

## OFFICE OF THE STATE AUDITOR REPORT NOTE:

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

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

**CITY OF POPLARVILLE, MISSISSIPPI**

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**Year Ended September 30, 2021**

# CITY OF POPLARVILLE, MISSISSIPPI

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# CITY OF POPLARVILLE, MISSISSIPPI

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## ***INTRODUCTORY SECTION***

**CITY OF POPLARVILLE, MISSISSIPPI**  
**LIST OF CITY OFFICIALS**  
**SEPTEMBER 30, 2021**

**ELECTED OFFICIALS**

Mayor  
Aldersperson  
Aldersperson  
Aldersperson  
Aldersperson  
Aldersperson

Louise Smith  
Anne Gendusa Smith  
Daniel H. Brown  
Kevin L. Tillman, Sr.  
Bobby Nestle  
Byron L. Wells

**APPOINTED OFFICIALS**

City Clerk and Tax Collector  
Police Chief  
Fire Chief  
Superintendent  
City Attorney

Jane C. O'Neal  
Daniel Collier  
Jason Bannister  
Sam Hale  
Greg Holcomb

***INDEPENDENT AUDITOR'S REPORT***



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of Financial Statements

#### ***Opinions***

We have audited 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, 2021, 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.

In our opinion, the accompanying financial statements 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, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Poplarville, Mississippi and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Poplarville, Mississippi's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, on pages 6 through 14, and Schedules 1 through 3, on pages 68 through 81, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary and 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. Schedules 4 and 5 (supplementary information) and the List of City Officials (other information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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


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

statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is 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 8, 2022, 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.

  
Hattiesburg, Mississippi  
August 8, 2022

## ***FINANCIAL SECTION***

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

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

### **Year Ended September 30, 2021**

#### **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, 2021. 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, 2021 by \$4,794,370.
- The total net position increased by \$290,599. Of this amount, an increase of \$240,457 was associated with governmental activities and an increase of \$50,142 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 \$3,589,775, an increase of \$775,897 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the governmental funds was \$2,872,116, 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 three major 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, the TIF Bond Project Fund and the American Rescue Plan Act Fund, which are all 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, 2021 and 2020, derived from the government-wide statements of net position.

**TABLE 1**  
**CONDENSED STATEMENTS OF NET POSITION**  
**SEPTEMBER 30, 2021 AND 2020**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>						
Current and other assets	\$ 3,741,202	\$ 2,907,789	\$ 1,345,681	\$ 1,254,653	\$ 5,086,883	\$ 4,162,442
Capital assets, net	4,850,643	4,911,426	1,134,922	1,226,211	5,985,565	6,137,637
Total assets	8,591,845	7,819,215	2,480,603	2,480,864	11,072,448	10,300,079
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pensions	212,228	321,094	34,033	56,220	246,261	377,314
<b>LIABILITIES</b>						
Other liabilities	134,397	93,911	135,119	132,910	269,516	226,821
Long-term liabilities	4,458,124	4,776,156	983,456	1,170,645	5,441,580	5,946,801
Total liabilities	4,592,521	4,870,067	1,118,575	1,303,555	5,711,096	6,173,622
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions	700,853	-	112,390	-	813,243	-
<b>NET POSITION</b>						
Net investment in capital assets	2,817,399	3,338,751	714,740	750,134	3,532,139	4,088,885
Restricted	671,967	159,174	10,608	10,608	682,575	169,782
Unrestricted	21,333	(227,683)	558,323	472,787	579,656	245,104
<b>Total net position</b>	<b>\$ 3,510,699</b>	<b>\$ 3,270,242</b>	<b>\$ 1,283,671</b>	<b>\$ 1,233,529</b>	<b>\$ 4,794,370</b>	<b>\$ 4,503,771</b>



At September 30, 2021 and 2020, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$4,794,370 and \$4,503,771, 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 decreased by \$462,526 due largely to the change in the net pension liability (see Notes 6 and 9 for details related to the net pension liability).

Governmental activities reflect an unrestricted net position of \$21,333 at September 30, 2021, an increase of \$249,016 over prior year's deficit balance in unrestricted net position of \$(227,683).

Business-type activities reflect an unrestricted net position of \$558,323 at September 30, 2021, an increase of \$85,536 over prior year's unrestricted net position of \$472,787.

Table 2 on the next page presents the City's condensed statements of activities for the fiscal years ended September 30, 2021 and 2020, as derived from the government-wide statements of activities.

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**TABLE 2**  
**CONDENSED STATEMENTS OF ACTIVITIES**  
**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
<b>REVENUES</b>		
Program revenues:		
Fees, fines and charges for services	\$ 282,377	\$ 228,741
Operating grants and contributions	388,454	33,160
Capital grants and contributions	318,866	68,373
<i>Total program revenues</i>	<u><b>989,697</b></u>	<u><b>330,274</b></u>
General revenues:		
Property taxes	1,013,229	978,074
Sales taxes	1,155,349	1,030,559
Franchise taxes	175,181	172,045
Unrestricted grants and contributions	69,931	88,141
Gain/loss on sale of assets	-	(3,659)
Interest earnings	11,836	39,814
Other	45,759	23,462
<i>Total general revenues</i>	<u><b>2,471,285</b></u>	<u><b>2,328,436</b></u>
<b>Total revenues</b>	<u><b>3,460,982</b></u>	<u><b>2,658,710</b></u>
<b>PROGRAM EXPENSES</b>		
General government	925,050	900,818
Court	79,462	79,776
Public safety	964,612	1,042,776
Highways and streets	399,844	457,474
Public works	191,734	187,990
Culture and recreation	47,717	46,704
Economic development	535,500	-
Miscellaneous	35,679	33,957
Interest on long-term debt	40,927	60,562
Water	-	-
<b>Total program expenses</b>	<u><b>3,220,525</b></u>	<u><b>2,810,057</b></u>
<b>Changes in net position before transfers</b>	240,457	(151,347)
Transfers	-	29,099
<b>Change in net position after transfers</b>	<u><b>240,457</b></u>	<u><b>(122,248)</b></u>
<b>Net position - beginning</b>	<u>3,270,242</u>	<u>3,392,490</u>
<b>Net position - ending</b>	<u><b>\$ 3,510,699</b></u>	<u><b>\$ 3,270,242</b></u>

*Governmental Activities*

Governmental activities increased the City's net position by \$240,457 due to an increase in total program revenues.

*Business-type Activities*

Business-type activities increased the City's net position by \$50,142.

Business-Type Activities		Totals	
2021	2020	2021	2020
\$ 648,683	\$ 643,969	\$ 931,060	\$ 872,710
-	-	388,454	33,160
-	-	318,866	68,373
<b>648,683</b>	<b>643,969</b>	<b>1,638,380</b>	<b>974,243</b>
-	-	1,013,229	978,074
-	-	1,155,349	1,030,559
-	-	175,181	172,045
-	-	69,931	88,141
(3,654)	(1,676)	(3,654)	(5,335)
1,235	1,226	13,071	41,040
-	-	45,759	23,462
<b>(2,419)</b>	<b>(450)</b>	<b>2,468,866</b>	<b>2,327,986</b>
<b>646,264</b>	<b>643,519</b>	<b>4,107,246</b>	<b>3,302,229</b>
-	-	925,050	900,818
-	-	79,462	79,776
-	-	964,612	1,042,776
-	-	399,844	457,474
-	-	191,734	187,990
-	-	47,717	46,704
-	-	535,500	-
-	-	35,679	33,957
13,524	15,480	54,451	76,042
582,598	591,367	582,598	591,367
<b>596,122</b>	<b>606,847</b>	<b>3,816,647</b>	<b>3,416,904</b>
50,142	36,672	290,599	(114,675)
-	(29,099)	-	-
<b>50,142</b>	<b>7,573</b>	<b>290,599</b>	<b>(114,675)</b>
1,233,529	1,225,956	4,503,771	4,618,446
<b>\$ 1,283,671</b>	<b>\$ 1,233,529</b>	<b>\$ 4,794,370</b>	<b>\$ 4,503,771</b>

## **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 \$3,589,775.

General Fund - Fund balance at September 30, 2021 totaled \$2,961,115, an increase of \$274,474 during the fiscal year in comparison to a \$142,277 increase in fiscal year 2020. Significant changes in revenues and expenses in comparison to fiscal year 2020 are as follows:

- General Fund revenues increased from \$2,609,525 in 2020 to \$2,972,145 in 2021, a net increase of \$362,620 (12%) primarily due to a \$124,790 (11%) increase in sales and miscellaneous taxes and a \$125,485 (51%) increase in intergovernmental revenue.
- In total, general fund expenditures increased by \$33,753 (1%) from \$2,541,670 in fiscal year 2020 to \$2,575,423 in fiscal year 2021.
- Investment earnings decreased by \$21,728 in 2021, dropping 83% from \$26,114 in fiscal year 2020 to \$4,386 in fiscal year 2021, due to a decrease in the rates paid on the City's funds held in financial institutions.

TIF Bond Capital Projects Fund - The capital projects fund had a fund balance of \$-0- at September 30, 2021. This fund was established to capture the proceeds and expenses associated with the issuance of the TIF Bond.

American Rescue Plan Act Capital Projects Fund - The capital projects fund had a fund balance of \$356,353 at September 30, 2021. This fund was established to capture the proceeds and expenses for all allowable activities associated with the American Rescue Plan Act.

### *Proprietary Fund*

The City's proprietary fund, the Water Fund, reported net position of \$1,283,671 an increase of \$50,142 during this fiscal year in comparison to a \$7,573 increase in the prior fiscal year.

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### **Budget Variances in the General Fund**

Budget amendments are primarily related to capital outlays. All significant differences in the original budget and the final amended budget are summarized as follows:

- The Police Department incurred expenditures of \$127,500 for the purchase of the Mississippi Power Building.
- The Culture and Recreation Department incurred expenditures of \$18,137 for the purchase of a SCAG Tigercat II lawnmower and additional expenditures for completion of the City Square Park Pavilion.

The City ended the year with an overall positive variance between the budget and actual by \$185,909 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, 2021, the City reported \$4,850,643 in net capital assets for governmental activities and \$1,134,922 in capital assets for business-type activities. Major capital asset events during the year included the following:

- The City incurred expenditures of \$127,500 to purchase the MS Power Building.
- The City incurred expenditures of \$185,940 to complete the City Square Park Phase III Pavilion building.

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 \$2,033,244 in outstanding governmental debt and \$420,182 in outstanding proprietary debt. Refer to Note 6 to the financial statements for additional information on the City's long-term debt and other liabilities.

Pursuant to the provisions of Governmental Accounting Standards Board Statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, the City recorded approximately \$2.9 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, 2021. The \$2.9 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 9 to the financial statements for further information.

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### **Economic Conditions and Outlook**

Assessed values of properties increased in 2021, and therefore, the City expects a slight increase in property tax revenue.

Sales tax revenue increased in 2021, and therefore, the City expects a continued increase in sales tax revenue.

At the end of September 2021, the City had restricted fund balance \$560,412 that can be used for future economic development projects.

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 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, 2021**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,715,026	\$ 1,041,689	\$ 3,756,715
Receivables, net	308,517	194,478	502,995
Prepaid expenses	45,692	9,636	55,328
Restricted assets:			
Cash and cash equivalents	671,967	99,878	771,845
Capital assets			
Land, improvements, and construction in progress	642,302	24,010	666,312
Other capital assets, net of accumulated depreciation	4,208,341	1,110,912	5,319,253
Total capital assets	<u>4,850,643</u>	<u>1,134,922</u>	<u>5,985,565</u>
<b>Total assets</b>	<u>8,591,845</u>	<u>2,480,603</u>	<u>11,072,448</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>212,228</u>	<u>34,033</u>	<u>246,261</u>

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, 2021**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 31,044	\$ 5,513	\$ 36,557
Cash bonds payable	6,700	-	6,700
Accrued liabilities	80,313	8,355	88,668
Due to other governmental agencies	-	48,321	48,321
Internal balances	16,340	(16,340)	-
Payable from restricted assets:			
Customer deposits	-	89,270	89,270
Long-term liabilities:			
Due within one year:			
General obligation bonds, TIF, notes, and capital leases payable	183,814	48,159	231,973
Accrued interest	-	740	740
Compensated absences	23,496	7,831	31,327
Due in more than one year:			
General obligation bonds, TIF, notes, and capital leases payable	1,849,430	372,023	2,221,453
Net pension liability	2,401,384	554,703	2,956,087
<b>Total liabilities</b>	<b>4,592,521</b>	<b>1,118,575</b>	<b>5,711,096</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources for pensions	700,853	112,390	813,243
<b>NET POSITION</b>			
Net investment in capital assets	2,817,399	714,740	3,532,139
Restricted for:			
Bond covenants	-	10,608	10,608
Other projects	671,967	-	671,967
Unrestricted	21,333	558,323	579,656
<b>Total net position</b>	<b>\$ 3,510,699</b>	<b>\$ 1,283,671</b>	<b>\$ 4,794,370</b>

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

EXHIBIT B

CITY OF POPLARVILLE, MISSISSIPPI

STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 925,050	\$ 23,297	\$ 371,424	\$ 203,412	\$ (326,917)		\$ (326,917)
Court	79,462	1,786	-	-	(77,676)		(77,676)
Public safety	964,612	50,089	17,030	-	(897,493)		(897,493)
Highways and streets	399,844	-	-	115,454	(284,390)		(284,390)
Public works	191,734	207,205	-	-	15,471		15,471
Culture and recreation	47,717	-	-	-	(47,717)		(47,717)
Economic development	535,500	-	-	-	(535,500)		(535,500)
Miscellaneous	35,679	-	-	-	(35,679)		(35,679)
Interest on long-term debt	40,927	-	-	-	(40,927)		(40,927)
Total governmental activities	3,220,525	282,377	388,454	318,866	(2,230,828)		(2,230,828)
<b>Business-Type Activities:</b>							
Water	582,598	648,683	-	-	-	\$ 66,085	66,085
Interest on long-term debt	13,524	-	-	-	-	(13,524)	(13,524)
Total business-type activities	596,122	648,683	-	-	-	52,561	52,561
<b>Total</b>	<b>\$ 3,816,647</b>	<b>\$ 931,060</b>	<b>\$ 388,454</b>	<b>\$ 318,866</b>	<b>(2,230,828)</b>	<b>52,561</b>	<b>(2,178,267)</b>
<b>GENERAL REVENUES:</b>							
Taxes:							
Property taxes, levied for general purposes					1,013,229	-	1,013,229
Sales taxes					1,155,349	-	1,155,349
Franchise taxes					175,181	-	175,181
Grants and contributions not restricted to specific programs					69,931	-	69,931
Unrestricted investment earnings					11,836	1,235	13,071
Miscellaneous					45,759	-	45,759
Loss on sale of assets					-	(3,654)	(3,654)
Total general revenues and transfers					2,471,285	(2,419)	2,468,866
<b>CHANGE IN NET POSITION</b>					240,457	50,142	290,599
<b>NET POSITION - BEGINNING</b>					3,270,242	1,233,529	4,503,771
<b>NET POSITION - ENDING</b>					\$ 3,510,699	\$ 1,283,671	\$ 4,794,370

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

## ***FUND FINANCIAL STATEMENTS***

***GOVERNMENTAL FUNDS FINANCIAL STATEMENTS***

EXHIBIT C

**CITY OF POPLARVILLE, MISSISSIPPI**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

	<b>General Fund</b>	<b>TIF Bond Project Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,715,026	\$ -
Receivables, net	291,487	-
Prepaid expenses	45,692	-
Restricted assets:		
Cash and cash equivalents	43,307	-
<b>Total assets</b>	<b>\$ 3,095,512</b>	<b>\$ -</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 31,044	\$ -
Due to other funds	16,340	-
Cash bonds payable	6,700	-
Accrued liabilities	80,313	-
<b>Total liabilities</b>	<b>134,397</b>	<b>-</b>
<b>FUND BALANCES</b>		
<b>Nonspendable:</b>		
Prepays	45,692	-
<b>Restricted for:</b>		
Unemployment compensation fund	11,247	-
Public safety	6,198	-
Police forfeiture fund	-	-
Cemetery perpetual care	25,862	-
Debt service	-	-
Economic development	-	-
<b>Unassigned</b>	<b>2,872,116</b>	<b>-</b>
<b>Total fund balances</b>	<b>2,961,115</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,095,512</b>	<b>\$ -</b>

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

<b>American Rescue Plan Act Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 2,715,026
-	-	291,487
-	-	45,692
356,353	272,307	671,967
<u>\$ 356,353</u>	<u>\$ 272,307</u>	<u>\$ 3,724,172</u>
\$ -	\$ -	\$ 31,044
-	-	16,340
-	-	6,700
-	-	80,313
-	-	134,397
-	-	45,692
-	-	11,247
-	-	6,198
-	8,748	8,748
-	-	25,862
-	59,500	59,500
356,353	204,059	560,412
-	-	2,872,116
<u>356,353</u>	<u>272,307</u>	<u>3,589,775</u>
<u>\$ 356,353</u>	<u>\$ 272,307</u>	<u>\$ 3,724,172</u>

EXHIBIT C.1

**CITY OF POPLARVILLE, MISSISSIPPI**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021**

<b>Total fund balances for governmental funds (Exhibit C)</b>	<b>\$ 3,589,775</b>
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 \$3,080,171.	4,850,643
Receivables not received within thirty days of year end are not reported in the funds.	17,030
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Notes payable	(2,033,244)
Compensated absences	(23,496)
Net pension liability	(2,401,384)
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:	
Deferred outflows related to pensions	212,228
Deferred inflows related to pensions	(700,853)
<b>Total net position of governmental activities (Exhibit A)</b>	<b><u>\$ 3,510,699</u></b>



EXHIBIT D  
PAGE 1 OF 2

**CITY OF POPLARVILLE, MISSISSIPPI**

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended September 30, 2021**

	<b>General Fund</b>	<b>TIF Bond Project Fund</b>
<b>REVENUES</b>		
Property taxes	\$ 1,061,717	\$ -
Sales and miscellaneous taxes	1,155,349	-
Franchise taxes	175,181	-
Fees and fines	42,890	-
Licenses and permits	23,297	-
Intergovernmental	246,977	-
Charges for services	207,205	-
Investment earnings	4,386	-
Miscellaneous	55,143	-
<b>Total revenues</b>	<b>2,972,145</b>	<b>-</b>
<b>EXPENDITURES</b>		
Current:		
General government	456,224	-
Court	77,565	-
Public safety	939,933	-
Highways and streets	362,438	-
Public works	191,734	-
Culture and recreation	46,217	-
Economic development	-	535,500
Miscellaneous	35,056	-
Capital outlay	413,146	-
Debt service:		
Principal payments	44,431	-
Interest and other charges	8,679	-
<b>Total expenditures</b>	<b>2,575,423</b>	<b>535,500</b>
Excess (deficiency) of revenues over expenditures	<b>396,722</b>	<b>(535,500)</b>

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

American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,061,717
-	-	1,155,349
-	-	175,181
-	-	42,890
-	-	23,297
356,353	115,454	718,784
-	-	207,205
-	-	4,386
-	-	55,143
<u>356,353</u>	<u>115,454</u>	<u>3,443,952</u>
-	-	456,224
-	-	77,565
-	-	939,933
-	4,753	367,191
-	-	191,734
-	-	46,217
-	-	535,500
-	-	35,056
-	25,131	438,277
-	90,000	134,431
-	32,248	40,927
<u>-</u>	<u>152,132</u>	<u>3,263,055</u>
<u>356,353</u>	<u>(36,678)</u>	<u>180,897</u>

EXHIBIT D  
PAGE 2 OF 2

**CITY OF POPLARVILLE, MISSISSIPPI**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2021**

	<b>General Fund</b>	<b>TIF Bond Project Fund</b>
<b><i>OTHER FINANCING SOURCES (USES)</i></b>		
Long-term capital debt issued	\$ -	\$ -
Transfers in	-	535,500
Transfers out	(122,248)	-
<b><i>Total other financing sources (uses)</i></b>	<b><u>(122,248)</u></b>	<b><u>535,500</u></b>
<b><i>NET CHANGE IN FUND BALANCES</i></b>	<b>274,474</b>	<b>-</b>
<b><i>FUND BALANCES - BEGINNING</i></b>	<b>2,695,389</b>	<b>-</b>
Prior period adjustment	<u>(8,748)</u>	
<b><i>FUND BALANCES - BEGINNING, as restated</i></b>	<b><u>2,686,641</u></b>	
<b><i>FUND BALANCES - ENDING</i></b>	<b><u>\$ 2,961,115</u></b>	<b><u>\$ -</u></b>

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

<b>American Rescue Plan Act Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 595,000	\$ 595,000
-	122,248	657,748
-	(535,500)	(657,748)
-	181,748	595,000
356,353	145,070	775,897
-	118,489	2,813,878
-	8,748	-
-	127,237	2,686,641
<u>\$ 356,353</u>	<u>\$ 272,307</u>	<u>\$ 3,589,775</u>

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

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, 2021**

**Net change in *fund balances* - total governmental funds (Exhibit D)** **\$ 775,897**

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

Governmental funds report capital outlays as expenditures. However, in the  
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  
depreciation of \$444,402 exceeded capital outlays of \$383,619 in the current  
period. (60,783)

Revenues are recognized on the full-accrual basis in the statement of activities  
for revenues received sixty days after year-end. This is the amount of effect of the  
change in revenue. 17,030

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 \$595,000 exceeded  
repayments \$134,431. (460,569)

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	(178,697)
Recognition of contributions made during the year	154,030

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, 2021**

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	<u>\$ (6,451)</u>
<b>Change in <i>net position</i> of governmental activities (Exhibit B)</b>	<u><u>\$ 240,457</u></u>

***PROPRIETARY FUND FINANCIAL STATEMENTS***

EXHIBIT E  
PAGE 1 OF 2

**CITY OF POPLARVILLE, MISSISSIPPI**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND  
SEPTEMBER 30, 2021**

	<u>Water Fund</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 1,041,689
Accounts receivable, net	194,478
Due from other funds	16,340
Prepaid expenses	9,636
Total current assets	<u>1,262,143</u>
Non-Current Assets:	
Restricted assets:	
Cash and cash equivalents	99,878
Capital Assets:	
Land	24,010
Buildings and improvements	2,780,238
Machinery, equipment and vehicles	394,830
Equipment and vehicles under lease	110,069
Less: accumulated depreciation	<u>(2,174,225)</u>
Total capital assets	<u>1,134,922</u>
Total non-current assets	<u>1,234,800</u>
<b>Total assets</b>	<u>2,496,943</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	<u>34,033</u>
 <b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	5,513
Accrued liabilities	8,355
Accrued interest payable	740
Due to other governmental agencies	48,321
Compensated absences	7,831
Bonds, capital leases, and notes payable	48,159
Payable from restricted assets:	
Customer deposits	<u>89,270</u>
Total current liabilities	<u>208,189</u>

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



EXHIBIT E  
PAGE 2 OF 2

**CITY OF POPLARVILLE, MISSISSIPPI**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND  
SEPTEMBER 30, 2021**

	<u>Water Fund</u>
<b><i>LIABILITIES (Cont.)</i></b>	
Non-Current Liabilities:	
Bonds, capital leases, and notes payable	\$ 372,023
Net pension liability	554,703
Total non-current liabilities	<u>926,726</u>
<b><i>Total liabilities</i></b>	<u>1,134,915</u>
<b><i>DEFERRED INFLOW OF RESOURCES</i></b>	
Deferred inflows of resources for pensions	<u>112,390</u>
<b><i>NET POSITION</i></b>	
Net investment in capital assets	714,740
Restricted for bond covenants	10,608
Unrestricted	<u>558,323</u>
<b><i>Total net position</i></b>	<u><u>\$ 1,283,671</u></u>

EXHIBIT F

**CITY OF POPLARVILLE, MISSISSIPPI**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
YEAR ENDED SEPTEMBER 30, 2021**

	<u>Water Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 651,903
Total operating revenues	<u>651,903</u>
<b>OPERATING EXPENSES</b>	
Personnel services	205,820
Supplies	67,608
Materials	64,965
Utilities	37,858
Depreciation and amortization	98,696
Other operating expenses	110,871
Total operating expenses	<u>585,818</u>
<b>OPERATING INCOME</b>	<u>66,085</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest and investment revenue	1,235
Loss on asset disposal	(3,654)
Interest expense	(13,524)
Total non-operating revenues (expenses)	<u>(15,943)</u>
<b>CHANGE IN NET POSITION</b>	50,142
<b>NET POSITION - BEGINNING</b>	<u>1,233,529</u>
<b>NET POSITION - ENDING</b>	<u><u>\$ 1,283,671</u></u>

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

EXHIBIT G  
PAGE 1 OF 2

**CITY OF POPLARVILLE, MISSISSIPPI**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED SEPTEMBER 30, 2021**

	<b><u>Water Fund</u></b>
<b><i>CASH FLOWS FROM OPERATING ACTIVITIES:</i></b>	
Receipts from customers	\$ 640,707
Payments to suppliers	(275,466)
Payments to employees	(202,421)
Net cash provided by operating activities	<u>162,820</u>
<b><i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</i></b>	
Purchases and construction of capital assets	(12,061)
Proceeds from sale of capital assets	1,000
Principal paid on capital debt	(55,895)
Interest paid on capital debt	(13,640)
Net cash used by capital and related financing activities	<u>(80,596)</u>
<b><i>CASH FLOWS FROM INVESTING ACTIVITIES</i></b>	
Interest received	<u>1,235</u>
Net cash provided by investing activities	<u>1,235</u>
<b><i>NET INCREASE IN CASH AND CASH EQUIVALENTS</i></b>	83,459
<b><i>BALANCES - BEGINNING OF THE YEAR</i></b>	<u>1,058,108</u>
<b><i>BALANCES - END OF THE YEAR</i></b>	<u><u>\$ 1,141,567</u></u>
<b><i>RECONCILIATION TO STATEMENT OF NET POSITION</i></b>	
Cash and cash equivalents - unrestricted	\$ 1,041,689
Cash and cash equivalents - restricted	<u>99,878</u>
Total cash and cash equivalents	<u><u>\$ 1,141,567</u></u>

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

EXHIBIT G  
PAGE 2 OF 2

**CITY OF POPLARVILLE, MISSISSIPPI**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED SEPTEMBER 30, 2021**

	<u><b>Water Fund</b></u>
<b><i>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</i></b>	
Operating income	\$ 66,085
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	98,696
Bad debt expense	10,701
Decrease (increase) in assets:	
Accounts receivable	(17,751)
Due from other funds	(4,786)
Prepaid expenses	(519)
Deferred outflows related to pension	22,187
Increase (decrease) in liabilities:	
Accounts payable	(850)
Accrued liabilities	(35)
Due to other governments	7,240
Compensated absences	(549)
Customer deposits	640
Net pension liability	(130,629)
Deferred inflows related to pension	112,390
	<hr/>
<b><i>Net cash provided by operating activities</i></b>	<b><i>\$ 162,820</i></b> <hr/>

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

***NOTES TO THE FINANCIAL STATEMENTS***

## **CITY OF POPLARVILLE, MISSISSIPPI**

### **NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2021**

#### **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, 2021.

##### **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 8 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 Statement of Net Position and Statement of Activities display information concerning the City as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *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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**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE TWO**

**YEAR ENDED SEPTEMBER 30, 2021**

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

The Statement of Net Position presents the financial condition of the governmental activities and the business-type activities of the City at year-end. The Government-wide 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, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

*Fund Financial Statements*

Fund financial statements of the City are organized by funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

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

*Basis of Accounting*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund financial 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.

Governmental fund financial statements are reported 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. Revenues are considered to be available when they are collectible 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 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is

**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE THREE**

**YEAR ENDED SEPTEMBER 30, 2021**

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

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.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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.

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer system enterprise fund are charges to customers for sales and services. The water and sewer system also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 they are 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.

**TIF Bond Project Fund** - The TIF Bond Project Fund represents one of the City's major capital projects fund. It accounts for all infrastructure projects associated with the TIF Bond Issuance.



**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE FOUR**

**YEAR ENDED SEPTEMBER 30, 2021**

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

***American Rescue Plan Act Fund*** - The American Rescue Plan Act Fund represents one of the City's major capital projects fund. It accounts for all allowable activities associated with the American Rescue Plan Act.

***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.

**E. Assets, Liabilities, and Net Position/Fund Balance**

***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.

***Interfund Transactions and Balances***

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds". Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds". Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund to indicate that they are not available for appropriation and are not expendable available

**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE FIVE**

**YEAR ENDED SEPTEMBER 30, 2021**

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

financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

*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, 2021, 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.

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**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE SIX**

**YEAR ENDED SEPTEMBER 30, 2021**

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

*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.

*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. Capital assets are defined by the government as 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	5 - 50 years
Machinery and equipment	3 - 40 years
Vehicles	5 - 20 years
Vehicles under lease	7 years
Equipment under lease	5 - 10 years

**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE SEVEN**

**YEAR ENDED SEPTEMBER 30, 2021**

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

*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(s) and so will not be recognized as an outflow of resources (expenditure) until then.

***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 9 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(s) 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 9 for additional details.

*Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the City's pension plans and additions to/deductions from the plan's net position have been determined on the same basis as they are reported by Public Employees' Retirement System of Mississippi. 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, or 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, other than prepaid insurance costs, are recognized as expenses in the period incurred. Prepaid insurance costs are reported as an asset and are recognized as expenses over the duration of the related debt.

## CITY OF POPLARVILLE, MISSISSIPPI

### NOTES TO THE FINANCIAL STATEMENTS

#### PAGE EIGHT

YEAR ENDED SEPTEMBER 30, 2021

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

Governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### *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, 2021. 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.

**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE NINE**

**YEAR ENDED SEPTEMBER 30, 2021**

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

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

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 their providers (such as creditors, grantors, bondholders and higher levels of government) 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 June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This standard is effective for the year ending September 30, 2022. 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, 2021**

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

**H. Subsequent Events**

In preparing the financial statements, management has evaluated and disclosed all material subsequent events through August 8, 2022, which is the date the financial statements were available to be issued.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

A summary of cash and cash equivalents as of September 30, 2021, follows:

	<b>Cash on Hand</b>	<b>Cash Deposits</b>	<b>Total</b>
<b><i>Governmental Activities</i></b>			
General fund	\$ 344	\$ 2,757,989	\$ 2,758,333
American Rescue Plan Act fund	-	356,353	356,353
Other Governmental funds	1,000	271,307	272,307
Total governmental activities	1,344	3,385,649	3,386,993
<b><i>Business-Type Activities</i></b>			
Enterprise fund			
Water fund	600	1,140,967	1,141,567
<b><i>Total cash and cash equivalents</i></b>	<b>\$ 1,944</b>	<b>\$ 4,526,616</b>	<b>\$ 4,528,560</b>

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**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE ELEVEN**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 2 - CASH AND CASH EQUIVALENTS (Cont.)**

The City maintained the following restricted assets as of September 30, 2021:

**Governmental Activities**

Cash and cash equivalents	
Restricted for unemployment claims	\$ 11,247
Restricted for public safety use	6,198
Restricted for police forfeiture	8,748
Restricted for cemetery perpetual care	25,862
Restricted for debt service	59,500
Restricted for economic development	560,412
Total restricted assets - governmental activities	<u>671,967</u>

**Business-Type Activities**

Cash and cash equivalents	
Restricted for utility customer deposits	89,270
Restricted for bond covenants	10,608
Total restricted assets - business-type activities	<u>99,878</u>

<b>Total restricted assets - government-wide</b>	<b>\$ 771,845</b>
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**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, 2021, deposits (including restricted deposits and cash on hand) were as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and cash equivalents	<u>\$ 4,698,958</u>	<u>\$ 4,526,616</u>

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**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE TWELVE**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 3 - RECEIVABLES**

Receivables at September 30, 2021, consisted of the following:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
	<b>General Fund</b>	<b>Water Fund</b>	<b>Total</b>
Property taxes	\$ 8,724	\$ -	\$ 8,724
Sales taxes	215,652	-	215,652
Franchise taxes	57,412	-	57,412
Court fines	728,344	-	728,344
Accounts	-	293,750	293,750
Other	25,680	-	25,680
Total receivables, gross	1,035,812	293,750	1,329,562
Less allowance for doubtful accounts	(727,295)	(99,272)	(826,567)
<b>Total receivables, net</b>	<b>\$ 308,517</b>	<b>\$ 194,478</b>	<b>\$ 502,995</b>

**Property Taxes** - The City levies a tax on real and personal property based on the assessed value of property as compiled by the Pearl River County tax assessor from information extracted from the County assessment tax rolls. The taxes on real property become due and payable on January 1<sup>st</sup> becoming delinquent on February 1<sup>st</sup> 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, 2021, 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, 2021, have been provided below.

**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE THIRTEEN**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 3 - RECEIVABLES (Cont.)**

The assessed valuations of the City for the year ended September 30, 2021, were as follows:

Real property	\$ 12,096,845
Personal property	2,588,691
Public utilities	2,157,736
Automobiles and mobile homes	<u>2,148,233</u>
<b>Total assessed valuations</b>	<b><u>\$ 18,991,505</u></b>

The tax levies for the City for the years ended September 30, 2021, 2020 and 2019, were as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Fund	<u>54.50</u>	<u>54.50</u>	<u>54.50</u>
<b>Total levy</b>	<b><u>54.50</u></b>	<b><u>54.50</u></b>	<b><u>54.50</u></b>

**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 \$1,155,349. Sales taxes receivable consists of taxes collected by the State for August and September 2021 and not received by the City until October and November 2021.

**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, 2021, \$48,321, 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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**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE FOURTEEN**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2021, is as follows:

	<b>Balance October 1, 2020</b>
<b>Governmental Activities:</b>	
Capital assets not being depreciated:	
Land	\$ 600,512
Construction in progress	9,523
Total capital assets not being depreciated	<u>610,035</u>
Capital assets being depreciated:	
Buildings and improvements	5,551,353
Machinery and equipment	641,753
Vehicles	528,163
Vehicles under lease	27,359
Equipment under lease	188,532
Total capital assets being depreciated	<u>6,937,160</u>
Less accumulated depreciation for:	
Buildings and improvements	(1,719,970)
Machinery and equipment	(491,213)
Vehicles	(353,945)
Vehicles under lease	(16,413)
Equipment under lease	(54,228)
Total accumulated depreciation	<u>(2,635,769)</u>
Total capital assets being depreciated, net	<u>4,301,391</u>
<b>Total governmental activities capital assets, net</b>	<u><u>\$ 4,911,426</u></u>

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<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance September 30, 2021</u>
\$ 31,875	\$ -	\$ -	\$ 632,387
195,855	(195,463)	-	9,915
<u>227,730</u>	<u>(195,463)</u>	<u>-</u>	<u>642,302</u>
291,088	-	-	5,842,441
48,969	-	20,652	711,374
11,295	-	27,359	566,817
-	-	(27,359)	-
-	-	(20,652)	167,880
<u>351,352</u>	<u>-</u>	<u>-</u>	<u>7,288,512</u>
(347,610)	-	-	(2,067,580)
(33,235)	-	(20,652)	(545,100)
(29,981)	-	(16,413)	(400,339)
-	-	16,413	-
(33,576)	-	20,652	(67,152)
<u>(444,402)</u>	<u>-</u>	<u>-</u>	<u>(3,080,171)</u>
<u>(93,050)</u>	<u>-</u>	<u>-</u>	<u>4,208,341</u>
<u>\$ 134,680</u>	<u>\$ (195,463)</u>	<u>\$ -</u>	<u>\$ 4,850,643</u>

**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE FIFTEEN**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 4 - CAPITAL ASSETS (Cont.)**

	<b>Balance October 1, 2020</b>
<b>Business-Type Activities:</b>	
Capital assets not being depreciated:	
Land	\$ 24,010
Total capital assets not being depreciated	<u>24,010</u>
Capital assets being depreciated:	
Buildings and improvements	2,780,238
Machinery and equipment	152,451
Vehicles	134,875
Vehicles under lease	55,789
Equipment under lease	159,031
Total capital assets being depreciated	<u>3,282,384</u>
Less accumulated depreciation for:	
Buildings and improvements	(1,773,041)
Machinery and equipment	(97,083)
Vehicles	(105,210)
Vehicles under lease	(32,116)
Equipment under lease	(72,733)
Total accumulated depreciation	<u>(2,080,183)</u>
Total capital assets being depreciated, net	<u>1,202,201</u>
<b>Total business-type activities capital assets, net</b>	<u><u>\$ 1,226,211</u></u>

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<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Balance September 30, 2021</b>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,010</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>24,010</u>
-	-	-	2,780,238
12,061	(9,308)	77,681	232,885
-	-	27,070	161,945
-	-	(27,070)	28,719
-	-	(77,681)	81,350
<u>12,061</u>	<u>(9,308)</u>	<u>-</u>	<u>3,285,137</u>
(66,132)	-	-	(1,839,173)
(12,055)	4,654	(32,058)	(136,542)
(8,271)	-	(11,601)	(125,082)
(4,103)	-	11,601	(24,618)
(8,135)	-	32,058	(48,810)
<u>(98,696)</u>	<u>4,654</u>	<u>-</u>	<u>(2,174,225)</u>
(86,635)	(4,654)	-	1,110,912
<u>\$ (86,635)</u>	<u>\$ (4,654)</u>	<u>\$ -</u>	<u>\$ 1,134,922</u>

**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE SIXTEEN**

**YEAR ENDED SEPTEMBER 30, 2021**

**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	68,250
Public safety	85,179
Public works	<u>250,910</u>

Total governmental activities depreciation expense	<u><u>\$ 444,402</u></u>
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**Business-Type Activities**

Water	<u><u>\$ 98,696</u></u>
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**NOTE 5 - INTERFUND TRANSFERS**

The composition of interfund transfers for the year ended September 30, 2021, is as follows:

<u>Transfers Out</u>	<u>Transfers In</u>		
	<u>Other Governmental Funds</u>	<u>TIF Bond Project Fund</u>	<u>Total</u>
General fund	\$ 122,248	\$ -	\$ 122,248
Other governmental funds	<u>-</u>	<u>535,500</u>	<u>535,500</u>
<b>Total</b>	<u><u>\$ 122,248</u></u>	<u><u>\$ 535,500</u></u>	<u><u>\$ 657,748</u></u>

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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**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE SEVENTEEN**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 6 - LONG-TERM LIABILITIES**

Changes in long-term liabilities during the year ended September 30, 2021, are as follows:

	<b>Balance October 1, 2020</b>	<b>Additions</b>
<b>Governmental Activities:</b>		
General obligation bonds	\$ 1,215,000	\$ -
Limited obligation TIF bonds	-	595,000
Notes payable	207,386	-
Capital leases payable	150,289	-
Compensated absences	17,045	7,744
Net pension liability	3,186,436	-
<b>Total governmental activities</b>	<b>\$ 4,776,156</b>	<b>\$ 602,744</b>
<b>Business-Type Activities:</b>		
Revenue bonds payable	\$ 140,834	\$ -
Notes payable	297,382	-
Capital leases payable	37,861	-
Compensated absences	8,380	80
Net pension liability	685,332	-
<b>Total business-type activities</b>	<b>\$ 1,169,789</b>	<b>\$ 80</b>

Compensated absences will be paid from the fund from which the employees' salaries were paid, which is generally the General Fund and the Water Fund. General obligation bonds, notes and capital leases payable for both governmental and business-type activities are considered direct borrowing/direct placement debts.

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<b>Principal Payments / Reductions</b>	<b>Balance September 30, 2021</b>	<b>Due Within One Year</b>
\$ (90,000)	\$ 1,125,000	\$ 95,000
-	595,000	46,212
(9,264)	198,122	9,451
(35,167)	115,122	33,151
(1,293)	23,496	-
(785,052)	2,401,384	-
<u>\$ (920,776)</u>	<u>\$ 4,458,124</u>	<u>\$ 183,814</u>
\$ (4,365)	\$ 136,469	\$ 4,560
(30,263)	267,119	31,205
(21,267)	16,594	12,394
(629)	7,831	-
(130,629)	554,703	-
<u>\$ (187,153)</u>	<u>\$ 982,716</u>	<u>\$ 48,159</u>

**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

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**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 6 - LONG-TERM LIABILITIES (Cont.)**

**(A) Notes Payable** - At September 30, 2021, the City's outstanding notes payable were as follows:

	<u>Date Issued</u>	<u>Maturity Date</u>
<b>Governmental Activities:</b>		
State of Mississippi (MDA)	7/1/2019	6/1/2039
Total governmental activities		
<b>Business-Type Activities:</b>		
State of Mississippi	10/27/2014	8/1/2025
State of Mississippi (MDA)	7/1/2019	6/1/2039
First National Bank of Picayune	3/8/2019	3/1/2024
Total business-type activities		
<b>Total notes payable at year-end</b>		

- A. These notes are subject to acceleration clauses per the loan agreements. Upon default, the notes become immediately due in full and may be paid by forfeiture of sales tax allocation and/or homestead exemption reimbursement.
- B. The note is secured by equipment and is subject to an acceleration clause. Upon default, the note becomes immediately due in full.

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<b>Interest Rate</b>	<b>Original Amount</b>	<b>Balance September 30, 2021</b>	
2.00%	\$ 219,531	\$ 198,122	A
	<u>219,531</u>	<u>198,122</u>	
3.00%	96,183	40,023	A
2.00%	219,531	198,126	A
4.00%	57,049	28,970	B
	<u>372,763</u>	<u>267,119</u>	
	<u>\$ 592,294</u>	<u>\$ 465,241</u>	

**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE NINETEEN**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 6 - LONG-TERM LIABILITIES (Cont.)**

Principal and interest maturities will be as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 9,451	\$ 3,876	\$ 31,205	\$ 5,885
2023	9,641	3,685	32,177	4,912
2024	9,836	3,491	25,693	3,982
2025	10,035	3,292	18,880	3,410
2026	10,237	3,090	10,237	3,090
2027-2031	54,369	12,265	54,369	12,265
2032-2036	60,083	6,552	60,083	6,552
2037-2039	34,470	953	34,475	953
<b>Total payments</b>	<u>\$ 198,122</u>	<u>\$ 37,204</u>	<u>\$ 267,119</u>	<u>\$ 41,049</u>

**(B) General Obligation Bonds Payable** - At September 30, 2021, the City's outstanding general obligation bonds payable were as follows:

	<u>Date Issued</u>	<u>Original Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance September 30, 2021</u>
<b>Governmental Activities:</b>					
General obligation bond	4/1/2019	<u>\$ 1,300,000</u>	4/2/2031	Variable A	<u>\$ 1,125,000</u>
<b>Business-Type Activities:</b>					
Revenue bond					
(acquired by USDA)	11/16/2006	<u>\$ 185,185</u>	2/16/2041	4.38%	<u>\$ 136,469 B</u>

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, 2021**

**NOTE 6 - LONG-TERM LIABILITIES (Cont.)**

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

<b>Year Ending September 30,</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
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	110,000	19,361	5,430	5,010
2027-2031	620,000	46,547	31,008	21,192
2032-2036	-	-	38,574	13,626
2037-2041	-	-	41,960	4,272
<b>Total payments</b>	<b>\$ 1,125,000</b>	<b>\$ 170,780</b>	<b>\$ 136,469</b>	<b>\$ 66,363</b>

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, 2021, 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, 2021**

**NOTE 6 - LONG-TERM LIABILITIES (Cont.)**

	<b>Required Balance</b>	<b>Balance September 30, 2021</b>	<b>(Under) Over Funded</b>
Bond cushion fund	\$ 5,304	\$ 5,304	\$ -
Depreciation fund	2,652	2,652	-
Contingent fund	2,652	2,652	-
<b>Totals</b>	<b>\$ 10,608</b>	<b>\$ 10,608</b>	<b>\$ -</b>

**(C) Limited Obligation TIF Bond** - The tax increment financing (TIF) bond was issued by the City to provide funds for the acquisition and construction of infrastructure and related improvements in conjunction with commercial development projects. Bonds are generally issued as serial bonds with essentially level principal and interest payments with maturities that range from 10 to 20 years. These bonds are secured by the payment of the incremental increase in City property taxes from the project's TIF taxing district as authorized under the TIF plan document approved by the governing authorities. This bond may also be secured by Pearl River County participation as authorized by executed interlocal agreements pledging incremental increase in county property taxes in the TIF taxing district. The City's obligation is limited to the increase in taxes provided by improvements in the taxing district.

Limited obligation TIF bond outstanding at September 30, 2021 is as follows:

	<b>Sale Date</b>	<b>Original Borrowing</b>	<b>Interest Rate to Maturity</b>	<b>Final Maturity</b>	<b>Balance September 30, 2021</b>
<b>Governmental Activities:</b>					
Limited obligation TIF bond	2020	<u>\$ 595,000</u>	5.50%	2030	<u>\$ 595,000</u>

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**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE TWENTY-TWO**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 6 - LONG-TERM LIABILITIES (Cont.)**

Principal and interest maturities will be as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 46,212	\$ 48,265
2023	48,754	28,843
2024	51,435	26,087
2025	54,264	23,181
2026	57,249	20,114
2027-2030	337,086	48,332
<b>Total payments</b>	<u><u>\$ 595,000</u></u>	<u><u>\$ 194,822</u></u>

**(D) Capital Leases Payable** - The City enters 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, 2021, were as follows:

	<u>Date Issued</u>	<u>Effective Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Present Value</u>
<b>Governmental Activities:</b>				
Street Sweeper	1/22/2020	3.47%	<u>\$ 167,880</u>	<u>\$ 115,122</u>
<b>Business-Type Activities:</b>				
Kubota Tractor and Boom Mower	2/2/2016	2.46%	<u>81,350</u>	<u>16,594</u>
<b>Total capital leases payable at year end</b>			<u><u>\$ 249,230</u></u>	<u><u>\$ 131,716</u></u>

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**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE TWENTY-THREE**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 6 - LONG-TERM LIABILITIES (Cont.)**

The following is an analysis of property leased under capital leases as of September 30, 2021:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
<b>Governmental Activities:</b>			
Equipment	<u>\$ 167,880</u>	<u>\$ (67,152)</u>	<u>\$ 100,728</u>
<b>Business-Type Activities:</b>			
Equipment	<u>\$ 81,350</u>	<u>\$ (48,810)</u>	<u>\$ 32,540</u>

Amortization of leased 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, 2021:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2022	\$ 36,621	\$ 12,663
2023	36,621	4,222
2024	36,621	-
2025	12,212	-
Total minimum lease payments	<u>122,075</u>	<u>16,885</u>
Less amount representing interest	<u>(6,953)</u>	<u>(291)</u>
<b>Present value of minimum payments</b>	<u><b>\$ 115,122</b></u>	<u><b>\$ 16,594</b></u>

**(E) Legal Debt Margin** - The City's margin for additional general obligation bonded indebtedness is calculated at \$1,723,726 (15% test) and \$2,673,301 (20% test) pursuant to Section 21-33-303. Mississippi Code 1972, depending upon the purpose of additional bonds.

**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, 2021, the City had \$11,247 in its unemployment compensation fund.



**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE TWENTY-FOUR**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 7 - RESTRICTED NET POSITIONS (Cont.)**

**Public Safety** - The City periodically receives community contributions for the police and fire departments. The use of these funds by the City is restricted to enhancing public safety efforts. At September 30, 2021, the City had \$6,198 restricted for these purposes.

**Police 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, 2021, 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, 2021, the City had \$25,862 restricted for cemetery perpetual care.

**Debt Service** - The City's TIF Bond requires a debt reserve fund to be maintained in the event that there are insufficient funds to cover debt service payments. At September 30, 2021, the City had set aside \$59,500 for debt service as required by the TIF Bond Agreement.

**Economic Development** - The City is required to expend bond proceeds on projects allowed in the Series 2019 Bond Agreement and the TIF Bond 2020 Bond Agreement, to spend MIMA funds for repairs of infrastructure and to spend American Rescue Plan Act funds for allowable activities associated with the American Rescue Plan Act. As of September 30, 2021, the City had \$560,412 restricted for capital projects.

Therefore, restricted net position totaled \$671,967 at September 30, 2021.

**Business-type Activities**

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

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**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE TWENTY-FIVE**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 7 - RESTRICTED NET POSITIONS (Cont.)**

The restricted portions were as follows:

**Restricted Assets**

Customer deposits	\$ 89,270
Revenue bond cushion fund account	5,304
Revenue bond depreciation fund account	2,652
Revenue bond contingent fund account	2,652
Total restricted accounts	<u>99,878</u>

**Liabilities Payable from Restricted Assets**

Customer deposits	<u>89,270</u>
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<b>Restricted net position</b>	<b><u>\$ 10,608</u></b>
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**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 \$2,788 for the year ended September 30, 2021, 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 \$167,057. The City also provided \$25,000 in support and \$8,903 for the liability insurance policy during the year ended September 30, 2021, 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-SIX

YEAR ENDED SEPTEMBER 30, 2021

#### **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 *Mississippi Code of 1972 Annotated* Section 25-11-1 et seq. 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.

**Contributions** - At September 30, 2021, 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, 2021 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, 2021, 2020 and 2019 were \$178,739, \$179,669, and \$181,668, respectively, equal to the required contributions for each year.

**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE TWENTY-SEVEN**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 9 - RETIREMENT PLANS (Cont.)**

***Pensions, Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions*** - At September 30, 2021, the City reported a liability of \$2,956,087 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021 net pension liability was 0.015309%, which was based on a measurement date of June 30, 2021. This was a decrease of 0.000519% from its proportionate share used to calculate the September 30, 2020 net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended September 30, 2021, the City recognized pension expense of \$207,354. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 35,086	\$ -
Net difference between projected and actual earnings on pension plan investments	-	712,198
Changes of assumptions	168,843	-
Changes in the proportion and differences between the City's contributions and proportionate share of contributions	-	101,045
City contributions subsequent to the measurement date	42,332	-
<b>Totals</b>	<b>\$ 246,261</b>	<b>\$ 813,243</b>

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**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE TWENTY-EIGHT**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 9 - RETIREMENT PLANS (Cont.)**

\$42,332 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2022	\$ (133,284)
2023	(133,284)
2024	(164,695)
2025	(178,051)
<b>Total</b>	<b>\$ (609,314)</b>

**Actuarial Assumptions** - The total pension liability as of June 30, 2021 was determined by an actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2020 valuation based on the experience investigation for the four-year period ending June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021. The following actuarial assumptions are applied to all periods in the measurement:

Inflation	2.40%
Salary increases	2.65% - 17.90%, including inflation
Investment rate of return	7.55%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 100% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the four-year period from July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE TWENTY-NINE**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 9 - RETIREMENT PLANS (Cont.)**

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.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	27.00%	4.60%
International equity	22.00	4.50
Global equity	12.00	4.80
Fixed income	20.00	(0.25)
Real estate	10.00	3.75
Private equity	8.00	6.00
Cash equivalents	1.00	(1.00)
<b>Total</b>	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.55%. 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.

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**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE THIRTY**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 9 - RETIREMENT PLANS (Cont.)**

**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 7.55%, 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 (6.55%) or 1-percentage-point higher (8.55%) than the current rate:

	<b>1% Decrease ( 6.55% )</b>	<b>Discount Rate ( 7.55% )</b>	<b>1% Increase ( 8.55% )</b>
City's proportionate share of the net pension liability	\$ 4,186,513	\$ 2,956,087	\$ 1,942,119

**Pension Plan Fiduciary Net Position** - Detailed information about the pension 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.

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**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE THIRTY-ONE**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 10 - COMMITMENTS AND CONTINGENCIES (Cont.)**

**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, 2021, 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 year 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.

**Garbage Collection Contract** - The City extended their contract 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 \$15.71 per location effective June 1, 2021. 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, 2021, the City paid Waste Management \$191,734 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.

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**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE FINANCIAL STATEMENTS**

**PAGE THIRTY-TWO**

**YEAR ENDED SEPTEMBER 30, 2021**

***NOTE 11 - RISK MANAGEMENT AND UNCERTAINTIES (Cont.)***

***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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***REQUIRED SUPPLEMENTARY INFORMATION***

SCHEDULE 1  
PAGE 1 OF 3

**CITY OF POPLARVILLE, MISSISSIPPI**

**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2021**

	<b>Original Budget</b>	<b>Final Budget</b>
<b>REVENUES</b>		
Taxes		
Property	\$ 910,078	\$ 941,056
Sales	1,040,986	1,131,077
Licenses and permits	201,371	195,192
Intergovernmental revenues and grants	323,337	325,015
Charges for services	3,780	2,850
Interest	25,000	4,133
Fines and forfeitures	28,000	28,300
Waste disposal	214,680	204,355
Miscellaneous	30,265	48,294
<b>Total revenues</b>	<b>2,777,497</b>	<b>2,880,272</b>
<b>EXPENDITURES</b>		
Current:		
Mayor & Board		
Personnel services	72,172	72,178
Supplies	300	614
Other services and charges	40,800	34,050
Capital outlay	-	999
Total mayor & board	<b>113,272</b>	<b>107,841</b>
General Administration		
Personnel services	146,658	146,438
Supplies	10,860	7,343
Other services and charges	138,849	139,993
Capital outlay	-	9,300
Total general administration	<b>296,367</b>	<b>303,074</b>
Court		
Personnel services	81,921	70,515
Supplies	1,200	1,482
Other services and charges	7,330	2,882
Capital outlay	1,000	171
Total court	<b>91,451</b>	<b>75,050</b>
Police Department		
Personnel	525,773	499,406
Supplies	59,200	37,925
Other services and charges	103,076	51,798
Capital outlays	80,819	197,978
Lease & loans	19,452	6,363
Total police department	<b>788,320</b>	<b>793,470</b>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
\$ 941,056	\$ -
1,131,077	-
195,192	-
325,015	-
2,850	-
4,133	-
28,300	-
204,355	-
48,294	-
<u>2,880,272</u>	<u>-</u>
72,178	-
614	-
28,903	5,147
999	-
<u>102,694</u>	<u>5,147</u>
146,519	(81)
7,343	-
139,999	(6)
9,300	-
<u>303,161</u>	<u>(87)</u>
70,515	-
1,482	-
2,891	(9)
171	-
<u>75,059</u>	<u>(9)</u>
499,406	-
37,925	-
51,791	7
197,978	-
6,363	-
<u>793,463</u>	<u>7</u>

SCHEDULE 1  
PAGE 2 OF 3

**CITY OF POPLARVILLE, MISSISSIPPI**

**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2021**

	<b>Original Budget</b>	<b>Final Budget</b>
<b>EXPENDITURES (Cont.)</b>		
Animal Control		
Other services and charges	\$ 500	\$ 500
Total animal control	500	500
Fire Department		
Personnel	263,390	263,035
Supplies	42,765	39,147
Other services and charges	51,132	47,621
Capital outlays	35,055	24,086
Total fire department	392,342	373,889
Highways and Streets		
Personnel	219,204	219,204
Supplies	65,500	65,500
Other services and charges	104,295	104,295
Capital outlays	1,179	8,324
Lease & loans	50,519	50,519
Total highways and streets	440,697	447,842
Building and Code Enforcement		
Personnel	16,904	16,904
Supplies	50	50
Other services and charges	1,325	1,325
Capital outlays	1,000	1,000
Total building and code enforcement	19,279	19,279
Public Works		
Other services and charges	189,572	191,734
Total public works	189,572	191,734
Culture and Recreation		
Supplies	7,200	8,080
Other services and charges	46,502	46,605
Capital outlays	180,522	198,659
Total culture and recreation	234,224	253,344
Cemetery		
Supplies	800	800
Other services and charges	19,200	19,200
Total cemetery	20,000	20,000

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

<b>Actual</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>\$ 300</b>	<b>\$ 200</b>
<b>300</b>	<b>200</b>
251,997	11,038
28,897	10,250
47,621	-
24,086	-
<b>352,601</b>	<b>21,288</b>
215,084	4,120
48,784	16,716
91,275	13,020
8,324	-
49,948	571
<b>413,415</b>	<b>34,427</b>
15,644	1,260
-	50
-	1,325
1,258	(258)
<b>16,902</b>	<b>2,377</b>
191,734	-
<b>191,734</b>	<b>-</b>
6,081	1,999
39,735	6,870
198,644	15
<b>244,460</b>	<b>8,884</b>
-	800
14,502	4,698
<b>14,502</b>	<b>5,498</b>

SCHEDULE 1  
PAGE 3 OF 3

**CITY OF POPLARVILLE, MISSISSIPPI**

**BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2021**

	<b>Original Budget</b>	<b>Final Budget</b>
<b>EXPENDITURES (Cont.)</b>		
Airport		
Other services and charges	\$ 13,000	\$ 13,000
Total airport	13,000	13,000
Transfers out to other funds	199,973	199,973
<b>Total expenditures</b>	<b>2,798,997</b>	<b>2,798,996</b>
<b>Excess (deficiency) of revenues over expenditures</b>	(21,500)	81,276
<b>OTHER FINANCING SOURCES (USES)</b>		
Rent/lease proceeds	1,500	3,929
Proceeds from capital leases/loans	20,000	-
<b>Total other financing sources (uses)</b>	<b>21,500</b>	<b>3,929</b>
<b>NET CHANGE IN FUND BALANCES</b>	-	85,205
Fund balances - beginning (Budgetary Basis)	1,960,311	2,683,024
Fund balances - ending (Budgetary Basis)	\$ 1,960,311	\$ 2,768,229
<b>RECONCILIATION TO GAAP BASIS:</b>		
Cumulative difference between GAAP basis fund balance and budget basis fund balance at beginning of the year		
Fund balances - ending (GAAP Basis)		

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
\$ 4,368	\$ 8,632
<u>4,368</u>	<u>8,632</u>
122,248	77,725
<u>2,634,907</u>	<u>164,089</u>
245,365	164,089
3,929	-
-	-
<u>3,929</u>	<u>-</u>
249,294	<u>\$ 164,089</u>
<u>2,683,024</u>	
<u>2,932,318</u>	
28,797	
<u>\$ 2,961,115</u>	



SCHEDULE 2

**CITY OF POPLARVILLE, MISSISSIPPI**

**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
MISSISSIPPI PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN  
LAST 10 FISCAL YEARS\* - UNAUDITED**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
City's proportionate share of the net pension liability (asset)	\$ 2,956,087	\$ 3,871,768	\$ 3,518,395	\$ 3,326,594	\$ 3,324,679	\$ 3,572,499	\$ 3,091,606	\$ 2,427,634
Covered payroll	\$ 1,017,874	\$ 1,053,948	\$ 1,120,914	\$ 1,120,273	\$ 1,105,638	\$ 1,050,190	\$ 1,020,533	\$ 1,076,724
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	290.42%	367.36%	313.89%	296.94%	300.70%	340.18%	302.94%	228.41%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

\* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented.  
This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2014, and until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

SCHEDULE 3

**CITY OF POPLARVILLE, MISSISSIPPI**

**SCHEDULE OF CITY'S CONTRIBUTIONS  
MISSISSIPPI PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN  
LAST 10 FISCAL YEARS\* - UNAUDITED**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 178,739	\$ 179,669	\$ 181,668	\$ 176,369	\$ 169,588	\$ 165,382	\$ 160,670	\$ 165,848
Contributions in relation to the contractually required contribution	<u>(178,739)</u>	<u>(179,669)</u>	<u>(181,668)</u>	<u>(176,369)</u>	<u>(169,588)</u>	<u>(165,382)</u>	<u>(160,670)</u>	<u>(165,848)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,027,236	\$ 1,032,580	\$ 1,126,803	\$ 1,119,803	\$ 1,076,749	\$ 1,050,044	\$ 1,020,127	\$ 1,053,003
Contributions as a percentage of covered payroll	17.40%	17.40%	16.12%	15.75%	15.75%	15.75%	15.75%	15.75%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2014, and, until a full 10 year trend is compiled, the City has only presented information for the years in which information is available.

Note A - The 2019 contributions as a percentage of covered payroll will be an average of the former contribution rate of 15.75% and the 2019 contribution rate of 17.40%.

## **CITY OF POPLARVILLE, MISSISSIPPI**

### **NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED SEPTEMBER 30, 2021**

#### **NOTE 1 - BUDGETARY COMPARISON SCHEDULE**

##### **A. Budgetary Data**

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

1. The City Clerk's office prepares estimates of available revenue.
2. Department directors submit proposed expenditure budgets to the City Clerk by June 1<sup>st</sup> each year.
3. The Mayor and the department directors review expenditure budgets and necessary revisions are made.
4. Budgeted revenues and expenditures are balanced, and a summary budget is prepared and presented to the Mayor.
5. The City Clerk submits the proposed budget to the Board by August 1<sup>st</sup>.
6. Public hearings are conducted to obtain taxpayer comments.
7. The final budget is approved by September 15<sup>th</sup> and must be published in a local newspaper on or before September 30<sup>th</sup>.
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 THE REQUIRED SUPPLEMENTARY INFORMATION**

**PAGE TWO**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 1 - BUDGETARY COMPARISON SCHEDULE (Cont.)**

**A. 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.

**B. 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.

**NOTE 2 - PENSION SCHEDULES**

**A. 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.

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**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**PAGE THREE**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 2 - PENSION SCHEDULES (Cont.)**

**A. Changes of Assumptions (Cont.)**

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 reflect actual experience more closely.

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

**2019**

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

- For males, 112.00% of male rates from ages 18 to 75 scaled down to 105.00% for ages 80 to 119.
- For females, 85.00% of the female rates from ages 18 to 65 scaled up to 102.00% for ages 75 to 119.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**PAGE FOUR**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 2 - PENSION SCHEDULES (Cont.)**

**A. Changes of Assumptions (Cont.)**

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

- For males, 137.00% of male rates at all ages.
- For females, 115.00% 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%.

**2021**

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

- For males, 95.00% of male rates up to age 60, 110.00% for ages 61 to 75, and 101.00% for ages above 77.
- For females, 84.00% of female rates up to age 72, 100.00% for ages above 76.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

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

- For males, 134.00% of male rates at all ages.
- For females, 121.00% of female rates at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

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**CITY OF POPLARVILLE, MISSISSIPPI**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**PAGE FIVE**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 2 - PENSION SCHEDULES (Cont.)**

**A. Changes of Assumptions (Cont.)**

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:

- For males, 97.00% of male rates at all ages.
- For females, 110.00% of female rate at all ages.
- Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 9.00% to 12.00%.

The percentage of active member deaths assumed to be in in the line of duty was decrease from 6.00% to 4.00%.

**B. 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 SIX**

**YEAR ENDED SEPTEMBER 30, 2021**

**NOTE 2 - PENSION SCHEDULES (Cont.)**

**B. Changes in Benefit Provisions (Cont.):**

The expectation of contingent annuitant mortality was based on the PubS.H.

**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, 2019 valuation for the June 30, 2021 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	28.8 years
Asset valuation method	5-year smoothed market
Price inflation	2.75%
Salary increase	3.00% to 18.25%, 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, 2021**

ADJUSTED ASSESSED VALUATION		ASSESSED VALUE	TAX
Realty		\$ 12,096,845	\$ 659,278
Personal - other than auto		2,588,691	141,084
Public utilities		2,157,736	117,597
Personal - auto and mobile home		2,148,233	117,079
Total City of Poplarville at 54.5 mills		18,991,505	1,035,038
Less: Homestead exemption allowed		1,372,674	74,811
Total City of Poplarville		\$ 17,618,831	960,227
Add:	Actual homestead reimbursement		39,681
	County road taxes		48,488
	Prior year collections		780
	Penalties and interest on delinquent taxes		7,960
	In-lieu of taxes		2,964
Deduct:	Unpaid realty, personal and utility taxes		(7,226)
Total to be accounted for			\$ 1,052,874
COLLECTIONS	TAXES	HOMESTEAD REIMBURSEMENT	TOTAL
Collections allocated to fund:			
General fund	\$ 1,025,771	\$ 39,681	\$ 1,065,452
Total collections	\$ 1,025,771	\$ 39,681	1,065,452
		Unaccounted for	(12,578)
Total			\$ 1,052,874

See independent auditor's report.

SCHEDULE 5

**CITY OF POPLARVILLE, MISSISSIPPI**

**SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS  
September 30, 2021**

<b>Name</b>	<b>Position</b>	<b>Surety Company</b>	<b>Amount</b>
Jane O'Neal	City Clerk	Old Republic	\$ 50,000
Daniel Collier	Chief of Police	RLI Insurance Company	\$ 50,000
Renee Bridges	Deputy Clerk	RLI Insurance Company	\$ 50,000
Shelley Bowling	Deputy Clerk	Old Republic	\$ 50,000
Jourdan Smith	Court Clerk	Old Republic	\$ 50,000
Louise Smith	Mayor	Old Republic	\$ 50,000
Anne Gendusa Smith	Aldersperson	Old Republic	\$ 50,000
Robert Nestle	Aldersperson	NGM Insurance Company	\$ 50,000
Byron L. Wells	Aldersperson	Old Republic	\$ 50,000
Daniel H. Brown	Aldersperson	NGM Insurance Company	\$ 50,000
Kevin L. Tillman Sr.	Aldersperson	NGM Insurance Company	\$ 50,000

## ***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, 2021, 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 8, 2022.

**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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FAX: 228.864.3850

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 *Independent Auditors' Report on Compliance with Mississippi State Laws and Regulations*. 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.

  
Hattiesburg, Mississippi  
August 8, 2022



**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, 2021, and have issued our report dated August 8, 2022. 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.



Hattiesburg, Mississippi  
August 8, 2022



## ***SCHEDULE OF FINDINGS AND RESPONSES***

**CITY OF POPLARVILLE, MISSISSIPPI**

**SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED SEPTEMBER 30, 2021**

**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    |
|    | TIF Bond Project Fund  | Unmodified    |
|    | American Rescue Plan Act 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***



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

**AUDITEE'S CORRECTIVE ACTION PLAN**  
**Year Ended September 30, 2021**

**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:* Marnie Ready, Municipal Clerk

*Expected Date of Completion:* September 30, 2022