CPA & Consulting Firm

CITY OF POPLARVILLE, MISSISSIPPI

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended September 30, 2020

CITY OF POPLARVILLE, MISSISSIPPI

TABLE OF CONTENTS

	SCHEDULE / EXHIBIT NUMBER	PAGE
INTRODUCTORY SECTION		
List of City Officials		1
INDEPENDENT AUDITOR'S REPORT		2 - 4
FINANCIAL SECTION		
Management's Discussion and Analysis		5 - 13
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	Exhibit A	14 - 15
Statement of Activities	Exhibit B	16
Fund Financial Statements:		
Balance Sheet - Governmental Funds	Exhibit C	17 - 18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	Exhibit C.1	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	Exhibit D	20 - 23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Exhibit D.1	24 - 25
Statement of Net Position - Proprietary Fund	Exhibit E	26 - 27
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	Exhibit F	28
Statement of Cash Flows - Proprietary Fund	Exhibit G	29 - 30
NOTES TO THE FINANCIAL STATEMENTS		31 - 65
REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary Comparison Schedule (Non-GAAP basis) - General Fund	Schedule 1	66 - 71
Notes to the Budgetary Comparison Schedule (Non-GAAP basis) - General Fund		72 - 73
Schedule of City's Proportionate Share of Net Pension Liability - Mississippi Public Employees' Retirement System Plan	Schedule 2	74
Schedule of City's Contributions - Mississippi Public Employees' Retirement System Plan	Schedule 3	75
Notes to the Required Supplementary Information		76 - 78

CITY OF POPLARVILLE, MISSISSIPPI

TABLE OF CONTENTS - PAGE TWO

	SCHEDULE/ EXHIBIT NUMBER	PAGE
SUPPLEMENTARY INFORMATION		
Schedule Reconciling Original Ad Valorem Tax Rolls to Fund Collections	Schedule 4	79
Schedule of Surety Bonds for Municipal Officials	Schedule 5	80
SPECIAL REPORTS		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*		81 - 82
Independent Auditor's Report on Compliance with Mississippi State Laws and Regulations		83 - 84
SCHEDULE OF FINDINGS AND RESPONSES		85
AUDITEE'S CORRECTIVE ACTION PLAN		86

INTRODUCTORY SECTION

CITY OF POPLARVILLE, MISSISSIPPI
LIST OF CITY OFFICIALS
SEPTEMBER 30, 2020

ELECTED OFFICIALS

Mayor	Rossie Creel
Alderperson	Anne Gendusa Smith
Alderperson	John Russell Miller, Jr.
Alderperson	Kevin L. Tillman, Sr.
Alderperson	Shirley Wiltshire

APPOINTED OFFICIALS

City Clerk and Tax Collector	Jane C. O'Neal
Police Chief	Daniel Collier
Fire Chief	Jason Bannister
Superintendent	Sam Hale
City Attorney	Manya Creel Bryan

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Poplarville, Mississippi, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Poplarville, Mississippi's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

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

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, each major fund, and the aggregate remaining fund information of the City of Poplarville, Mississippi, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, on pages 5 through 13, and Schedules 1 through 3, on pages 66 through 78, 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.

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

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 list of City Officials and Schedules 4 and 5 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedules 4 and 5 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 4 and 5 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The list of City Officials 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 August 6, 2021 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, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Poplarville, Mississippi's internal control over financial reporting and compliance.

TMH

Hattiesburg, Mississippi
August 6, 2021

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2020

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, 2020. The information contained in the 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)
- Supplementary Information

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, 2020 by $4,503,771.
- The total net position decreased by $114,675. Of this amount, a decrease of $122,248 was associated with governmental activities and an increase of $7,573 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 $2,813,878, a decrease of $872,436 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the governmental funds was $2,624,865, which would cover approximately six months of expenditures.

Overview of the Financial Statements

The City's basic financial statements are comprised of 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.

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 Series 2019 Bond Projects Fund, which are both considered to be major funds.

Proprietary Funds

The City maintains one type of 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 in the financial statements for more detailed information on the elements of the financial statements.

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Government-wide Financial Analysis

Table 1 below presents the City's condensed statements of net position as of September 30, 2020 and 2019, derived from the government-wide statements of net position.

TABLE 1
CONDENSED STATEMENTS OF NET POSITION
SEPTEMBER 30, 2020 AND 2019

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current and other assets	$ 2,907,789	$ 3,840,525	$ 1,254,653	$ 1,185,537	$ 4,162,442	$ 5,026,062
Capital assets, net	4,911,426	4,025,218	1,226,211	1,328,735	6,137,637	5,353,953
Total assets	7,819,215	7,865,743	2,480,864	2,514,272	10,300,079	10,380,015
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	321,094	172,201	56,220	39,166	377,314	211,367
LIABILITIES						
Other liabilities	93,911	154,211	132,910	139,114	226,821	293,325
Long-term liabilities	4,776,156	4,463,890	1,170,645	1,182,147	5,946,801	5,646,037
Total liabilities	4,870,067	4,618,101	1,303,555	1,321,261	6,173,622	5,939,362
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	-	27,353	-	6,221	-	33,574
NET POSITION						
Net investment in capital assets	3,338,751	2,476,688	750,134	794,446	4,088,885	3,271,134
Restricted	159,174	1,263,138	10,608	10,608	169,782	1,273,746
Unrestricted	(227,683)	(347,336)	472,787	420,902	245,104	73,566
Total net position	**$ 3,270,242**	**$ 3,392,490**	**$ 1,233,529**	**$ 1,225,956**	**$ 4,503,771**	**$ 4,618,446**

At September 30, 2020 and 2019, the City's assets and deferred outflows exceeded liabilities and deferred inflows by $4,503,771 and $4,618,446, 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, cemetery perpetual care, capital projects, 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 $234,260 due largely to the change in the net pension liability (see Notes 5 and 8 for details related to the net pension liability).

Due to the recording of the net pension liability accrual, governmental activities reflect a deficit balance in unrestricted net position of $227,683 at September 30, 2020. This is an $119,653 decrease from prior year's deficit balance in unrestricted net position of $347,336.

Business-type activities reflect an unrestricted net position of $472,787 at September 30, 2020, an increase of $51,885 over prior year's unrestricted net position of $420,902.

Table 2 on the next page presents the City's condensed statements of activities for the fiscal years ended September 30, 2020 and 2019, as derived from the government-wide statements of activities.

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Business-Type Activities		Totals	
2020	2019	2020	2019
$ 643,969	$ 663,192	$ 872,710	$ 985,517
-	-	33,160	28,881
-	-	68,373	102,914
643,969	**663,192**	**974,243**	**1,117,312**
-	-	978,074	927,224
-	-	1,030,559	992,250
-	-	172,045	187,415
-	-	88,141	50,410
(1,676)	-	(5,335)	11,699
1,226	1,213	41,040	82,878
-	-	23,462	14,858
(450)	**1,213**	**2,327,986**	**2,266,734**
643,519	**664,405**	**3,302,229**	**3,384,046**
-	-	900,818	691,243
-	-	79,776	88,140
-	-	1,042,776	1,073,365
-	-	457,474	395,588
-	-	187,990	178,214
-	-	46,704	47,324
-	-	33,957	52,690
15,480	17,576	76,042	23,412
591,367	745,547	591,367	745,547
606,847	**763,123**	**3,416,904**	**3,295,523**
36,672	(98,718)	(114,675)	88,523
(29,099)	746	-	-
7,573	**(97,972)**	**(114,675)**	**88,523**
1,225,956	1,323,928	4,618,446	4,529,923
$ 1,233,529	**$ 1,225,956**	**$ 4,503,771**	**$ 4,618,446**

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 $2,813,878.

General Fund - Fund balance at September 30, 2020 totaled $2,695,389, an increase of $142,277 during the fiscal year in comparison to a $478,005 increase in fiscal year 2019. Significant changes in revenues and expenses in comparison to fiscal year 2019 are as follows:

- General Fund revenues decreased from $2,748,645 in 2019 to $2,609,525 in 2020, a net amount of $139,120 (5%) primarily due to a $15,370 (8%) decrease in franchise tax and a $118,219 (49%) decrease in intergovernmental revenue.
- In total, general fund expenditures increased by $155,038 (7%) from $2,357,533 in fiscal year 2019 to $2,512,571 in fiscal year 2020. This increase was primarily attributable to the following expenditures:
    - There was $41,289 expended for various concrete curb repair capital improvement projects.
    - There was an unexpected expenditure in the Police Department of $14,995 for the purchase of one used 2014 Ford Explorer SUV.
    - There was an unexpected expenditure in the Fire Department of $26,000 for the purchase of one used 2000 E-One Fire Truck, and an expenditure of $23,595 in fire truck repairs.
- Investment earnings decreased by $37,988 in 2020, dropping 59% from $64,102 in fiscal year 2019 to $26,114 in fiscal year 2020, due to a decrease in the rates paid on the City's funds held in financial institutions.

Capital Projects Fund -The capital projects fund had a fund balance of $94,672 at September 30, 2020. This fund was established to capture the proceeds and expenses associated with the issuance of the Series 2019 Bonds.

Proprietary Fund

The City's proprietary fund, the Water Fund, reported net position of $1,233,529 an increase of $7,573 during the fiscal year in comparison to a $97,972 decrease in the prior fiscal year.

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Budget Variances in the General Fund

Budget amendments are primarily related to the purchase of Fire Department and Police Department vehicles. All significant differences in the original budget and the final amended budget are summarized as follows:

- The Police Department incurred an unbudgeted expenditure of $14,995 for the purchase of one used 2014 Ford Explorer SUV.
- The Fire Department incurred an unbudgeted expenditure of $26,000 for the purchase of one used 2000 E-One Fire Truck.

The City ended the year with an overall positive variance between the budget and actual by $234,839 due to responsible budget management and a decrease in expenditures below the initial forecast.

Capital Asset and Long-Term Debt Activity

Capital Asset Activity

At September 30, 2020, the City reported $4,911,426 in net capital assets for governmental activities and $1,226,211 in capital assets for business-type activities. Major capital asset events during the year included the following:

- The City incurred expenditures of $666,031 to complete various drainage improvement projects.
- The City incurred expenditures of $556,569 to complete various 2019 General Obligation Bond Fund street paving and improvement projects.
- The City used $40,000 in grant funds to supplement the completion of $72,647 in General Fund parking improvements made at the City Park.

Additional information on the City's capital assets can be found in Note 4 to the financial statements.

Long-Term Debt Activity

At the end of the current fiscal year, the City had $1,572,675 in outstanding governmental debt and $476,077 in outstanding proprietary debt. Refer to Note 5 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 recorded approximately $3.8 million in pension liabilities for the defined benefit plan administered by the State of Mississippi's Public Employees' Retirement System for fiscal year ended September 30, 2020. The $3.8 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 8 to the financial statements for further information.

Economic Conditions and Outlook

Assessed values of properties increased in 2020, and therefore, the City expects a slight increase in property tax revenue.

Sales tax revenue increased in 2020, and therefore, the City expects a continued increase in sales tax revenue.

In 2021, the City is expecting to issue Tax Increment Financing (TIF) Bonds related to the new College Square Park shopping center development.

At the end of September 2020, the Capital Projects Fund had a fund balance of $94,672 that can be used for future street repairs and paving.

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.

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.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EXHIBIT A
PAGE 1 OF 2

CITY OF POPLARVILLE, MISSISSIPPI

Statement of Net Position
September 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 2,454,090	$ 958,870	$ 3,412,960
Receivables, net	264,686	187,428	452,114
Prepaid expenses	29,839	9,117	38,956
Restricted assets:			
Cash and cash equivalents	159,174	99,238	258,412
Capital assets			
Land, improvements, and construction in progress	610,035	24,010	634,045
Other capital assets, net of accumulated depreciation	4,301,391	1,202,201	5,503,592
Total capital assets	4,911,426	1,226,211	6,137,637
Total assets	7,819,215	2,480,864	10,300,079
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	321,094	56,220	377,314

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

EXHIBIT A
PAGE 2 OF 2

CITY OF POPLARVILLE, MISSISSIPPI

Statement of Net Position
September 30, 2020

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	$ 11,220	$ 6,363	$ 17,583
Cash bonds payable	2,700	-	2,700
Accrued liabilities	68,437	8,390	76,827
Due to other governmental agencies	-	41,081	41,081
Internal balances	11,554	(11,554)	-
Payable from restricted assets:			
Customer deposits	-	88,630	88,630
Long-term liabilities:			
Due within one year:			
Bonds, notes, and capital leases payable	134,431	55,894	190,325
Accrued interest	-	856	856
Compensated absences	17,045	8,380	25,425
Due in more than one year:			
Bonds, notes, and capital leases payable	1,438,244	420,183	1,858,427
Net pension liability	3,186,436	685,332	3,871,768
Total liabilities	4,870,067	1,303,555	6,173,622
NET POSITION			
Net investment in capital assets	3,338,751	750,134	4,088,885
Restricted for:			
Bond covenants	-	10,608	10,608
Other projects	159,174	-	159,174
Unrestricted	(227,683)	472,787	245,104
Total net position	$ 3,270,242	$ 1,233,529	$ 4,503,771

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

Other Governmental Fund	Total Governmental Funds
$ -	$ 2,454,090
-	264,686
-	29,839
23,817	159,174
$ 23,817	$ 2,907,789
$ -	$ 11,220
-	11,554
-	2,700
-	68,437
-	93,911
-	29,839
-	13,525
-	8,748
-	18,412
23,817	118,489
-	2,624,865
23,817	2,813,878
$ 23,817	$ 2,907,789

EXHIBIT C.1

CITY OF POPLARVILLE, MISSISSIPPI

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2020

Total *fund balances* for governmental funds (Exhibit C)	$ 2,813,878
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities but are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of $2,635,769.	4,911,426
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Notes payable	(1,572,675)
Compensated absences	(17,045)
Net pension liability	(3,186,436)
Deferred amounts for pension-related items are reported in the Statement of Net Position as deferred outflows or deferred inflows of resources but are not reported in the funds.	321,094
Total net position of governmental activities (Exhibit A)	$ 3,270,242

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

Other Governmental Fund	Total Governmental Funds
$ -	$ 1,024,772
-	1,030,559
-	172,045
-	16,355
45,543	167,035
-	189,649
25	33,414
-	28,539
45,568	2,662,368
-	439,191
-	73,703
-	937,552
-	491,385
-	187,990
-	42,131
-	36,133
21,751	1,338,904
85,000	143,735
52,083	60,562
158,834	3,751,286
(113,266)	(1,088,918)

Other Governmental Fund	Total Governmental Funds
$ -	$ 19,503
-	167,880
137,083	171,159
-	(142,060)
137,083	216,482
23,817	(872,436)
-	3,686,314
$ 23,817	$ 2,813,878

EXHIBIT D.1
PAGE 1 OF 2

CITY OF POPLARVILLE, MISSISSIPPI

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2020

Net change in *fund balances* - total governmental funds (Exhibit D)	$	(872,436)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount by which capital outlays of $1,343,271 exceeded depreciation of $433,901 in the current period.		909,370
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 or loss on the sale of net assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.		(23,162)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount of debt repayments. This is the amount by which proceeds ($167,880) exceeded repayments ($143,735).		(24,145)
Pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Also, governmental funds report current pension contribution expenses, whereas these amounts are deferred and amortized in the Statement of Activities as follows:		
Recognition of pension expense for the current period		(283,826)
Recognition of contributions made during the year		152,891

EXHIBIT D.1
PAGE 2 OF 2

CITY OF POPLARVILLE, MISSISSIPPI

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended September 30, 2020

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

Change in compensated absences	$ 19,060
Change in *net position* of governmental activities (Exhibit B)	$ (122,248)

PROPRIETARY FUND FINANCIAL STATEMENTS

EXHIBIT E
PAGE 1 OF 2

CITY OF POPLARVILLE, MISSISSIPPI

Statement of Net Position
Proprietary Fund
September 30, 2020

	Water Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 958,870
Accounts receivable, net	187,428
Due from other funds	11,554
Prepaid expenses	9,117
Total current assets	1,166,969
Non-Current Assets:	
Restricted assets:	
Cash and cash equivalents	99,238
Capital Assets:	
Land	24,010
Buildings and improvements	2,780,238
Machinery and equipment	287,326
Equipment and vehicles under lease	214,820
Less: accumulated depreciation	(2,080,183)
Total capital assets	1,226,211
Total assets	2,492,418
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	56,220
LIABILITIES	
Current Liabilities:	
Accounts payable	6,363
Accrued liabilities	8,390
Accrued interest payable	856
Due to other governmental agencies	41,081
Compensated absences	8,380
Bonds, capital leases, and notes payable	55,894
Payable from restricted assets:	
Customer deposits	88,630
Total current liabilities	209,594

EXHIBIT E
PAGE 2 OF 2

CITY OF POPLARVILLE, MISSISSIPPI

Statement of Net Position
Proprietary Fund
September 30, 2020

	Water Fund
LIABILITIES (Cont.)	
Non-Current Liabilities:	
Bonds, capital leases, and notes payable	$ 420,183
Net pension liability	685,332
Total non-current liabilities	1,105,515
Total liabilities	1,315,109
NET POSITION	
Net investment in capital assets	750,134
Restricted for bond covenants	10,608
Unrestricted	472,787
Total net position	$ 1,233,529

EXHIBIT F

CITY OF POPLARVILLE, MISSISSIPPI

Statement of Revenues, Expenses, and Changes In Fund Net Position
Proprietary Fund
Year Ended September 30, 2020

	Water Fund
OPERATING REVENUES	
Charges for services	$ 643,969
Total operating revenues	643,969
OPERATING EXPENSES	
Personnel services	246,161
Supplies	67,434
Materials	56,484
Utilities	42,982
Depreciation and amortization	100,848
Other operating expenses	77,458
Total operating expenses	591,367
OPERATING INCOME	52,602
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	1,226
Loss on asset disposal	(1,676)
Interest expense	(15,480)
Total non-operating revenues (expenses)	(15,930)
INCOME BEFORE TRANSFERS	36,672
Transfers out	(29,099)
CHANGE IN NET POSITION	7,573
NET POSITION - BEGINNING	1,225,956
NET POSITION - ENDING	$ 1,233,529

EXHIBIT G
PAGE 1 OF 2

CITY OF POPLARVILLE, MISSISSIPPI

Statement of Cash Flows
Proprietary Fund
Year Ended September 30, 2020

	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	$ 634,090
Payments to suppliers	(246,886)
Payments to employees	(222,607)
Net cash provided by operating activities	164,597
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers to other funds	(29,099)
Net cash used by noncapital financing activities	(29,099)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal paid on capital debt	(58,212)
Interest paid on capital debt	(15,599)
Net cash used by capital and related financing activities	(73,811)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	1,226
Net cash provided by investing activities	1,226
NET INCREASE IN CASH AND CASH EQUIVALENTS	62,913
BALANCES - BEGINNING OF THE YEAR	995,195
BALANCES - END OF THE YEAR	$ 1,058,108
RECONCILIATION TO STATEMENT OF NET POSITION	
Cash and cash equivalents - unrestricted	$ 958,870
Cash and cash equivalents - restricted	99,238
Total cash and cash equivalents	$ 1,058,108

EXHIBIT G
PAGE 2 OF 2

CITY OF POPLARVILLE, MISSISSIPPI

Statement of Cash Flows
Proprietary Fund
Year Ended September 30, 2020

	Water Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 52,602
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	100,848
Bad debt expense	10,701
Decrease (increase) in assets:	
Accounts receivable	(17,301)
Due from other funds	(3,424)
Prepaid expenses	397
Deferred outflows related to pension	(17,054)
Increase (decrease) in liabilities:	
Accounts payable	1,904
Accrued liabilities	1,406
Due to other governments	(6,235)
Compensated absences	637
Customer deposits	145
Net pension liability	46,192
Deferred inflows related to pension	(6,221)
Net cash provided by operating activities	$ 164,597

NOTES TO THE FINANCIAL STATEMENTS

CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended September 30, 2020.

B. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units of the City 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 7 for information describing related organizations not included in the City's reporting entity.

C. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

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

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

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.

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 program revenues. Likewise, general revenues include all taxes.

CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE THREE
YEAR ENDED SEPTEMBER 30, 2020

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

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, and then unrestricted resources as needed.

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.

Series 2019 Bond Projects Fund - The Series 2019 Bond Projects Fund represents the City's major capital projects fund. It accounts for all infrastructure projects associated with the Series 2019 Bond Issuance.

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CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE FOUR
YEAR ENDED SEPTEMBER 30, 2020

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

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.

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.

E. Assets, Liabilities, and Net Position or Equity

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 and have been validated by decree of the chancery court. Investments are recorded at cost, which approximates fair value.

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CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE FIVE
YEAR ENDED SEPTEMBER 30, 2020

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

Receivables and Payables

Generally, outstanding balances between funds, if any, are reported as "due to/from other funds" and 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".

Any advances between funds, if 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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2020, 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 statements of revenues, expenditures, and changes in fund balances reflects the changes in total fund balances rather than just the spendable and nonspendable fund balances.

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 externally imposed by creditors, 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.

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CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE SIX
YEAR ENDED SEPTEMBER 30, 2020

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

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 the Governmental Accounting Standards Board. 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.

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

Buildings and improvements	7 - 50 years
Machinery and equipment	5 - 25 years
Vehicles	5 - 20 years
Vehicles under lease	5 - 7 years
Equipment under lease	3 -10 years

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 so will not be recognized as an outflow of resources (expenditure/expense) until then.

CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE SEVEN
YEAR ENDED SEPTEMBER 30, 2020

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

Deferred outflows related to pensions - This amount represents the City's proportionate share of the deferred outflows of resources reported by the pension plan in which the City participates. See Note 8 for additional details.

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

Deferred inflows related to pensions - This amount represents the City's proportionate share of the deferred inflows of resources reported by the pension plan in which the City participates. See Note 8 for additional details.

Pensions

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

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities and proprietary fund 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 in the current period. Issuance costs are reported as expenditures when incurred.

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CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE EIGHT
YEAR ENDED SEPTEMBER 30, 2020

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

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. However, only two weeks may be taken 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 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, 2020. 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.

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 THE FINANCIAL STATEMENTS
PAGE NINE
YEAR ENDED SEPTEMBER 30, 2020

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

Governmental 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.

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

As discussed previously in this note, restricted funds are used first as appropriate. Decreases to fund balance first reduces restricted fund balance; in the event that restricted fund balance becomes zero, then unassigned fund balances are used.

F. 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.

G. Recent Accounting Pronouncement

In January 2017, Governmental Accounting Standards Board (GASB) issued Statement No. 84, Fiduciary Activities. This standard is effective for the year ending September 30, 2021. Management is currently evaluating the impact of this standard.

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CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE TEN
YEAR ENDED SEPTEMBER 30, 2020

NOTE 2 - CASH AND CASH EQUIVALENTS

A summary of cash and cash equivalents as of September 30, 2020, follows:

	Cash on Hand	Cash Deposits	Total
Governmental Activities			
General fund	$ 1,345	$ 2,493,430	$ 2,494,775
Series 2019 Bond Projects	-	94,672	94,672
MIMA Project	-	23,817	23,817
Total governmental activities	1,345	2,611,919	2,613,264
Business-Type Activities			
Enterprise fund			
Water fund	600	1,057,508	1,058,108
Total cash and cash equivalents	$ 1,945	$ 3,669,427	$ 3,671,372

The City maintained the following restricted assets as of September 30, 2020:

Governmental Activities	
Cash and cash equivalents	
Restricted for public safety use	$ 8,748
Restricted for unemployment claims	13,525
Restricted for cemetery perpetual care	18,412
Restricted for capital projects	118,489
Total restricted assets - governmental activities	159,174
Business-Type Activities	
Cash and cash equivalents	
Restricted for utility customer deposits	88,630
Restricted for bond covenants	10,608
Total restricted assets - business-type activities	99,238
Total restricted assets - government-wide	$ 258,412

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CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE ELEVEN
YEAR ENDED SEPTEMBER 30, 2020

NOTE 2 - CASH AND CASH EQUIVALENTS (Cont.)

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of the failure of a financial institution, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk. 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 Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the City.

At September 30, 2020, deposits (including restricted deposits) were as follows:

	Bank Balance	Carrying Amount
Cash and cash equivalents	$ 3,836,023	$ 3,671,372

NOTE 3 - RECEIVABLES

Receivables at September 30, 2020, consisted of the following:

	Governmental Activities	Business-Type Activities	
	General Fund	Water Fund	Total
Property taxes	$ 2,163	$ -	$ 2,163
Sales taxes	191,380	-	191,380
Franchise taxes	54,126	-	54,126
Court fines	689,090	-	689,090
Accounts	-	283,081	283,081
Other	8,771	-	8,771
Total receivables, gross	945,530	283,081	1,228,611
Less allowance for doubtful accounts	(680,844)	(95,653)	(776,497)
Total receivables, net	$ 264,686	$ 187,428	$ 452,114

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CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE TWELVE
YEAR ENDED SEPTEMBER 30, 2020

NOTE 3 - RECEIVABLES (Cont.)

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 1st becoming delinquent on February 1st at which time an enforceable lien is attached to the property. 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 10.00% 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, 2020, was 54.50 mills or $54.50 per $1,000 of assessed valuation. A summary of the assessed valuations and tax levies of the City for the year ended September 30, 2020, have been provided below.

The assessed valuations of the City for the year ended September 30, 2020, were as follows:

Real property	$ 11,852,791
Personal property	2,644,592
Public utilities	2,057,938
Automobiles and mobile homes	1,832,132
Total assessed valuations	$ 18,387,453

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CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE THIRTEEN
YEAR ENDED SEPTEMBER 30, 2020

NOTE 3 - RECEIVABLES (Cont.)

The tax levies for the City for the years ended September 30, 2020, 2019 and 2018, were as follows:

	2020	2019	2018
General Fund	54.50	54.50	54.50
Total levy	54.50	54.50	54.50

Sales Taxes - The State levies a 7.00% sales tax on retail sales and remits 18.50% 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 $1,030,559. Sales taxes receivable consists of taxes collected by the State for August and September 2020 and not received by the City until October and November 2020.

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.

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, 2020, $41,081, included in due to other governmental agencies in the Statement of Net Position, is due to the Authority and represents the current year-end monthly settlement balance due to the Authority.

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Additions	Disposals	Balance September 30, 2020
$ -	$ -	$ 600,512
-	(160,851)	9,523
-	(160,851)	610,035
1,295,247	-	5,551,353
-	(115,650)	641,753
40,995	(54,092)	528,163
-	(26,017)	27,359
167,880	-	188,532
1,504,122	(195,759)	6,937,160
(340,333)	-	(1,719,970)
(27,498)	102,431	(491,213)
(27,023)	49,353	(353,945)
(5,471)	20,813	(16,413)
(33,576)	-	(54,228)
(433,901)	172,597	(2,635,769)
1,070,221	(23,162)	4,301,391
$ 1,070,221	$ (184,013)	$ 4,911,426

Additions	Disposals	Balance September 30, 2020
$ -	$ -	$ 24,010
-	-	24,010
-	-	2,780,238
-	(83,880)	152,451
-	-	134,875
-	-	55,789
-	-	159,031
-	(83,880)	3,282,384
(66,132)	-	(1,773,041)
(8,504)	82,204	(97,083)
(4,404)	-	(105,210)
(7,970)	-	(32,116)
(13,838)	-	(72,733)
(100,848)	82,204	(2,080,183)
(100,848)	(1,676)	1,202,201
$ (100,848)	$ (1,676)	$ 1,226,211

CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE SIXTEEN
YEAR ENDED SEPTEMBER 30, 2020

NOTE 4 - CAPITAL ASSETS (Cont.)

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

Governmental Activities	
General government	$ 40,063
Culture and recreation	61,683
Public safety	81,245
Public works	250,910
Total governmental activities depreciation expense	$ 433,901
Business-Type Activities	
Water	$ 100,848

Commitments with respect to unfinished capital projects at September 30, 2020, consisted of $175,731 for the City Square Park Phase III, which is expected to be completed in 2021.

NOTE 5 - INTERFUND TRANSFERS

The composition of interfund transfers for the year ended September 30, 2020, is as follows:

	Transfers In			
Transfers Out	**General Fund**	**Series 2019 Bond Projects**	**Other Governmental Funds**	**Total**
General fund	$ -	$ 4,977	$ 137,083	$ 142,060
Water and Sewer fund	29,099	-	-	29,099
Total	$ 29,099	$ 4,977	$ 137,083	$ 171,159

The principal purpose of the interfund transfers was to provide funds to pay for capital outlay and debt service. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

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Principal Payments / Reductions	Balance September 30, 2020	Due Within One Year
$ (85,000)	$ 1,215,000	$ 90,000
(25,691)	207,386	9,264
(33,044)	150,289	35,167
(29,125)	17,045	-
-	3,186,436	-
$ (172,860)	$ 4,776,156	$ 134,431
$ (4,178)	$ 140,834	$ 4,365
(30,130)	297,382	30,263
(23,904)	37,861	21,266
(4,417)	8,380	-
-	685,332	-
$ (62,629)	$ 1,169,789	$ 55,894

Interest Rate	Original Amount	Balance September 30, 2020	
2.00%	$ 219,531	$ 207,386	A
	219,531	207,386	
3.00%	96,183	49,808	A
2.00%	219,531	207,390	A
4.00%	57,049	40,184	B
	372,763	297,382	
	$ 592,294	$ 504,768	

CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE NINETEEN
YEAR ENDED SEPTEMBER 30, 2020

NOTE 6 - LONG-TERM LIABILITIES (Cont.)

Principal and interest maturities will be as follows:

	Governmental Activities		Business-type Activities	
Year Ending September 30,	**Principal**	**Interest**	**Principal**	**Interest**
2021	$ 9,264	$ 4,063	$ 30,263	$ 6,826
2022	9,451	3,876	31,205	5,885
2023	9,641	3,685	32,177	4,912
2024	9,834	3,491	25,693	3,982
2025	10,035	3,292	18,880	3,410
2026-2030	53,294	13,340	53,294	13,340
2031-2035	58,894	7,740	58,894	7,740
2036-2040	46,973	1,779	46,976	1,779
Total payments	$ 207,386	$ 41,266	$ 297,382	$ 47,874

(B) Bonds Payable - At September 30, 2020, the City's outstanding bonds payable were as follows:

	Date Issued	Original Amount	Maturity Date	Interest Rate	Balance September 30, 2020
Governmental Activities:					
General obligation bond	4/1/2019	$ 1,300,000	4/2/2031	Variable A	$ 1,215,000
Business-Type Activities:					
Revenue bond (acquired by USDA)	11/16/2006	$ 185,185	2/16/2041	4.38%	$ 140,834 B

A. Variable rate between 2.25% and 3.00%.
B. These bonds are secured by the revenue of the Water System.

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CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE TWENTY
YEAR ENDED SEPTEMBER 30, 2020

NOTE 6 - LONG-TERM LIABILITIES (Cont.)

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

	Governmental Activities		Business-type Activities	
Year Ending September 30,	**Principal**	**Interest**	**Principal**	**Interest**
2021	$ 90,000	$ 32,248	$ 4,365	$ 6,075
2022	95,000	29,991	4,560	5,880
2023	95,000	27,569	4,763	5,677
2024	100,000	25,021	4,976	5,464
2025	105,000	22,291	5,198	5,242
2026-2030	595,000	63,883	29,683	22,517
2031-2035	135,000	2,025	36,926	15,274
2036-2040	-	-	45,938	6,262
2041	-	-	4,425	47
Total payments	$ 1,215,000	$ 203,028	$ 140,834	$ 72,438

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, 2020, the balances in the restricted accounts required by the bond covenants were as follows:

(See Table on Next Page)

CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE TWENTY-ONE
YEAR ENDED SEPTEMBER 30, 2020

NOTE 6 - LONG-TERM LIABILITIES (Cont.)

	Required Balance	Balance September 30, 2020	(Under) Over Funded
Bond cushion fund	$ 5,304	$ 5,304	$ -
Depreciation fund	2,652	2,652	-
Contingent fund	2,652	2,652	-
Totals	$ 10,608	$ 10,608	$ -

(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, 2020, were as follows:

	Date Issued	Effective Interest Rate	Original Amount	Outstanding Present Value
Governmental Activities:				
2017 Ford Taurus	2/8/2018	2.59%	$ 27,359	$ 3,149
Street Sweeper	1/22/2020	3.47%	167,880	147,140
Total governmental activities			195,239	150,289
Business-Type Activities:				
Kubota Tractor and Boom Mower	2/2/2016	2.46%	81,350	28,686
2018 Dodge Ram	10/2/2018	3.39%	26,615	9,175
Total business-type activities			107,965	37,861
Total capital leases payable at year end			$ 303,204	$ 188,150

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CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE TWENTY-TWO
YEAR ENDED SEPTEMBER 30, 2020

NOTE 6 - LONG-TERM LIABILITIES (Cont.)

The following is an analysis of property leased under capital leases as of September 30, 2020:

	Cost	Accumulated Amortization	Net Book Value
Governmental Activities:			
Vehicles	$ 27,359	$ (16,413)	$ 10,946
Equipment	188,532	(54,228)	134,304
Total property leased	$ 215,891	$ (70,641)	$ 145,250
Business-Type Activities:			
Vehicles	$ 55,789	$ (32,116)	$ 23,673
Equipment	159,031	(72,733)	86,298
Total property leased	$ 214,820	$ (104,849)	$ 109,971

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, 2020:

Year Ending September 30,	Governmental Activities	Business-Type Activities
2021	$ 39,784	$ 22,006
2022	36,621	12,663
2023	36,621	4,222
2024	36,621	-
2025	12,211	-
Total minimum lease payments	161,858	38,891
Less amount representing interest	(11,569)	(1,030)
Present value of minimum payments	$ 150,289	$ 37,861

(D) Legal Debt Margin - The City's margin for additional general obligation bonded indebtedness is calculated at $1,543,118 (15% test) and $2,462,491 (20% test) pursuant to Section 21-33-303. Mississippi Code 1972, depending upon the purpose of additional bonds.

CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE TWENTY-THREE
YEAR ENDED SEPTEMBER 30, 2020

NOTE 7 - RESTRICTED NET POSITIONS

Governmental Activities

Unemployment Compensation Fund - The City is required by Mississippi Code Section 71-5-359 to set aside funds in excess of 2.00% 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, 2020 the City had $13,525 in its unemployment compensation fund.

Forfeiture Fund - 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, 2020, the City had $8,748 net of restricted accounts payable in its forfeiture fund.

Cemetery Perpetual Care - The City maintains a portion of the proceeds of the sale of cemetery lots for perpetual cemetery care and maintenance pursuant to the terms of cemetery lot purchases. As of September 30, 2020, the City had $18,412 restricted for cemetery perpetual care.

Capital Projects - The City is required to expend bond proceeds on projects allowed in the Series 2019 Bond Agreement. As of September 30, 2020, the City had $118,489 restricted for capital projects.

Therefore, restricted net position totaled $159,174 at September 30, 2020.

Business-type Activities

The City's bond covenants, as more fully explained in Note 5, 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.

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CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE TWENTY-FOUR
YEAR ENDED SEPTEMBER 30, 2020

NOTE 7 - RESTRICTED NET POSITIONS (Cont.)

The restricted portions were as follows:

Restricted Assets		
Customer deposits	$	88,630
Revenue bond cushion fund account		5,304
Revenue bond depreciation fund account		2,652
Revenue bond contingent fund account		2,652
Total restricted accounts		99,238
Liabilities Payable from Restricted Assets		
Customer deposits		88,630
Restricted net position	$	10,608

NOTE 8 - JOINT VENTURES

Poplarville - Pearl River County Airport - The Poplarville - Pearl River County Airport (Airport) is a joint venture, authorized by Section 61-3-5, Mississippi 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 liability insurance and utilities in support of the Airport, which totaled $3,746 for the year ended September 30, 2020, and is included in miscellaneous expenses on the statement of activities. Any potential future financial benefit or burden to the City resulting from the Airport is not determinable at this time. Complete financial statements on the Poplarville - Pearl River County Airport can be obtained from Highway 53 South, Poplarville, Mississippi 39470.

Poplarville Public Library - The Pearl River County Library System is a joint venture, authorized by Section 39-3-8, Mississippi Code Ann. (1972), among the Cities of Picayune and Poplarville and Pearl River County. The library system was created to provide free library services to all the people of the County and 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 $163,387. The City also provided $25,000 in support and $8,392 for the liability insurance policy during the year ended September 30, 2020, 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 Boulevard, Picayune, Mississippi 39466.

CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE TWENTY-FIVE
YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS

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

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

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CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE TWENTY-SIX
YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (Cont.)

Contributions - At September 30, 2020, PERS members were required to contribute 9.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The City's contributions (employer share only) to PERS for the years ended September 30, 2020, 2019 and 2018 were $179,669, $181,668, and $176,369, respectively, equal to the required contributions for each year.

Pensions, Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At September 30, 2020, the City reported a liability of $3,871,768 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share used to calculate the September 30, 2020 net pension liability was 0.015828%, which was based on a measurement date of June 30, 2020. This was a decrease of 0.001383% from its proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the City recognized pension expense of $333,521. At September 30, 2020, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	$ 24,425
Net difference between projected and actual earnings on pension plan investments	127,230
Changes of assumptions	15,741
Changes in the proportion and differences between the City's contributions and proportionate share of contributions	169,215
City contributions subsequent to the measurement date	40,703
Totals	$ 377,314

$40,703 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2021.

CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE TWENTY-SEVEN
YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (Cont.)

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2021	$ 93,141
2022	93,141
2023	88,007
2024	62,322
Total	$ 336,611

Actuarial Assumptions - The total pension liability as of June 30, 2020 was determined by an actuarial valuation prepared as of June 30, 2019, using the following actuarial assumptions, applied to all periods in the measurement:

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is date April 2, 2019.

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

CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE TWENTY-EIGHT
YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (Cont.)

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

Asset Class	Target Allocation %	Long-Term Expected Real Rate of Return %
Domestic equity	27.00%	4.90%
International equity	22.00	4.75
Global equity	12.00	5.00
Fixed income	20.00	0.50
Real estate	10.00	4.00
Private equity	8.00	6.25
Cash	1.00	0.00
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75%, 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%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability	$ 5,011,527	$ 3,871,768	$ 2,931,008

CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE TWENTY-NINE
YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 - RETIREMENT PLANS (Cont.)

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 10 - COMMITMENTS AND CONTINGENCIES

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

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

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. $13,432 during the year ended September 30, 2020, which is included in the water expenses on the statement of activities. Annual payments are required by the City in the amount of $13,432 for fiscal years 2021 through 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 Tank Pro, Inc. ninety days prior to the anniversary date.

CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE THIRTY
YEAR ENDED SEPTEMBER 30, 2020

NOTE 10 - COMMITMENTS AND CONTINGENCIES (Cont.)

Garbage Collection Contract - The City contracted with Waste Management of Mississippi, Inc. on May 19, 2020. The term of the contract runs from June 1, 2020 through May 31, 2023. Waste Management collects and disposes of garbage from residential and light commercial businesses at a monthly cost of $13.82 per location effective June 1, 2017, which was the same rate as the prior year. Pursuant to the contract, the cost per location is adjusted annually to reflect changes in the Consumer Price Index. For the year ended September 30, 2020, the City paid Waste Management $187,990 for garbage collection which is included in public works expenses on the statement of activities.

NOTE 11 - RISK MANAGEMENT AND UNCERTAINTIES

Insurance:

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

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

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

Uncertainties:

The spread of a novel strain of coronavirus (COVID-19) in the United States of America has caused economic uncertainties which may impact the City's operational and financial performance. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, the related financial impact and duration cannot be reasonably estimated at this time.

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CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE FINANCIAL STATEMENTS
PAGE THIRTY-ONE
YEAR ENDED SEPTEMBER 30, 2020

NOTE 12 - SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated and disclosed all material subsequent events through August 6, 2021, which is the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

Actual	Variance with Final Budget Favorable (Unfavorable)
$ 913,247	$ (16)
1,011,611	-
191,921	-
182,883	(200,545)
3,445	-
25,242	358
29,923	-
186,204	-
73,042	4,804
2,617,518	(195,399)
70,762	2,338
-	300
26,822	1,000
190	-
97,774	3,638
148,704	(2,252)
5,714	-
122,182	4
1,215	-
1,721	-
279,536	(2,248)
66,976	2,409
1,650	-
21,413	(15,689)
290	-
90,329	(13,280)
508,902	15,065
39,174	1,201
36,502	226
23,450	99,084
10,277	-
618,305	115,576

Actual	Variance with Final Budget Favorable (Unfavorable)
$ 6,516	$ -
154	-
-	-
6,670	-
100	400
100	400
238,953	11,307
32,196	-
44,767	1,254
58,497	-
16,904	-
391,317	12,561
197,941	11,778
55,999	13,274
101,685	67,983
211,762	902
37,741	12,778
605,128	106,715
15,644	607
-	50
-	325
-	-
15,644	982
187,990	-
187,990	-
2,648	4,556
39,302	3,109
77,220	173,134
119,170	180,799
-	800
16,351	2,849
16,351	3,649

Actual	Variance with Final Budget Favorable (Unfavorable)
$ 3,826	$ 4,786
3,826	4,786
120,424	16,660
2,552,564	430,238
64,954	234,839
2,005	-
167,880	-
169,885	-
234,839	$ 234,839
2,367,189	
2,602,028	
93,361	
$ 2,695,389	

CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 - 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 1st 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 1st.
6. Public hearings are conducted to obtain taxpayer comments.
7. The final budget is approved by September 15th and must be published in a local newspaper on or before September 30th.
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.

CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)
GENERAL FUND
PAGE TWO
YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 - BUDGETARY DATA (Cont.)

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual amounts on the budgetary cash basis, and variances between the final budget and the actual amounts. The Schedule is presented in the Mississippi State Department of Audit's prescribed form.

NOTE 2 - BUDGET/GAAP RECONCILIATION

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

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

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

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

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CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 - PENSION SCHEDULES

Changes of Assumptions:

2015

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

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

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

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

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

2016

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

2017

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

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

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

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

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CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PAGE TWO
YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 - PENSION SCHEDULES (Cont.)

2019

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

- For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
- For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

- For males, 137% of male rates at all ages.
- For females, 115% of female rates at all ages.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

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

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

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

Changes in Benefit Provisions

2016

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

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CITY OF POPLARVILLE, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PAGE THREE
YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 - PENSION SCHEDULES (Cont.)

Method and assumptions used in calculations of actuarially determined contributions

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2018 valuation for the June 30, 2020 fiscal year end).

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

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

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SUPPLEMENTARY INFORMATION

SCHEDULE 4

CITY OF POPLARVILLE, MISSISSIPPI

SCHEDULE RECONCILING ORIGINAL AD VALOREM TAX ROLLS TO FUND COLLECTIONS
YEAR ENDED SEPTEMBER 30, 2020

ADJUSTED ASSESSED VALUATION	ASSESSED VALUE	TAX
Realty	$ 11,852,791	$ 645,977
Personal - other than auto	2,644,592	144,130
Public utilities	2,057,938	112,158
Personal - auto and mobile home	1,832,132	99,851
Total City of Poplarville at 54.5 mills	18,387,453	1,002,116
Less: Homestead exemption allowed	1,385,900	75,532
Total City of Poplarville	$ 17,001,553	926,584
Add: Actual homestead reimbursement		41,330
County road taxes		46,698
Prior year collections		912
Penalties and interest on delinquent taxes		9,554
In-lieu of taxes		1,420
Deduct: Unpaid realty, personal and utility taxes		(10,246)
Total to be accounted for		$ 1,016,252

COLLECTIONS	TAXES	HOMESTEAD REIMBURSEMENT	TOTAL
Collections allocated to fund			
General fund	$ 987,085	$ 41,330	$ 1,028,415
Total collections	$ 987,085	$ 41,330	1,028,415
		Unaccounted for	(12,163)
Total			$ 1,016,252

See independent auditor's report.

SCHEDULE 5

CITY OF POPLARVILLE, MISSISSIPPI

SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
September 30, 2020

Name	Position	Surety Company	Amount
Jane O'Neal	City Clerk	Old Republic	$ 50,000
Daniel Collier	Chief of Police	RLI Insurance Company	$ 50,000
Kaycee White	Deputy Clerk	Old Republic	$ 50,000
Shelley Bowling	Deputy Clerk	Old Republic	$ 50,000
Jourdan Smith	Court Clerk	Old Republic	$ 50,000
N/A	Alderpersons and Mayor	Travelers	$ 50,000

See independent auditor's report.

SPECIAL REPORTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Poplarville, Mississippi as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Poplarville, Mississippi's basic financial statements, and have issued our report thereon dated August 6, 2021.

Internal Control over Financial Reporting

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

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P. O. Box 1842
Gulfport, MS 39502-1842

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards,* and which is described in the accompanying *Independent Auditors' Report on Compliance with Mississippi State Laws and Regulations* as Finding 1.

City of Poplarville's Response to Finding

The City of Poplarville's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City of Poplarville's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

TMH

Hattiesburg, Mississippi
August 6, 2021

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

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

We have audited the basic financial statements of the City of Poplarville, Mississippi as of and for the year ended September 30, 2020, and have issued our report dated August 6, 2021. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

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

The results of those procedures and our audit of the general purpose financial statements disclosed the following material instances of noncompliance with state laws and regulations. Our finding and recommendation and your response is as follows:

Municipal Clerk:

1. Finding: The City did not maintain an accurate inventory of assets in accordance with guidelines established by the Office of the State Auditor.

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

   Recommendation:

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

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

Municipal Clerk's Response:

A Deputy Clerk has been assigned the duties of entering all asset transactions into the City's software system in a timely manner, and will conduct a physical annual inventory for all City departments. The City will update existing asset inventory records and maintain an accurate inventory of assets in accordance with the guidelines of the Office of the State Auditor.

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

This report is intended for the information of the City of Poplarville, Mississippi's management, Honorable Mayor, Board of Alderpersons, 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.

TMH

Hattiesburg, Mississippi
August 6, 2021

SCHEDULE OF FINDINGS AND RESPONSES

CITY OF POPLARVILLE, MISSISSIPPI

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2020

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1.	Type of auditor's report issued on the financial statements:	
	Governmental activities	Unmodified
	Business-type activities	Unmodified
	General Fund	Unmodified
	Series 2019 Bond Projects Fund	Unmodified
	Water Fund	Unmodified
	Aggregate remaining fund information	Unmodified
2.	Internal control over financial reporting:	
	A. Material weakness identified?	No
	B. Significant deficiency identified?	None reported
3.	Noncompliance material to the financial statements noted?	Yes

SECTION 2: FINANCIAL STATEMENT FINDINGS

No matters were reported.

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AUDITEE'S CORRECTIVE ACTION PLAN

Poplarville
BLUEBERRY CAPITAL OF MISSISSIPPI

200 HIGHWAY 26 EAST, POPLARVILLE, MS 39470
Phone: 601-795-8161 Fax: 601-795-0141

AUDITEE'S CORRECTIVE ACTION PLAN
Year Ended September 30, 2020

FINDING - Independent Auditors' Report on Compliance with State of Mississippi Laws and Regulations

Finding 1 Inventory of Assets Incomplete

Recommendation:

The City should follow the instructions provided by the Office of State Auditor in maintaining a complete inventory of assets.

Action Taken:

The City's municipal clerk agrees with this finding and has implemented appropriate inventory procedures which include verifying and updating all current inventory records.

Name of Responsible Person: Jane C. O'Neal, Municipal Clerk

Expected Date of Completion: February 2021