual earnings on Plan investments	-	83,036
Differences between City contributions and proportionate share of contributions	-	38,727
City contributions subsequent to the measurement date	43,843	-
Total	<u><u>\$ 382,000</u></u>	<u><u>\$ 121,763</u></u>

**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 10: RETIREMENT PLANS (Continued)

Pension Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources (Continued)

The City's contributions subsequent to the measurement date, \$43,843, will be recognized as a reduction of the net pension liability in the year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year	Amount
2016	\$ 69,407
2017	68,415
2018	33,349
2019	45,223
	\$ 216,394

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.75 percent, net of investment expense and inflation
Projected salary increases	3.75 - 19.00 percent, including inflation
Inflation	3.0 percent

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015. Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016, set forward one year for males.

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

Asset Class	Target Allocation %	Long-term Expected Real Rate of Return %
U.S. Broad	34.00%	5.20%
International equities	19.00%	5.00%
Emerging markets equities	8.00%	5.45%
Fixed income	20.00%	0.25%
Real assets	10.00%	4.00%
Private equities	8.00%	6.15%
Cash	1.00%	-0.50%
Total	100.00%	

**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 10: RETIREMENT PLANS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	Discount Rate	City's Proportionate Share of Net Pension Liability
1% decrease	6.75%	\$4,075,019
Current discount rate	7.75%	\$3,091,606
1% increase	8.75%	\$2,275,556

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued PERS financial report.

Deferred Compensation Plan

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

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

NOTE 11: COMMITMENTS AND CONTINGENCIES

(A) Litigation

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

(B) Grants and Awards

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

**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 11: COMMITMENTS AND CONTINGENCIES (Continued)

(C) Water Tank Maintenance Contract

The City entered into a ten year contract with Tank Pro, Inc. on March 5, 2013 for the annual inspection, maintenance, and repair of the City's water tank. The City paid Tank Pro, Inc. \$11,000 in the year ended September 30, 2015, which is included in the water and sewer expenses on the statement of activities. Annual payments are required by the City in the amount of \$11,000 for the City's fiscal years 2015 through 2016; \$12,156 for fiscal years 2017 through 2019; \$13,432 for fiscal years 2020-2022; and a final payment of \$14,842 in fiscal year 2023. The City has the option to cancel the agreement only if intent to cancel is received by the Tank Pro ninety days prior to the anniversary date.

(D) Garbage Collection Contract

The City renewed its contract with Waste Management of Mississippi, Inc. on April 15, 2014. The term of the contract runs from June 1, 2014 through May 30, 2017, with no option to renew at the end of the term. Waste Management collects and disposes of garbage from residential and light commercial businesses at a monthly cost of \$12.97 per location under the renewed contract beginning in June 2014. For the year ended September 30, 2015, the City paid Waste Management \$152,292 for garbage collection which is included in public works expenses on the statement of activities.

NOTE 12: RISK MANAGEMENT

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

(A) Self-Insurance – Workers Compensation Fund

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

(B) Self-Insurance – Liability Fund

The City is a member in the Mississippi Municipal Liability Plan. The plan is a private non-profit corporation organized under the laws of the State of Mississippi. The plan provides liability and tort claims insurance for its members up to \$500,000 and \$50,000 per occurrence, respectively. The plan is totally self-insured with claims and expenses paid out of the premiums and the members are jointly and severally liable for any claims and expenditures beyond the premium base. The possibility of additional liability exists, but that amount, if any, cannot be determined.

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**CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 13: PRIOR PERIOD ADJUSTMENT

The implementation of a new accounting standard, GASB 68, required the recording of net pension liability and deferred outflows and inflows related to pensions in the fiscal year ended September 30, 2014. Certain balances in the financial statements for the year ended September 30, 2014, have been restated to reflect the adjustments related to previous years. The effects of this restatement on the statement of net position are as follows:

	<u>As Previously Stated</u>	<u>As Restated</u>	<u>Effect of Correction</u>
Statement of Net Position at September 30, 2014:			
<i>Governmental Activities</i>			
Deferred outflows for pensions	\$ -	\$ 66,385	\$ 66,385
Net pension liability	\$ -	\$ (1,987,420)	\$ (1,987,420)
Deferred inflows for pensions	\$ -	\$ (304,033)	\$ (304,033)
Net position	\$ 4,648,612	\$ 2,423,544	\$ 2,225,068
<i>Business-type Activities</i>			
Deferred outflows for pensions	\$ -	\$ 14,704	\$ 14,704
Net pension liability	\$ -	\$ (440,214)	\$ (440,214)
Deferred inflows for pensions	\$ -	\$ (67,344)	\$ (67,344)
Net position	\$ 1,603,489	\$ 1,110,635	\$ 492,854

NOTE 14: SUBSEQUENT EVENTS

The City has evaluated events occurring subsequent to year end through May 18, 2016, which is the date the statements were available to be issued. The following events subject to disclosure have been identified:

In October, 2015, the City received a Small Municipalities and Limited Population County Grant Award from the Mississippi Development Authority in the amount of \$135,000, a portion of which was used in March 2016 to purchase real property for a total of \$125,000. Currently, the City has not made a firm decision on the use of the property.

In April, 2016, the Board authorized the City to purchase a new vehicle for the Fire Department in the amount of \$22,354. The City will use the proceeds from the recent sale of an old vehicle to purchase the new vehicle.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF POPLARVILLE, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes				
Property	\$ 772,377	\$ 772,377	\$ 771,151	\$ (1,226)
Sales	678,893	678,893	746,490	67,597
Licenses, permits, and franchise fees	258,000	258,000	284,431	26,431
Intergovernmental	298,563	298,563	451,397	152,834
Charges for services	158,000	158,000	162,940	4,940
Interest	2,068	2,068	2,037	(31)
Fines and forfeitures	111,000	111,000	65,857	(45,143)
Miscellaneous	73,813	73,813	49,745	(24,068)
Total revenues	<u>2,352,714</u>	<u>2,352,714</u>	<u>2,534,048</u>	<u>181,334</u>
EXPENDITURES				
Current:				
General government				
Personnel services	203,326	203,326	185,049	18,277
Supplies	8,150	8,150	13,070	(4,920)
Other services and charges	99,439	99,439	95,867	3,572
Capital outlay	40,000	47,450	8,669	38,781
Total general government	<u>350,915</u>	<u>358,365</u>	<u>302,655</u>	<u>55,710</u>
Court				
Personnel services	66,673	66,673	64,949	1,724
Supplies	1,150	1,150	767	383
Other services and charges	5,420	5,420	3,300	2,120
Capital outlay	600	600	600	-
Total court	<u>73,843</u>	<u>73,843</u>	<u>69,616</u>	<u>4,227</u>
Police				
Personnel services	623,398	623,398	576,921	46,477
Supplies	60,610	60,610	41,302	19,308
Other services and charges	51,510	78,291	57,252	21,039
Capital outlay	53,775	53,775	64,879	(11,104)
Total police	<u>789,293</u>	<u>816,074</u>	<u>740,354</u>	<u>75,720</u>
Fire				
Personnel services	199,012	199,012	171,818	27,194
Supplies	21,650	21,650	17,669	3,981
Other services and charges	41,700	41,700	39,761	1,939
Capital outlay	4,895	4,895	4,803	92
Total fire	<u>267,257</u>	<u>267,257</u>	<u>234,051</u>	<u>33,206</u>
Highways and streets				
Personnel services	203,499	203,499	197,602	5,897
Supplies	52,950	52,950	35,259	17,691
Other services and charges	77,789	77,789	91,966	(14,177)
Capital outlay	42,982	42,982	22,313	20,669
Total highway and streets	<u>377,220</u>	<u>377,220</u>	<u>347,140</u>	<u>30,080</u>
Public works				
Other services and charges	155,600	155,600	152,292	3,308

**CITY OF POPLARVILLE, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
EXPENDITURES, Continued				
Culture and recreation				
Supplies	3,050	7,919	2,737	5,182
Other services and charges	339,900	339,900	338,643	1,257
Capital outlay	-	67,400	67,394	6
Total culture and recreation	<u>342,950</u>	<u>415,219</u>	<u>408,774</u>	<u>6,445</u>
Miscellaneous				
Cemetery				
Other services and charges	18,120	18,120	15,425	2,695
Airport				
Other services and charges	5,830	6,780	6,750	30
Total miscellaneous	<u>23,950</u>	<u>24,900</u>	<u>22,175</u>	<u>2,725</u>
Debt service	<u>22,386</u>	<u>22,386</u>	<u>22,386</u>	-
Total expenditures	<u>2,403,414</u>	<u>2,510,864</u>	<u>2,299,443</u>	<u>211,421</u>
Excess (deficiency) of revenues over expenditures	<u>(50,700)</u>	<u>(158,150)</u>	<u>234,605</u>	<u>392,755</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	4,000	4,000	30,090	26,090
Proceeds from capital leases	50,700	50,700	47,980	(2,720)
Total other financing sources (uses)	<u>54,700</u>	<u>54,700</u>	<u>78,070</u>	<u>23,370</u>
Net change in fund balance	4,000	(103,450)	312,675	<u>\$ 416,125</u>
Fund balance-beginning, budget basis	<u>595,157</u>	<u>708,536</u>	<u>708,536</u>	
Fund balance-ending, budget basis	<u>\$ 599,157</u>	<u>\$ 605,086</u>	<u>1,021,211</u>	
Reconciliation to GAAP basis:				
Cumulative difference between GAAP basis fund balance and budget basis fund balance at beginning of the year			174,574	
Change in taxes receivable			(105)	
Change in accounts receivable			(8,603)	
Change in franchise fee receivable			2,926	
Change in sales tax receivable			20,092	
Change in grants receivable			(14,090)	
Change in prepaid expenses			(237)	
Change in accounts payable and accrued expenses			(5,562)	
Change in deferred revenue			(9,531)	
Change in compensated absences			921	
Fund balance-ending, GAAP basis			<u>\$ 1,181,596</u>	

See note to budgetary comparison schedule.

**CITY OF POPLARVILLE, MISSISSIPPI
NOTE TO BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

NOTE A: BUDGETARY DATA

The procedures used by the City in establishing the budgetary data are as follows:

1. The City Clerk's office prepares estimates of available revenue.
2. Department directors submit proposed expenditure budgets to the City Clerk by June 1 each year.
3. The Mayor and the department directors review expenditure budgets and necessary revisions are made.
4. Budgeted revenues and expenditures are balanced, and a summary budget is prepared and presented to the Mayor.
5. The City Clerk submits the proposed budget to the Board by August 1.
6. Public hearings are conducted to obtain taxpayer comments.
7. The final budget is approved by September 15 and must be published in a local newspaper on or before September 30.
8. The budget is formally amended at the first meeting in July each year, if necessary. However, budget revisions are made throughout the year (prior to July) as reallocations of funds are necessary, a budget deficit is indicated, or circumstances change which dictate the need for a budget amendment.
9. Formal budgetary integration is employed as a management control device for all governmental and proprietary fund types. Budgets for the Governmental Funds are adopted in accordance with provisions of the State Auditor's Office and not on a basis consistent with accounting principles generally accepted in the United States of America. For budgetary purposes, certain revenues from property taxes, interest on investments, and certain other sources are recognized when received in cash and unexpended appropriations lapse thirty days after the end of the fiscal year.

The legal level of control for all budgets adopted is at the fund level with the exception of the General Fund, which is appropriated at the department level. Administrative control for all budgets is maintained through the establishment of more detailed line-item budgets.

The City Clerk's office exercises budgetary monitoring throughout the fiscal year. An adopted budget may not exceed its appropriated level without Board approval. Budgetary controls are implemented through the City Clerk's office through the use of budget to actual reports. Any purchase requisition that will cause a line item to exceed its budget will be disallowed by the City Clerk. The department head will then be required to make an inter-department budget transfer or request a budget amendment.

The Budgetary Comparison Schedule presents comparisons of legally adopted budgets with actual data on the budgetary basis. Since accounting principles applied for purposes of developing data on the budgetary basis differ from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of timing differences in the net change in fund balance for the year ended September 30, 2015 is presented at the end of the Budgetary Comparison Schedule.

CITY OF POPLARVILLE, MISSISSIPPI
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
MISSISSIPPI PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN
LAST TWO FISCAL YEARS

	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.02%	0.02%
City's proportionate share of the net pension liability	\$ 3,091,606	\$ 2,427,634
City's covered employee payroll	\$ 1,016,651	\$ 1,062,823
City's proportionate share of the net pension liability as a percentage of covered employee payroll	304.10%	228.41%
Plan fiduciary net position as a percentage of total pension liability	61.70%	67.21%

See independent auditors' report.

**CITY OF POPLARVILLE, MISSISSIPPI
SCHEDULE OF CITY'S CONTRIBUTIONS
MISSISSIPPI PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN
LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 160,123	\$ 167,395
Contributions in relation to contractually required contribution	<u>(160,123)</u>	<u>(167,395)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 1,016,651	\$ 1,062,823
Contributions as a percentage of covered employee payroll	15.75%	15.75%

See independent auditors' report.

CITY OF POPLARVILLE, MISSISSIPPI
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
SEPTEMBER 30, 2015

NOTE 1: CHANGES IN ASSUMPTIONS

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates, and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

NOTE 2: METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (2015 Employer contributions are developed from 2013 valuation). The following 2013 actuarial methods and assumptions were used to determine the most recent contribution rate reported:

Actuarial cost method	Entry age
Amortization cost method	Level percentage of payroll, open
Remaining amortization period	32.2 years
Asset valuation method	5 year smoothed market
Price inflation	3.50 percent
Salary increase	4.25 percent to 19.50 percent, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation

SUPPLEMENTARY INFORMATION

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CITY OF POPLARVILLE, MISSISSIPPI
SCHEDULE RECONCILING ORIGINAL AD VALOREM TAX ROLLS
TO FUND COLLECTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Assessed Value	Tax
ADJUSTED ASSESSED VALUATION		
Realty	\$ 9,256,204	\$ 526,729
Personal - other than auto	1,968,084	111,995
Public utilities	1,699,214	96,695
Personal - auto and mobile home	1,409,251	80,194
Total City of Poplarville at 56 mills	14,332,753	815,613
Less: Homestead exemption allowed	1,323,112	74,094
Total City of Poplarville	\$ 13,009,641	741,519
Add: Actual homestead reimbursement		45,314
County road taxes		4,040
Prior year tax collections		11
Penalties and interest on delinquent taxes		5,920
In-lieu of taxes		10,474
Deduct: Adjustments to roll		(12,979)
Unpaid realty, personal and utility taxes		(3,591)
Total to be accounted for		\$ 790,708

COLLECTIONS

	Taxes	Homestead Reimbursement	Total
Collections allocated to fund			
General fund	\$ 744,988	\$ 43,281	\$ 788,269
Debt service	40,064	2,033	42,097
	\$ 785,052	\$ 45,314	830,366
		Unaccounted for	(39,658)
			\$ 790,708

See independent auditors' report.

**CITY OF POPLARVILLE, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR CITY OFFICIALS
SEPTEMBER 30, 2015**

<u>Official's Title</u>	<u>Name</u>	<u>Surety Company</u>	<u>Coverage Amount</u>
City Clerk	Jody Stuart	Travelers	\$ 85,000
Chief of Police	Charles Fazende	Travelers	\$ 50,000
Police Officer Bond	James Steinkamp	Old Republic	\$ 50,000
Police Officer Bond	Rossie Creel	Old Republic	\$ 50,000
Deputy Clerks and Court Clerks Bond	Jacqueline Davis	Old Republic	\$ 50,000
Deputy Clerks and Court Clerks Bond	Linda Dupont	Old Republic	\$ 50,000
Deputy Clerks and Court Clerks Bond	Ardelia Hackbarth	Old Republic	\$ 50,000
Deputy Clerks and Court Clerks Bond	Amy Lambert	Old Republic	\$ 50,000
Blanket Bond for Alderpersons and Mayor	N/A	Travelers	\$ 50,000

See independent auditors' report.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC
Certified Public Accountants & Business Consultants

AVL WEALTHCARE, LLC
Wealth Management

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

May 18, 2016

Honorable Mayor and Members
of the Board of Alderpersons
Poplarville, 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, and each major fund of the City of Poplarville, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise City of Poplarville, Mississippi's basic financial statements, and have issued our report thereon dated May 18, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Poplarville, 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 Poplarville, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Poplarville, 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.

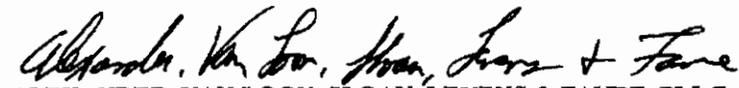
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Poplarville, Mississippi's financial statements are free of 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*.

Honorable Mayor and Members of the
Board of Alderpersons
City of Poplarville
Poplarville, Mississippi
May 18, 2016

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.


ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE, PLLC
Certified Public Accountants
Gulfport, Mississippi

REPORT ON STATE COMPLIANCE

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AUG 29 2016



ALEXANDER | VAN LOON | SLOAN | LEVENS | FAVRE, PLLC
Certified Public Accountants & Business Consultants

AVL WEALTHCARE, LLC
Wealth Management

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

May 18, 2016

Honorable Mayor and Members
of the Board of Alderpersons
Poplarville, Mississippi

We have audited the financial statements of the City of Poplarville, Mississippi as of and for the year ended September 30, 2015, and have issued our report thereon dated May 18, 2016. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

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

The results of those procedures and our audit of the basic financial statements disclosed no instances of noncompliance with state laws and regulations.

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


ALEXANDER, VAN LOON, SLOAN, LEVENS & FAVRE, PLLC
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Gulfport, Mississippi