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2008

THE  
★  
CITY  
★  
OF MERIDIAN

*Foundation - Responsibility - Strength*

CITY OF MERIDIAN, MISSISSIPPI  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008



# **CITY OF MERIDIAN, MISSISSIPPI**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2008**

Prepared by:  
Department of Finance and Records  
L.E. Skipper, Director



**CITY OF MERIDIAN, MISSISSIPPI**  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended September 30, 2008

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## **INTRODUCTORY SECTION**

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March 18, 2009

To the Honorable Members of the City Council  
and Citizens of the City of Meridian, Mississippi:

State of Mississippi law requires that every municipality in the state shall have its books audited annually, prior to the close of the next succeeding fiscal year, either by a competent accountant approved by the State Auditor or by a certified public accountant. The audit shall be made in accordance with regulations promulgated by the State Auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Meridian, Mississippi ("City") for the fiscal year ended September 30, 2008.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited in accordance with auditing standards generally accepted in the United States of America by Breazeale, Saunders & O'Neil, Ltd., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2008 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

**Mayor:**  
JOHN ROBERT SMITH  
(601) 485-1927  
FAX: (601) 485-1911

**Council Members:**  
GEORGE M THOMAS  
Ward 1

MARY A. B. PERRY  
Ward 2

BARBARA HENSON  
Ward 3

JESSE E. PALMER, SR.  
Ward 4

JOHN C. HARRIS  
Ward 5

COUNCIL CLERK  
(601) 485-1959  
FAX: (601) 485-1913

**CITY DEPARTMENTS:**

**Chief Administrative Officer**  
(601) 485-1929  
FAX: (601) 485-1911

**Community Development:**  
(601) 485-1910  
FAX: (601) 484-6813

**Finance and Records:**  
(601) 485-1946  
FAX: (601) 485-1979

**Fire:**  
(601) 485-1822  
FAX: (601) 485-1878

**Homeland Security:**  
(601) 484-6890  
FAX: (601) 484-6895

**Parks and Recreation:**  
(601) 485-1802  
FAX: (601) 485-1851

**Police:**  
(601) 485-1841  
FAX: (601) 484-6832

**Public Works:**  
(601) 485-1920  
FAX: (601) 485-1864

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Single Audit section of this report.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The City, incorporated in 1860, is located in east central Mississippi, and is the county seat of Lauderdale County. The City currently occupies a land area of approximately 46 square miles and has an official 2000 population of 39,968. The City is empowered to levy a property tax on real and personal properties, utilities and motor vehicles located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing authorities and approved by the appropriate court of jurisdiction.

The City has operated under the council-mayor form of government since 1985. Legislative authority is vested in a part-time governing city council consisting of five council members elected by wards. The city council is responsible, among other things, for passing ordinances, adopting the budget and hiring an independent accountant to provide a full and complete examination of all books of the City at the end of each fiscal year. Executive authority is vested in a full-time mayor elected at-large. The mayor is responsible, among other things, for enforcing the charter and ordinances of the municipality and all general laws applicable thereto, for overseeing day-to-day operation of the City, appointing the heads of the various departments subject to council confirmation, annually reporting to council and the public on the work of the previous year, making recommendations for action by the council and supervising all of the departments of the City. The mayor may approve ordinances adopted by the council or veto such action stating the reasons for such veto, and no ordinance so vetoed shall take effect unless council within fifteen (15) days resolves to override the veto by a vote of two-thirds (2/3) of the members present and voting to override. The mayor and council serve concurrent, four-year terms.

The City provides a full range of services, including police and fire protection; construction and maintenance of streets, drainage ways and other infrastructure; waste and trash collection and disposal; water and sewer services; community and economic development services; and recreational activities and cultural events. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate

from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The Meridian Airport Authority, the Meridian Transportation Commission, the Meridian Redevelopment Authority and the Meridian and Bonita Lakes Development Authority are reported as discretely presented component units.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City submit requests for appropriations to the mayor in May of each year. The mayor uses the requests as a starting point for developing a proposed budget. The mayor then presents this proposed budget to the council for review in July. The council is required to hold a public hearing on the proposed budget and to adopt a final budget no later than September 15. The budget is prepared by fund and department. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is adopted by major expenditure classifications within departments or funds. These major classifications are: personnel services, supplies and expenses, capital outlay, and transfers and other charges. Department heads, with approval from the Chief Administrative Officer, may make transfers of appropriations within one of the major classifications within a department. A transfer of appropriations between classifications, however, requires a budget amendment approved by the council.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local economy.** The City currently enjoys a favorable economic environment. The City has a diverse economy with manufacturing ranging from electronic music and sound equipment to aircraft parts to steel fabrication and roofing material. The City serves as a retail center for an area encompassing numerous counties in east Mississippi and west Alabama.

Additionally, the City serves as a regional health center, with six hospitals that employ over 5,000 healthcare professionals and staff. The federal government has a major presence in the area with the Meridian Naval Air Station (“NAS Meridian”), which provides training for both naval carrier pilots and technical training for various enlisted personnel. Additionally, the base provides the RCTA or Regional Counter-Drug Training Academy. This provides training for a variety of law enforcement entities from throughout the southeast in the war on drugs. The City is home to the first municipal Department of Homeland Security in the state and is the leader in a nine county regional response team and a twenty-nine county regional response task force. A major training center, the Department held 142 classes during the year. The training included structural collapse classes and a trench rescue class, a physical agility test for inspectors and code enforcement officers, two storm spotter schools for city employees, a shoot house instructor school, and the first basic firefighter class since 2001, which resulted in the graduation of eight new firefighters. In addition, 116 days of training was held on the firing ranges, with 19 agencies involved. Overall, there were approximately 300 days of training in disciplines such as firearms qualification, incident command, interstate criminal enforcement and threat and risk

assessment with 85 agencies involved. The Public Safety Training Center serves as the location of a seven-state rail disaster training program funded by a Federal Railroad Administration grant.

Meridian continues as the center of a large trade area with hundreds of thousands of people. Meridian meets the medical, retail, industrial, cultural and recreational needs of these people. The Meridian Crossroads, North Hills shopping district, and Riverbirch commercial subdivision have continued to expand adding even more retail and dining opportunities. Meridian also saw the opening of a call center for the SilverCare Rx, LLC prescription drug discount benefit program and N.E.W. Customer Service Companies, Inc. announced their plans to open a Direct TV call center.

Continuing the efforts in revitalization of downtown, the MSU Riley Center has begun its third season and attracts more than 60,000 visitors to downtown Meridian annually for conferences, meetings, and performances. Efforts continue toward converting the 17-story art deco-style Threefoot Building into a downtown hotel. Additionally, the restoration of the historic 1915 City Hall continues with the fiscal year 2009 authorization to issue up to \$10,000,000 in bonds for the Phase IV interior package. This project will return the National Register of Historic Places building to its original look while integrating modern technology.

The Victory Village phase of the Hope VI project is continuing to create safe, wholesome housing and neighborhoods for those who need public housing, with a mix of rental and homeowner units. Construction has also begun on a new 9<sup>th</sup> grade facility at Meridian High School thanks to community support of a \$19,500,000 school bond issue.

Fire Station No. 8 held its grand opening and is providing coverage for the growing Bonita Lakes area. Preliminary work continues for the much needed police department and municipal court facility and bonds in the amount of \$1,000,000 have been issued for a number of bridge enhancement projects.

**Long-term financial planning.** The City will be addressing a number of significant improvements to the water and sewer system over the next five years. These improvements will be necessary due to changes such as the EPA's Capacity, Management, Operations and Maintenance ("CMOM") regulations; the need to support capital reinvestment and repair in order to revitalize some aging infrastructure; and new improvements that will be necessary as a result of current annexation efforts. Project costs will be financed by a combination of the issuance of bonds and available grants at a current estimated cost of \$7,000,000, with \$3,600,000 issued in 2007 to begin addressing some of these needs.

**Cash management policies and practices.** Cash temporarily idle during the year was invested, as allowed by state statute, in certificates of deposit and obligations of the U.S. Treasury.

**Risk management.** Risk management efforts are coordinated through the office of the risk manager. The City maintains various forms of insurance, including but not limited to workers compensation, property, various liability policies and employee health insurance. Various training and safety programs are conducted and the City has an Employee Assistance Program

designed to assist employees with problems and retain employees if possible, and a health screening program providing preventive health care. All new employees are tested for drugs and a random drug screening program is conducted monthly from a pool of all employees.

**Pension and Retirement Plans.** The City and its component units contribute 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. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. Employees covered by PERS are required by statute to contribute 7.25% of their salary to PERS. During the year ended September 30, 2008, City employees contributed \$1,167,194. The Meridian Airport Authority made contributions to PERS during the year ended September 30, 2008, of approximately \$23,858. Ten-year historical trend information showing PERS' progress in accumulating sufficient assets to pay benefits when due is presented in the PERS June 30, 2008, comprehensive annual financial report.

The City also participates in the Municipal Retirement System ("MRS") which has been closed to new participants since July 1, 1976. MRS is an agent multiple-employer defined benefit plan of PERS. MRS was designed to provide retirement benefits for general municipal employees, as well as firefighters and police officers. The City is one of two cities providing retirement benefits to general municipal employees and one of 17 cities providing retirement benefits to firefighters and police officers. Membership in the MRS is comprised of employees who were hired prior to July 1, 1976, and includes only eligible employees of the City who did not opt to become members of PERS. PERS is also responsible for the administration of MRS. MRS is considered part of the financial reporting entity of the State of Mississippi. The total payroll for City employees covered by MRS for the year ended September 30, 2008 was \$157,823; the City's total payroll for all employees was \$16,887,679. At September 30, 2008, the date of the most recent actuarial valuation, there were 3 participating general municipal employees, firefighters and police officers.

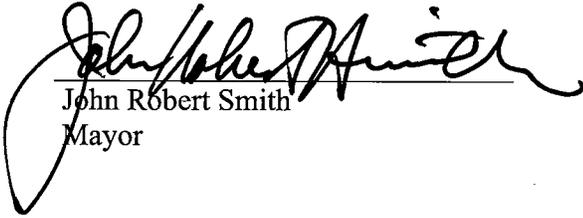
### **Awards and Acknowledgements**

The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report ("CAFR") for the fiscal year ended September 30, 2007. This was the twelfth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

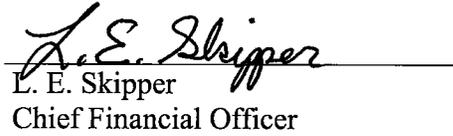
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance and Records Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the city council for its unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Sincerely,



John Robert Smith  
Mayor



L. E. Skipper  
Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Meridian  
Mississippi

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2007

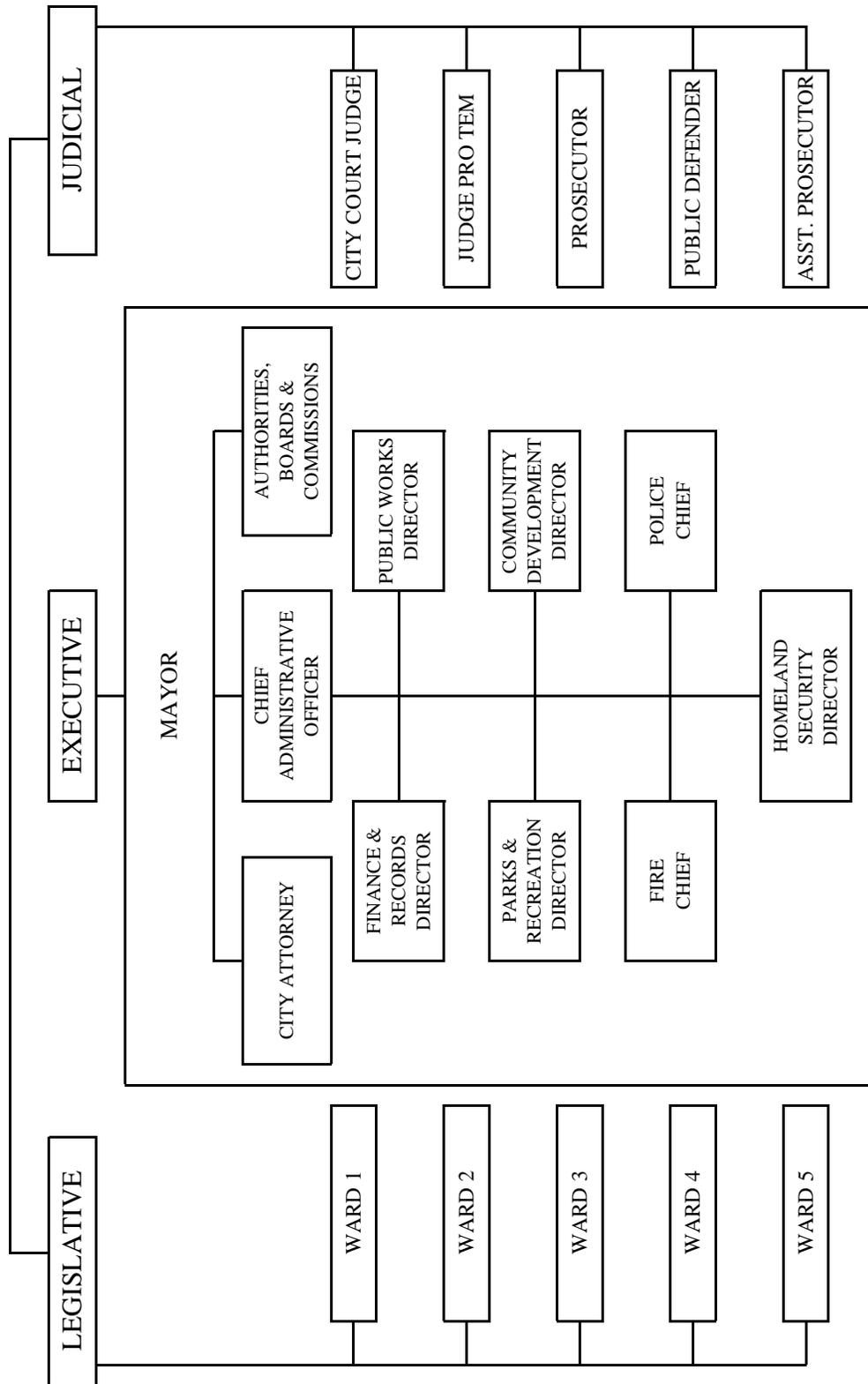
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**CITY OF MERIDIAN, MISSISSIPPI**  
 Organizational Structure  
 September 30, 2008



**CITY OF MERIDIAN, MISSISSIPPI**

Listing of City Officials

September 30, 2008

**Elected Officials**

Mayor .....	John Robert Smith
Council Member - Ward 1 .....	George M Thomas
Council Member - Ward 2 .....	Mary A. B. Perry
Council Member - Ward 3 .....	Barbara Henson
Council Member - Ward 4 .....	Jesse E. Palmer, Sr.
Council Member - Ward 5 .....	John C. Harris

**Appointed Officials**

Chief Administrative Officer .....	Kenneth Storms
Finance & Records Director/City Clerk .....	Ed Skipper
Public Works Director .....	Monty Jackson
Parks & Recreation Director .....	Mark Naylor
Community Development Director .....	Don Farrar
Fire Chief .....	Jeff Homan
Police Chief .....	Benny Dubose
Homeland Security Director .....	H. C. Partridge, Jr.
City Attorney .....	Bill Hammack

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**FINANCIAL SECTION**

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**INDEPENDENT AUDITORS' REPORT**

**The Honorable Mayor John Robert Smith and  
Honorable Members of the City Council  
City of Meridian, Mississippi:**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Meridian, Mississippi ("City") as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Meridian Transportation Commission or the Meridian Airport Authority, which represent 97.9% and 99.9%, respectively, of the assets and revenues of the component units column. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for these component units, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Mayor John Robert Smith and  
Honorable Members of the City Council  
City of Meridian, Mississippi:  
Page two

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis on pages 17 through 26 and the schedule of funding progress on page 96 are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Brayden, Sanders & O'Neil, Ltd.*

Jackson, Mississippi  
March 18, 2009

**CITY OF MERIDIAN, MISSISSIPPI**  
Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2008

As management of the City of Meridian, Mississippi ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 – 8 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### **Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$89,146 (*net assets*). Of this amount, \$7,243 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$255. This change in net assets is largely attributable to the decrease in investment earnings.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$19,732, a decrease of \$3,909 in comparison with the prior year. Approximately 46 percent of this total amount, \$9,111, is *available for spending* at the City's discretion (*unreserved, undesignated fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,618 or 20 percent of total general fund expenditures.
- The City's total debt decreased by \$4,596 (7 percent) during the current fiscal year. During the year, the City issued \$1,365 in new debt and retired \$5,961 of previously issued debt.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as 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 (e.g., uncollected taxes and earned but unused vacation leave).

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, public safety, public works, culture and recreation, and economic development. The business-type activities of the City include water and sewer services, waste collection and disposal, a golf course, Union Station, and citywide concessions.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the following legally separate entities for which the City is financially accountable: (1) Meridian Airport Authority, (2) Meridian Transportation Commission, (3) Meridian and Bonita Lakes Development Authority, and (4) Meridian Redevelopment Authority. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 28 – 31 of this report.

**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 to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**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 the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 22 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and special revenue fund, all of which are considered to be major funds. Data from the other 19 nonmajor governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund and its special revenue fund. A budgetary comparison statement has been provided for the general fund and the special revenue fund to demonstrate compliance with these budgets.

The basic governmental funds financial statements can be found on pages 32 – 39 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer fund, waste collection and disposal fund, golf course fund, Union Station fund and a citywide concessions fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds (1) to account for service and maintenance costs for its fleet of vehicles, (2) to account for office supplies, (3) to account for health and life insurance claims, and (4) to account for unemployment insurance and claims. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the business-type activities of the water and sewer fund and the waste collection and disposal fund, which are considered to be major funds of the City. Data from the nonmajor enterprise funds are combined into a single, aggregate presentation. The internal service funds are also combined into a single, aggregate presentation in the proprietary fund financial statements. Individual fund data for the three nonmajor enterprise funds and the four internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary funds financial statements can be found on pages 40 – 45 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statements can be found on page 46 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 49 – 93 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 96 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds, fiduciary funds, and nonmajor component units are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 97 – 125 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$89,146 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (77 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Meridian's Net Assets

<u>Description</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 24,921	30,258	13,718	14,262	38,639	44,520
Capital assets	<u>76,017</u>	<u>73,567</u>	<u>41,891</u>	<u>45,121</u>	<u>117,908</u>	<u>118,688</u>
<b>Total assets</b>	<u>100,938</u>	<u>103,825</u>	<u>55,609</u>	<u>59,383</u>	<u>156,547</u>	<u>163,208</u>
Long-term liabilities outstanding	36,366	39,272	24,704	27,142	61,070	66,414
Other liabilities	<u>3,994</u>	<u>4,953</u>	<u>2,337</u>	<u>2,440</u>	<u>6,331</u>	<u>7,393</u>
<b>Total liabilities</b>	<u>40,360</u>	<u>44,225</u>	<u>27,041</u>	<u>29,582</u>	<u>67,401</u>	<u>73,807</u>
Net assets:						
Invested in capital assets, net of related debt	50,692	48,799	17,684	18,938	68,376	67,737
Restricted	5,810	6,881	7,717	7,509	13,527	14,390
Unrestricted	<u>4,076</u>	<u>3,920</u>	<u>3,167</u>	<u>3,354</u>	<u>7,243</u>	<u>7,274</u>
<b>Total net assets</b>	<u>\$ 60,578</u>	<u>59,600</u>	<u>28,568</u>	<u>29,801</u>	<u>89,146</u>	<u>89,401</u>

An additional portion of the City's net assets (15 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$7,243 in *unrestricted net assets* may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City was able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$208 in restricted net assets reported in connection with the City's business-type activities. This is a result of increased funds available for capital projects in the water and sewer system.

The City's net assets decreased \$255 during the current fiscal year. This change in net assets is largely attributable the decrease in investment earnings.

**Governmental activities.** Governmental activities increased the City's net assets by \$978. Key elements of these changes in net assets are as follows:

**City of Meridian's Changes in Net Assets**

<b><u>Description</u></b>	<b><u>Governmental Activities</u></b>		<b><u>Business-type Activities</u></b>		<b><u>Total</u></b>	
	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2,550	3,607	13,159	12,940	15,709	16,547
Operating grants and contributions	1,379	2,194	-	-	1,379	2,194
Capital grants and contributions	500	250	87	740	587	990
General revenues:						
Property taxes	10,826	10,098	810	811	11,636	10,909
Other taxes	17,795	17,220	-	-	17,795	17,220
Grants and contributions not restricted to specific programs	70	65	-	-	70	65
Other	<u>628</u>	<u>1,131</u>	<u>299</u>	<u>480</u>	<u>927</u>	<u>1,611</u>
Total revenues	<u>33,748</u>	<u>34,565</u>	<u>14,355</u>	<u>14,971</u>	<u>48,103</u>	<u>49,536</u>
<b>Expenses:</b>						
General government	7,211	6,526	-	-	7,211	6,526
Public safety	15,017	14,976	-	-	15,017	14,976
Public works	6,567	6,893	-	-	6,567	6,893
Culture and recreation	2,390	2,156	-	-	2,390	2,156
Economic development	134	98	-	-	134	98
Sanitation	-	-	2,401	2,380	2,401	2,380
Interest on long-term debt	1,772	1,918	-	-	1,772	1,918
Other	6	64	782	749	788	813
Water and sewer	<u>-</u>	<u>-</u>	<u>12,078</u>	<u>12,218</u>	<u>12,078</u>	<u>12,218</u>
Total expenses	<u>33,097</u>	<u>32,631</u>	<u>15,261</u>	<u>15,347</u>	<u>48,358</u>	<u>47,978</u>
<b>Excess (deficiency) of revenues over (under) expenses before transfers</b>	651	1,934	(906)	(376)	(255)	1,558
Transfers	<u>327</u>	<u>(3,182)</u>	<u>(327)</u>	<u>3,182</u>	<u>-</u>	<u>-</u>
<b>Change in net assets</b>	978	(1,248)	(1,233)	2,806	(255)	1,558
<b>Net assets - beginning</b>	<u>59,600</u>	<u>60,848</u>	<u>29,801</u>	<u>26,995</u>	<u>89,401</u>	<u>87,843</u>
<b>Net assets - ending</b>	\$ <u>60,578</u>	<u>59,600</u>	<u>28,568</u>	<u>29,801</u>	<u>89,146</u>	<u>89,401</u>

- Charges for services decreased \$1,057 or 41 percent in 2008 under 2007.
- Capital grants and contributions increased \$250 or 50 percent in 2008 over 2007. This was mostly due to an increase in capital grants for public safety, including a grant for the purchase of six generators for the fire department.
- Other taxes (which include sales taxes) increased \$575 or 3 percent. The opening of Phase I of Meridian Crossroads greatly expanded both retail shopping and dining opportunities. The North Hills Street shopping district continued to expand. A second Wal-mart Supercenter opened on Highway 19. All of these added to the sales tax base.
- Total revenues decreased \$817 or 2 percent.
- Total expenses only increased \$466 or 1 percent.

**Business-type activities.** Business-type activities decreased the City's net assets by \$1,233. This is primarily due to receiving \$653 less in capital grants and contributions and \$181 less in interest income during fiscal year 2008. In addition, \$3,600 in general obligation water and sewer bonds were issued in fiscal year 2007. No water and sewer bonds were issued during the current fiscal year.

### **Financial Analysis of the City's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$19,732, a decrease of \$3,909 in comparison with the prior year. Approximately 46 percent of this total amount constitutes an *unreserved, undesignated fund balance* of \$9,112, which is available for spending at the City's discretion. \$1,957 is unreserved, but designated for subsequent years' expenditures for capital projects. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to liquidate contracts and pay purchase orders in the amount of \$5,042 for the prior period and for a variety of other restricted purposes in the amount of \$3,621.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,618, while total fund balance was \$8,172. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to the total fund expenditures. Unreserved fund balance represents 20 percent of total general fund expenditures, while total fund balance represents 29 percent of that same amount. The fund balance of the City's general fund decreased by \$505, during the current fiscal year. This was primarily due to principal retirement and other financing uses.

The debt service fund has a total fund balance of \$2,325, all of which is reserved for the payment of debt service. The net decrease of \$624 during the current year in the debt service fund is a result of the timing of payment due dates of long-term debt. The special revenue fund's total fund balance is \$3,688 at the end of the current fiscal year. \$195 of the special revenue fund balance is reserved for encumbrances. The remaining special revenue fund balance of \$3,493 is unreserved. The fund balance of the special revenue fund increased \$569 during the current fiscal year. This increase is largely due to the decrease in narcotics related expenditures.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the water and sewer fund at the end of the year amounted to \$2,710, and those for the waste collection and disposal fund amounted to \$228. The total decrease in net assets for the waste collection and disposal fund is \$56 and the water and sewer fund decreased by \$1,188.

### General Fund Budgetary Highlights

There were no differences between net balance of the original budget and the final amended budget. Changes within the levels of expenditures can be briefly summarized as follows:

<u>Description</u>	<u>Increase (Decrease)</u>
General government	\$ 268
Finance and records	(4)
Community development	(61)
Parks and recreation	(37)
Public works	(296)
Police	79
Fire	<u>51</u>
<b>Total</b>	\$ <u><u>-</u></u>

Actual revenues exceeded the final amended budget by \$825.

The final amended budgeted expenditures exceeded the actual in all departments. Differences between the final amended budgeted expenditures and actual are as follows:

<u>Description</u>	<u>Actual Under Budget</u>
General government	\$ 135
Finance and records	94
Community development	114
Parks and recreation	83
Public works	364
Police	104
Fire	151
Homeland security	98
Arts district parking garage	<u>67</u>
<b>Total</b>	\$ <u><u>1,210</u></u>

## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2008, amounts to \$117,908 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital asset events during the current fiscal year included the following:

- Continued renovation and restoration of City Hall.
- Continued Hope VI street infrastructure and improvements (Victory Village).
- Installation of playground and exercise stations at Bonita Lakes.
- Completed on-site housing at Public Safety Training Center.
- Completed construction of Fire Station No.8 Bonita Lakes.

### City of Meridian's Capital Assets (net of depreciation)

<u>Description</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 7,660	7,659	272	272	7,932	7,931
Building and system	18,438	17,536	40,279	42,219	58,717	59,755
Improvements other than buildings	1,524	1,652	25	26	1,549	1,678
Machinery and equipment	6,427	6,482	937	1,009	7,364	7,491
Infrastructure	37,020	38,720	-	-	37,020	38,720
Construction in progress	<u>4,948</u>	<u>1,518</u>	<u>378</u>	<u>1,595</u>	<u>5,326</u>	<u>3,113</u>
<b>Total</b>	\$ <u>76,017</u>	<u>73,567</u>	<u>41,891</u>	<u>45,121</u>	<u>117,908</u>	<u>118,688</u>

Additional information on the City's capital assets can be found in note 5 on pages 71 – 74 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$42,155. Of this amount, \$20,985 comprises debt backed by the full faith and credit of the City, \$5,835 is special obligation bonds, \$2,135 is tax increment financing bonds and \$3,245 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City's total bonded debt decreased by \$3,085 (7 percent) during the current fiscal year. The decrease is due to retirements exceeding issuance of new bonds.

**City of Meridian's Outstanding Debt**  
**General Obligation and Revenue Bonds**

<u>Description</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General obligation bonds	\$ 20,985	21,415	-	-	20,985	21,415
Special obligation bonds	5,835	6,085	-	-	5,835	6,085
Limited obligation tax increment financing bonds	2,135	2,960	-	-	2,135	2,960
Special assessment debt with governmental commitment	3,245	3,520	-	-	3,245	3,520
Revenue bonds	-	-	<u>9,955</u>	<u>11,260</u>	<u>9,955</u>	<u>11,260</u>
<b>Total</b>	\$ <u>32,200</u>	<u>33,980</u>	<u>9,955</u>	<u>11,260</u>	<u>42,155</u>	<u>45,240</u>

The City maintains excellent bond ratings for both general obligation and revenue bond debt. The general obligation bonds maintain an "A+" rating from Standard & Poor's Ratings Services and an "A2" rating from Moody's Investors Service. The revenue bonds of the water and sewer fund have been rated "BBB" by Standard and Poor's Ratings Services and "Baa1" by Moody's Investors Service.

State statutes limit the amount of general obligation debt a government entity may issue to 15 percent of its total assessed valuation. The current debt limitation of the City is \$39,125 which is significantly in excess of the City's net outstanding general obligation debt of \$18,660 applicable to the debt limitation.

Additional information on the City's long-term debt can be found in note 9 on pages 79 – 84 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the City is currently 9.1 percent, which is an increase from the rate of 8.6 percent a year ago. The statewide average is 7.0 percent as compared to the national average of 7.2 percent.
- The revitalization of the City continued with the issuance of 873 building permits with a construction value of \$79 million.
- Inflationary trends in the City are slightly higher than the national average. The change in CPI in the past year for the City was 7.1 percent versus the national average of 4.9 percent.
- Sales tax collections year to date in fiscal year 2009 are consistent with the previous fiscal year. During the first six months of fiscal year 2009, the City has received \$7,001 in sales tax collections, compared to \$7,007 received during the same period of fiscal year 2008.

All of these factors were considered in preparing the City's budget for the 2009 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$5,618. The City has appropriated \$2,850 of this amount for spending in the 2009 fiscal year budget.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, City of Meridian, P. O. Box 1430, Meridian, Mississippi 39302.

**BASIC FINANCIAL STATEMENTS**

## CITY OF MERIDIAN, MISSISSIPPI

## Statement of Net Assets

September 30, 2008

<u>ASSETS</u>	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Cash and cash equivalents	\$ 17,181,328	3,016,152	20,197,480	1,014,280
Investments	1,350,000	-	1,350,000	8,918
Receivables, net:				
Taxes	1,313,578	-	1,313,578	-
Accounts	715,515	1,059,249	1,774,764	668,637
Special assessments	1,043,070	-	1,043,070	-
Intergovernmental	1,279,395	550,306	1,829,701	209,673
Interest	20,765	-	20,765	-
Miscellaneous	47,767	3,587	51,354	-
Due from component units	27,788	2,095	29,883	-
Internal balances	(95,306)	95,306	-	-
Inventory	59,031	381,891	440,922	93,432
Prepaid items	98,657	32,417	131,074	48,438
Deferred charges	681,137	396,799	1,077,936	-
Temporarily restricted assets -				
Cash and investments	-	8,180,732	8,180,732	193,910
Asset held for resale	1,197,874	-	1,197,874	-
Capital assets not being depreciated:				
Land	7,659,701	271,666	7,931,367	500,000
Collections - historical treasures	141,250	-	141,250	-
Capital assets held for development	-	-	-	40,119
Construction in progress	4,947,946	378,074	5,326,020	7,277,834
Capital assets net of accumulated depreciation:				
Buildings	18,437,719	7,600	18,445,319	3,213,159
Water and sewer system	-	40,271,497	40,271,497	-
Improvements other than buildings	1,524,763	24,975	1,549,738	7,319,306
Machinery and equipment	6,285,542	936,943	7,222,485	427,429
Infrastructure	<u>37,020,491</u>	<u>-</u>	<u>37,020,491</u>	<u>-</u>
<b>Total assets</b>	<u>100,938,011</u>	<u>55,609,289</u>	<u>156,547,300</u>	<u>21,015,135</u>

(Continued)

## CITY OF MERIDIAN, MISSISSIPPI

## Statement of Net Assets

September 30, 2008

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
<b><u>LIABILITIES</u></b>				
Accounts payable and other current liabilities	\$ 2,390,450	955,349	3,345,799	750,702
Accrued interest	512,289	-	512,289	-
Accrued salaries	331,173	84,114	415,287	-
Accrued sales tax	-	12,159	12,159	-
Deposits payable	301,933	821,630	1,123,563	-
Notes payable	-	-	-	39,700
Liabilities payable from restricted assets	-	463,524	463,524	-
Unearned revenue	4,460	-	4,460	41,976
Noncurrent liabilities:				
Due within one year:				
Deferred revenue forward invested funds	-	43,553	43,553	-
Bonds, loans and leases payable	3,061,900	112,507	3,174,407	-
Bonds and loans payable from restricted assets	-	2,494,535	2,494,535	-
Compensated absences	466,274	72,407	538,681	-
Claims and judgments	143,661	-	143,661	-
Due in more than one year:				
Deferred revenue forward invested funds	-	235,002	235,002	-
Bonds, loans and leases payable	31,761,326	21,599,257	53,360,583	-
Compensated absences	932,547	147,009	1,079,556	-
Pension obligation	454,476	-	454,476	-
<b>Total liabilities</b>	<u>40,360,489</u>	<u>27,041,046</u>	<u>67,401,535</u>	<u>832,378</u>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	50,691,559	17,684,456	68,376,015	18,777,847
Restricted for:				
Debt service	1,812,902	4,322,429	6,135,331	-
Capital projects	308,235	3,394,779	3,703,014	193,910
Public safety	3,610,803	-	3,610,803	-
Culture and recreation	38,608	-	38,608	-
Economic development	38,987	-	38,987	-
Unrestricted	<u>4,076,428</u>	<u>3,166,579</u>	<u>7,243,007</u>	<u>1,211,000</u>
<b>Total net assets</b>	<u>\$ 60,577,522</u>	<u>28,568,243</u>	<u>89,145,765</u>	<u>20,182,757</u>

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Activities  
For the Fiscal Year Ended September 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 7,211,433	639,739	-	-
Public safety	15,017,129	1,729,719	1,053,544	202,522
Public works	6,567,066	-	-	-
Culture and recreation	2,389,815	180,075	196,695	35,749
Economic development	134,114	-	128,914	262,198
Other	6,411	-	-	-
Interest on long-term debt	1,771,575	-	-	-
Total governmental activities	<u>33,097,543</u>	<u>2,549,533</u>	<u>1,379,153</u>	<u>500,469</u>
Business-type activities:				
Water and sewer	12,078,058	11,125,512	-	87,200
Waste collection and disposal	2,401,038	1,569,671	-	-
Golf course	419,201	318,209	-	-
Union Station	330,237	102,714	-	-
Concessions	32,245	42,949	-	-
Total business-type activities	<u>15,260,779</u>	<u>13,159,055</u>	<u>-</u>	<u>87,200</u>
<b>Total primary government</b>	<b>\$ <u>48,358,322</u></b>	<b><u>15,708,588</u></b>	<b><u>1,379,153</u></b>	<b><u>587,669</u></b>
<b>Component units:</b>				
Meridian Airport Authority	\$ 8,485,497	7,915,369	12,967	3,753,256
Nonmajor component units	498,645	69,103	392,257	115,841
<b>Total component units</b>	<b>\$ <u>8,984,142</u></b>	<b><u>7,984,472</u></b>	<b><u>405,224</u></b>	<b><u>3,869,097</u></b>

**General revenues:**

Property taxes  
Sales taxes  
Franchise taxes  
County road taxes  
Motor fuel taxes  
Grants and contributions not restricted to specific programs  
Unrestricted investment earnings

**Transfers**

**Total general revenues and transfers**

**Change in net assets**

**Net assets, October 1, 2007, as previously reported**

**Prior period adjustment**

**Net assets, October 1, 2007, as restated**

**Net assets, September 30, 2008**

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

**Net (Expense) Revenue and Changes in Net Assets**

<b>Primary Government</b>			
<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>	<b>Component</b>
<b>Activities</b>	<b>Activities</b>		<b>Units</b>
(6,571,694)	-	(6,571,694)	-
(12,031,344)	-	(12,031,344)	-
(6,567,066)	-	(6,567,066)	-
(1,977,296)	-	(1,977,296)	-
256,998	-	256,998	-
(6,411)	-	(6,411)	-
<u>(1,771,575)</u>	<u>-</u>	<u>(1,771,575)</u>	<u>-</u>
<u>(28,668,388)</u>	<u>-</u>	<u>(28,668,388)</u>	<u>-</u>
-	(865,346)	(865,346)	-
-	(831,367)	(831,367)	-
-	(100,992)	(100,992)	-
-	(227,523)	(227,523)	-
-	10,704	10,704	-
<u>-</u>	<u>(2,014,524)</u>	<u>(2,014,524)</u>	<u>-</u>
<u>(28,668,388)</u>	<u>(2,014,524)</u>	<u>(30,682,912)</u>	<u>-</u>
-	-	-	3,196,095
<u>-</u>	<u>-</u>	<u>-</u>	<u>78,556</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,274,651</u>
10,825,749	809,571	11,635,320	-
14,166,240	-	14,166,240	-
2,567,863	-	2,567,863	-
1,042,276	-	1,042,276	-
19,238	-	19,238	-
69,632	-	69,632	-
627,652	299,006	926,658	39,849
<u>327,427</u>	<u>(327,427)</u>	<u>-</u>	<u>-</u>
<u>29,646,077</u>	<u>781,150</u>	<u>30,427,227</u>	<u>39,849</u>
<u>977,689</u>	<u>(1,233,374)</u>	<u>(255,685)</u>	<u>3,314,500</u>
59,599,833	29,801,617	89,401,450	16,831,593
<u>-</u>	<u>-</u>	<u>-</u>	<u>36,664</u>
<u>59,599,833</u>	<u>29,801,617</u>	<u>89,401,450</u>	<u>16,868,257</u>
\$ <u>60,577,522</u>	<u>28,568,243</u>	<u>89,145,765</u>	<u>20,182,757</u>

**CITY OF MERIDIAN, MISSISSIPPI**

Balance Sheet  
Governmental Funds  
September 30, 2008

<u>ASSETS</u>	<u>General</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 4,616,804	2,298,462	3,771,864	5,858,419	16,545,549
Investments	1,350,000	-	-	-	1,350,000
Receivables, net:					
Taxes	1,286,849	26,729	-	-	1,313,578
Accounts	715,515	-	-	-	715,515
Special assessments	-	1,043,070	-	-	1,043,070
Intergovernmental	185,826	-	867,032	226,537	1,279,395
Interest	20,765	-	-	-	20,765
Miscellaneous	7,173	-	-	-	7,173
Due from other funds	999,067	-	219,839	82,939	1,301,845
Due from component units	10,556	-	-	-	10,556
Prepaid items	98,657	-	-	-	98,657
Asset held for resale	<u>1,197,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,197,874</u>
<b>Total assets</b>	<b>\$ <u>10,489,086</u></b>	<b><u>3,368,261</u></b>	<b><u>4,858,735</u></b>	<b><u>6,167,895</u></b>	<b><u>24,883,977</u></b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,313,707	-	297,264	410,250	2,021,221
Accrued salaries	331,173	-	-	-	331,173
Deposits payable	301,933	-	-	-	301,933
Due to other funds	370,413	-	868,613	210,666	1,449,692
Deferred revenue	<u>-</u>	<u>1,043,070</u>	<u>4,460</u>	<u>-</u>	<u>1,047,530</u>
<b>Total liabilities</b>	<b><u>2,317,226</u></b>	<b><u>1,043,070</u></b>	<b><u>1,170,337</u></b>	<b><u>620,916</u></b>	<b><u>5,151,549</u></b>
 <b>Fund balances:</b>					
Reserved:					
Encumbrances	1,257,361	-	194,831	3,589,677	5,041,869
Prepaid items	98,657	-	-	-	98,657
Debt service	-	2,325,191	-	-	2,325,191
Asset held for resale	1,197,874	-	-	-	1,197,874
Unreserved, designated for subsequent years' expenditures, reported in -					
Capital projects funds	-	-	-	1,957,302	1,957,302
Unreserved, reported in:					
General fund	5,617,968	-	-	-	5,617,968
Special revenue fund	<u>-</u>	<u>-</u>	<u>3,493,567</u>	<u>-</u>	<u>3,493,567</u>
<b>Total fund balances</b>	<b><u>8,171,860</u></b>	<b><u>2,325,191</u></b>	<b><u>3,688,398</u></b>	<b><u>5,546,979</u></b>	<b><u>19,732,428</u></b>
<b>Total liabilities and fund balances</b>	<b>\$ <u>10,489,086</u></b>	<b><u>3,368,261</u></b>	<b><u>4,858,735</u></b>	<b><u>6,167,895</u></b>	<b><u>24,883,977</u></b>

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

**CITY OF MERIDIAN, MISSISSIPPI**  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Assets  
 September 30, 2008

Amounts reported for governmental activities in the statement of net assets are different because:

<b>Fund balances - total governmental funds</b>	\$ 19,732,428
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance	76,017,412
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds balance	1,043,070
Bond issuance costs are amortized over the life of the bonds on the statement of net assets.	681,137
Long-term liabilities, including bonds and interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	(37,332,473)
Internal service funds are used to charge the costs of certain activities, such as garage services, office supplies, and unemployment compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets (net of amount allocated to business-type activities of \$49,621).	<u>435,948</u>
<b>Net assets of governmental activities</b>	<b>\$ <u>60,577,522</u></b>

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended September 30, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Taxes:					
Property	\$ 7,549,040	3,112,143	-	-	10,661,183
Sales	14,166,240	-	-	-	14,166,240
Franchise	2,567,863	-	-	-	2,567,863
County road	1,042,276	-	-	-	1,042,276
Motor fuel	19,238	-	-	-	19,238
Licenses and permits	386,058	-	-	-	386,058
Intergovernmental	438,507	-	1,036,789	39,256	1,514,552
Charges for services	180,075	-	-	-	180,075
Fines and forfeitures	943,665	-	786,054	-	1,729,719
Special assessments	-	86,479	-	-	86,479
Payments in lieu of taxes	65,624	-	-	-	65,624
Local contributions	222,942	-	210,950	-	433,892
Interest on investments	228,833	76,001	87,424	235,394	627,652
Interest costs and damages	99,126	-	-	-	99,126
Miscellaneous	298,314	1,068	2,804	-	302,186
Total revenues	<u>28,207,801</u>	<u>3,275,691</u>	<u>2,124,021</u>	<u>274,650</u>	<u>33,882,163</u>
<b>Expenditures:</b>					
Current:					
General government	6,759,585	-	-	-	6,759,585
Public safety	13,534,633	-	1,195,883	-	14,730,516
Public works	4,146,258	-	-	-	4,146,258
Culture and recreation	2,193,906	-	289,972	-	2,483,878
Economic development	-	-	134,114	-	134,114
Other	56,411	-	-	-	56,411
Capital outlay	1,281,268	-	-	4,622,341	5,903,609
Debt service:					
Principal retirement	390,585	3,076,641	-	-	3,467,226
Interest and fiscal charges	39,141	1,750,854	-	-	1,789,995
Total expenditures	<u>28,401,787</u>	<u>4,827,495</u>	<u>1,619,969</u>	<u>4,622,341</u>	<u>39,471,592</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(193,986)</u>	<u>(1,551,804)</u>	<u>504,052</u>	<u>(4,347,691)</u>	<u>(5,589,429)</u>
<b>Other financing sources (uses):</b>					
Transfers in	647,005	927,389	66,601	7,957,764	9,598,759
Transfers out	(1,323,209)	-	(1,505)	(7,957,853)	(9,282,567)
Capital lease	364,800	-	-	-	364,800
General obligation bonds issued	-	-	-	1,000,000	1,000,000
Total other financing sources (uses)	<u>(311,404)</u>	<u>927,389</u>	<u>65,096</u>	<u>999,911</u>	<u>1,680,992</u>
<b>Net change in fund balances</b>	(505,390)	(624,415)	569,148	(3,347,780)	(3,908,437)
<b>Fund balances, October 1, 2007</b>	<u>8,677,250</u>	<u>2,949,606</u>	<u>3,119,250</u>	<u>8,894,759</u>	<u>23,640,865</u>
<b>Fund balances, September 30, 2008</b>	\$ <u>8,171,860</u>	<u>2,325,191</u>	<u>3,688,398</u>	<u>5,546,979</u>	<u>19,732,428</u>

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

**CITY OF MERIDIAN, MISSISSIPPI**  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balances of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended September 30, 2008

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

<b>Net change in fund balances - total governmental funds</b>	<b>\$ (3,908,437)</b>
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,576,062
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the cost of the capital assets sold.	(126,251)
Special assessment revenues related to prior periods reported as revenues in the governmental funds are not reported as revenues in the statement of activities.	(86,663)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,102,425
Some 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.	331,702
Internal service funds are used to charge the costs of certain activities, such as garage services, office supplies, and unemployment compensation to individual funds. The net revenue of the internal service funds is reported with governmental activities (net of amount allocated to business-type activities of \$18,759).	<u>88,851</u>
<b>Change in net assets of governmental activities</b>	<b>\$ <u><u>977,689</u></u></b>

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

## CITY OF MERIDIAN, MISSISSIPPI

## General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Budgetary Basis)  
For the Fiscal Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis) Amounts</u>	<u>Final Budget - Positive (Negative)</u>
<b>Revenues:</b>				
Taxes:				
Ad valorem	\$ 8,461,000	8,461,000	8,353,157	(107,843)
Sales	13,190,000	13,190,000	13,652,460	462,460
County road	975,000	975,000	1,041,187	66,187
Gasoline	20,000	20,000	19,238	(762)
Payment in lieu of taxes	70,000	70,000	67,624	(2,376)
Intergovernmental:				
Alcoholic beverage	53,000	53,000	49,175	(3,825)
State Fire Insurance Fund	185,000	185,000	207,003	22,003
Municipal aid	20,000	20,000	20,833	833
Grant	250,000	250,000	107,809	(142,191)
Franchise:				
Mississippi Power Company	1,800,000	1,800,000	2,100,493	300,493
Mississippi Valley Gas Company	280,000	280,000	213,790	(66,210)
Comcast Cable Company	360,000	360,000	356,821	(3,179)
Fines and forfeitures	860,000	860,000	1,028,043	168,043
Licenses and permits:				
Privilege license	140,000	140,000	137,436	(2,564)
Building and allied permits	180,000	180,000	248,622	68,622
Charges for services:				
Garbage collection	1,570,000	1,570,000	1,482,946	(87,054)
Recreation	130,000	130,000	140,753	10,753
Enterprise Funds	645,500	645,500	645,500	-
Parking fees	34,000	34,000	34,398	398
Out-of-county tonnage	-	-	64,428	64,428
Miscellaneous	200,000	200,000	288,525	88,525
Interest on investments	250,000	250,000	229,212	(20,788)
Interest costs and damages	90,000	90,000	99,014	9,014
<b>Total revenues</b>	<u>29,763,500</u>	<u>29,763,500</u>	<u>30,588,467</u>	<u>824,967</u>
<b>Expenditures:</b>				
General government:				
Personnel services	1,190,359	1,265,663	1,256,930	8,733
Supplies and expenses	619,725	614,135	607,089	7,046
Capital outlay	16,700	13,700	13,700	-
Transfers and other charges	<u>1,381,730</u>	<u>1,582,980</u>	<u>1,463,413</u>	<u>119,567</u>
Total general government	<u>3,208,514</u>	<u>3,476,478</u>	<u>3,341,132</u>	<u>135,346</u>

(Continued)

## CITY OF MERIDIAN, MISSISSIPPI

## General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Budgetary Basis)  
For the Fiscal Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis) Amounts</u>	<u>Final Budget - Positive (Negative)</u>
<b>Expenditures (continued):</b>				
Finance and records:				
Personnel services	\$ 1,346,344	1,277,190	1,216,532	60,658
Supplies and expenses	1,524,600	1,586,930	1,554,302	32,628
Capital outlay	324,650	327,650	326,877	773
Transfers and other charges	288,000	288,000	288,000	-
Total finance and records	<u>3,483,594</u>	<u>3,479,770</u>	<u>3,385,711</u>	<u>94,059</u>
Community development:				
Personnel services	1,012,043	993,143	961,137	32,006
Supplies and expenses	284,950	234,110	179,721	54,389
Capital outlay	8,600	8,600	8,960	(360)
Transfers and other charges	410,500	419,400	391,528	27,872
Total community development	<u>1,716,093</u>	<u>1,655,253</u>	<u>1,541,346</u>	<u>113,907</u>
Parks and recreation:				
Personnel services	1,516,379	1,481,279	1,411,371	69,908
Supplies and expenses	688,850	692,050	684,621	7,429
Capital outlay	34,500	34,500	34,500	-
Transfers and other charges	300,000	294,415	288,719	5,696
Total parks and recreation	<u>2,539,729</u>	<u>2,502,244</u>	<u>2,419,211</u>	<u>83,033</u>
Public works:				
Personnel services	3,552,232	3,346,832	3,085,281	261,551
Supplies and expenses	1,212,200	1,111,535	1,023,153	88,382
Capital outlay	95,100	105,600	96,820	8,780
Transfers and other charges	2,450,000	2,450,000	2,445,075	4,925
Total public works	<u>7,309,532</u>	<u>7,013,967</u>	<u>6,650,329</u>	<u>363,638</u>
Police:				
Personnel services	5,308,160	5,402,800	5,340,121	62,679
Supplies and expenses	1,872,795	1,861,755	1,828,379	33,376
Capital outlay	67,550	67,550	61,325	6,225
Transfers and other charges	60,000	55,000	52,684	2,316
Total police	<u>7,308,505</u>	<u>7,387,105</u>	<u>7,282,509</u>	<u>104,596</u>
Fire:				
Personnel services	5,070,823	5,140,823	5,018,161	122,662
Supplies and expenses	701,130	696,130	668,643	27,487
Capital outlay	479,350	465,500	464,793	707
Transfers and other charges	78,400	78,400	78,400	-
Total fire	<u>6,329,703</u>	<u>6,380,853</u>	<u>6,229,997</u>	<u>150,856</u>

(Continued)

## CITY OF MERIDIAN, MISSISSIPPI

## General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Budgetary Basis)  
For the Fiscal Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis) Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures (continued):</b>				
Homeland Security:				
Personnel services	\$ 340,000	340,000	294,133	45,867
Supplies and expenses	249,830	249,830	207,423	42,407
Capital outlay	19,000	19,000	14,095	4,905
Transfers and other charges	10,000	10,000	5,575	4,425
Total homeland security	<u>618,830</u>	<u>618,830</u>	<u>521,226</u>	<u>97,604</u>
Arts District Parking Garage:				
Personnel services	95,000	95,000	71,553	23,447
Supplies and expenses	131,560	131,560	90,777	40,783
Transfers and other charges	2,500	2,500	-	2,500
Total arts district parking garage	<u>229,060</u>	<u>229,060</u>	<u>162,330</u>	<u>66,730</u>
<b>Total expenditures</b>	<u>32,743,560</u>	<u>32,743,560</u>	<u>31,533,791</u>	<u>1,209,769</u>
<b>Net change in fund balances</b>	\$ <u>(2,980,060)</u>	<u>(2,980,060)</u>	(945,324)	<u>2,034,736</u>
<b>Fund balances, October 1, 2007</b>			<u>5,919,279</u>	
<b>Fund balances, September 30, 2008</b>			\$ <u>4,973,955</u>	

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Budgetary Basis)  
For the Fiscal Year Ended September 30, 2008

	<b>Original and Final Budgeted Amounts</b>	<b>Actual (Budgetary Basis) Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>	\$ 1,652,000	2,158,413	506,413
<b>Expenditures -</b>			
Project costs	<u>2,730,000</u>	<u>1,422,335</u>	<u>1,307,665</u>
<b>Net change in fund balances</b>	\$ <u>(1,078,000)</u>	736,078	<u>1,814,078</u>
<b>Fund balances, October 1, 2007</b>		<u>1,778,549</u>	
<b>Fund balances, September 30, 2008</b>		\$ <u>2,514,627</u>	

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

## CITY OF MERIDIAN, MISSISSIPPI

## Statement of Net Assets

## Proprietary Funds

September 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>				<b>Governmental</b>
	<u>Water &amp; Sewer</u>	<u>Waste Collection &amp; Disposal</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<b>Internal Service Funds</b>
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 2,326,383	468,702	221,067	3,016,152	635,779
Restricted cash, cash equivalents and investments:					
Revenue Bond Construction Funds	3,305,026	-	-	3,305,026	-
Other Construction Funds	225,128	-	-	225,128	-
Revenue Bond Debt Service Account	2,792,049	-	-	2,792,049	-
Receivables:					
Accounts	1,004,240	147,704	-	1,151,944	-
Less allowance for uncollectibles	(92,695)	-	-	(92,695)	-
Intergovernmental	550,306	-	-	550,306	-
Miscellaneous	-	-	3,587	3,587	40,594
Due from other funds	56,925	19,951	-	76,876	103,428
Due from component units	-	-	2,095	2,095	17,232
Inventory	348,155	-	33,736	381,891	59,031
Prepaid items	30,567	-	1,850	32,417	-
<b>Total current assets</b>	<u>10,546,084</u>	<u>636,357</u>	<u>262,335</u>	<u>11,444,776</u>	<u>856,064</u>
<b>Noncurrent assets:</b>					
Restricted cash, cash equivalents and investments:					
Revenue Bond Cushion Account	1,704,213	-	-	1,704,213	-
Revenue Bond Contingent Account	77,158	-	-	77,158	-
Revenue Bond Depreciation Account	77,158	-	-	77,158	-
Total restricted cash, cash equivalents and investments	<u>1,858,529</u>	<u>-</u>	<u>-</u>	<u>1,858,529</u>	<u>-</u>
Deferred charges	<u>396,799</u>	<u>-</u>	<u>-</u>	<u>396,799</u>	<u>-</u>
Capital assets:					
Land	271,666	-	-	271,666	-
Buildings	-	-	126,628	126,628	-
Water and sewer system	92,510,057	-	-	92,510,057	-
Improvements other than buildings	-	-	113,067	113,067	-
Machinery and equipment	3,636,058	19,626	429,513	4,085,197	-
Construction in progress	378,074	-	-	378,074	-
Total capital assets	96,795,855	19,626	669,208	97,484,689	-
Less accumulated depreciation	<u>(54,972,932)</u>	<u>(17,663)</u>	<u>(603,339)</u>	<u>(55,593,934)</u>	<u>-</u>
Capital assets (net of accumulated depreciation)	<u>41,822,923</u>	<u>1,963</u>	<u>65,869</u>	<u>41,890,755</u>	<u>-</u>
<b>Total noncurrent assets</b>	<u>44,078,251</u>	<u>1,963</u>	<u>65,869</u>	<u>44,146,083</u>	<u>-</u>
<b>Total assets</b>	<u>54,624,335</u>	<u>638,320</u>	<u>328,204</u>	<u>55,590,859</u>	<u>856,064</u>

(Continued)

## CITY OF MERIDIAN, MISSISSIPPI

## Statement of Net Assets

## Proprietary Funds

September 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water &amp; Sewer</u>	<u>Waste Collection &amp; Disposal</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Activities - Internal Service Funds</u>
<b><u>LIABILITIES</u></b>					
<b>Current liabilities:</b>					
Accounts payable	\$ 491,607	403,082	60,660	955,349	369,229
Liabilities payable from restricted assets:					
Accounts payable	135,375	-	-	135,375	-
Revenue bonds payable	1,380,000	-	-	1,380,000	-
Promissory loans	1,114,535	-	-	1,114,535	-
Interest payable	328,149	-	-	328,149	-
Accrued liabilities:					
Payroll	58,070	5,497	20,547	84,114	-
Compensated absences	72,407	-	-	72,407	-
Sales tax	10,300	-	1,859	12,159	-
Customer deposits	821,630	-	-	821,630	-
Due to other funds	31,159	1	31	31,191	1,266
Deferred revenue forward invested funds	43,553	-	-	43,553	-
Current portion of capital leases	112,287	-	220	112,507	-
<b>Total current liabilities</b>	<u>4,599,072</u>	<u>408,580</u>	<u>83,317</u>	<u>5,090,969</u>	<u>370,495</u>
<b>Noncurrent liabilities:</b>					
Deferred revenue forward invested funds	235,002	-	-	235,002	-
Compensated absences	147,009	-	-	147,009	-
Revenue bonds payable (net of deferred refunding costs of \$136,551)	8,438,449	-	-	8,438,449	-
Promissory loans (net of deferred refunding costs of \$369,805)	12,488,253	-	-	12,488,253	-
Capital leases payable	670,508	-	2,047	672,555	-
<b>Total noncurrent liabilities</b>	<u>21,979,221</u>	<u>-</u>	<u>2,047</u>	<u>21,981,268</u>	<u>-</u>
<b>Total liabilities</b>	<u>26,578,293</u>	<u>408,580</u>	<u>85,364</u>	<u>27,072,237</u>	<u>370,495</u>
<b><u>NET ASSETS</u></b>					
Invested in capital assets, net of related debt	17,618,891	1,963	63,602	17,684,456	-
Restricted for:					
Debt service	4,322,429	-	-	4,322,429	-
Capital projects	3,394,779	-	-	3,394,779	-
Unrestricted	2,709,943	227,777	179,238	3,116,958	485,569
<b>Total net assets</b>	<u>\$ 28,046,042</u>	<u>229,740</u>	<u>242,840</u>	<u>28,518,622</u>	<u>485,569</u>
<b>Reconciliation to government-wide statement of net assets:</b>					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				49,621	
<b>Net assets of business-types activities</b>				<u>\$ 28,568,243</u>	

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

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**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2008

	Business-type Activities - Enterprise Funds			Total Enterprise Funds	Governmental
	Water & Sewer	Waste Collection & Disposal	Nonmajor Enterprise Funds		Enterprise Funds
<b>Operating revenues:</b>					
Charges for sales and services:					
Water sales	\$ 5,797,222	-	-	5,797,222	-
Sewer charges	5,059,863	-	-	5,059,863	-
Tap fees	122,086	-	-	122,086	-
Garbage collection fees	-	1,512,994	-	1,512,994	-
Out-of-county tonnage	-	56,677	-	56,677	-
Memberships	-	-	68,769	68,769	-
Green fees	-	-	76,864	76,864	-
Cart rental	-	-	61,395	61,395	-
Concessions	-	-	151,442	151,442	-
Internal service charges	-	-	-	-	3,292,817
Rental income	-	-	102,714	102,714	-
Miscellaneous	146,341	-	2,688	149,029	245,311
Total operating revenues	<u>11,125,512</u>	<u>1,569,671</u>	<u>463,872</u>	<u>13,159,055</u>	<u>3,538,128</u>
<b>Operating expenses:</b>					
Personnel services	3,208,410	52,563	287,496	3,548,469	-
Supplies and materials	552,639	60	138,532	691,231	428,527
Rent and utilities	1,252,892	771	63,541	1,317,204	-
Operation, maintenance, and repairs	883,399	2,205	172,729	1,058,333	500,694
Garbage disposal services	-	2,340,466	-	2,340,466	-
Depreciation and amortization	3,896,744	3,139	11,398	3,911,281	-
Claims paid	-	-	-	-	2,545,863
Miscellaneous	1,078,593	1,834	107,847	1,188,274	-
Total operating expenses	<u>10,872,677</u>	<u>2,401,038</u>	<u>781,543</u>	<u>14,055,258</u>	<u>3,475,084</u>
<b>Operating income (loss)</b>	<u>252,835</u>	<u>(831,367)</u>	<u>(317,671)</u>	<u>(896,203)</u>	<u>63,044</u>
<b>Nonoperating revenues (expenses):</b>					
Ad valorem taxes	-	809,571	-	809,571	-
Interest income	284,602	10,230	4,174	299,006	20,258
Interest expense	(1,224,900)	-	(140)	(1,225,040)	-
Gain on disposal of capital asset	760	-	-	760	-
Total nonoperating revenues (expenses)	<u>(939,538)</u>	<u>819,801</u>	<u>4,034</u>	<u>(115,703)</u>	<u>20,258</u>
<b>Income (loss) before capital grants and transfers</b>	<u>(686,703)</u>	<u>(11,566)</u>	<u>(313,637)</u>	<u>(1,011,906)</u>	<u>83,302</u>
<b>Capital grants and transfers:</b>					
Capital contributions	100,273	-	-	100,273	-
Transfers in	-	-	305,000	305,000	24,308
Transfers out	(601,500)	(44,000)	-	(645,500)	-
Total capital grants and transfers	<u>(501,227)</u>	<u>(44,000)</u>	<u>305,000</u>	<u>(240,227)</u>	<u>24,308</u>
<b>Change in net assets</b>	<u>(1,187,930)</u>	<u>(55,566)</u>	<u>(8,637)</u>	<u>(1,252,133)</u>	<u>107,610</u>
<b>Net assets, October 1, 2007</b>	<u>29,233,972</u>	<u>285,306</u>	<u>251,477</u>		<u>377,959</u>
<b>Net assets, September 30, 2008</b>	<u>\$ 28,046,042</u>	<u>229,740</u>	<u>242,840</u>		<u>485,569</u>
<b>Reconciliation to government-wide statement of activities:</b>					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				<u>18,759</u>	
<b>Change in net assets of business-types activities</b>				<u>\$ (1,233,374)</u>	

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>			<u>Total Enterprise Funds</u>	<b>Governmental</b>
	<u>Water &amp; Sewer</u>	<u>Waste Collection &amp; Disposal</u>	<u>Nonmajor Enterprise Funds</u>		<b>Activities - Internal Service Funds</b>
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 11,556,110	1,578,619	466,779	13,601,508	3,610,159
Payments to suppliers	(4,057,050)	(2,161,858)	(469,856)	(6,688,764)	(3,807,982)
Payments to employees	(3,191,287)	(52,521)	(287,235)	(3,531,043)	-
<b>Net cash provided by (used in) operating activities</b>	<u>4,307,773</u>	<u>(635,760)</u>	<u>(290,312)</u>	<u>3,381,701</u>	<u>(197,823)</u>
<b>Cash flows from noncapital financing activities:</b>					
Ad valorem taxes received	-	809,571	-	809,571	-
Transfers to other funds	(601,500)	(44,000)	-	(645,500)	-
Transfers from other funds	-	-	305,000	305,000	24,308
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>(601,500)</u>	<u>765,571</u>	<u>305,000</u>	<u>469,071</u>	<u>24,308</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition and construction of capital assets	(545,425)	-	(10,163)	(555,588)	-
Payments on long-term debt:					
Revenue bonds	(1,305,000)	-	-	(1,305,000)	-
Promissory notes	(1,078,368)	-	-	(1,078,368)	-
Capital lease payments	(110,268)	-	(208)	(110,476)	-
Interest paid on revenue bonds and other debt	(1,257,406)	-	(140)	(1,257,546)	-
Proceeds from sale of capital assets	760	-	-	760	-
<b>Net cash used in capital and related financing activities</b>	<u>(4,295,707)</u>	<u>-</u>	<u>(10,511)</u>	<u>(4,306,218)</u>	<u>-</u>
<b>Cash flows from investing activities -</b>					
Interest received	<u>239,356</u>	<u>10,230</u>	<u>4,174</u>	<u>253,760</u>	<u>20,258</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(350,078)	140,041	8,351	(201,686)	(153,257)
<b>Cash and cash equivalents, October 1, 2007</b> (including \$6,112,097 in restricted accounts)	<u>8,214,120</u>	<u>328,661</u>	<u>212,716</u>	<u>8,755,497</u>	<u>789,036</u>
<b>Cash and cash equivalents, September 30, 2008</b> (including \$5,537,659 in restricted accounts)	\$ <u>7,864,042</u>	<u>468,702</u>	<u>221,067</u>	<u>8,553,811</u>	<u>635,779</u>

(Continued)

**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2008

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Water &amp; Sewer</b>	<b>Waste Collection &amp; Disposal</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Activities - Internal Service Funds</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ 252,835	(831,367)	(317,671)	(896,203)	63,044
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	3,896,744	3,139	11,398	3,911,281	-
Changes in assets and liabilities:					
Accounts receivable	384,440	13,385	3,729	401,554	-
Receivables - miscellaneous	-	-	-	-	107,909
Due from other funds	-	(4,437)	-	(4,437)	(42,147)
Due from component units	-	-	(823)	(823)	2,581
Inventory	(4,243)	-	6,486	2,243	(2,343)
Prepaid items	56	-	28	84	-
Accounts payable	(300,988)	183,518	6,101	(111,369)	(326,867)
Accrued liabilities	15,292	42	409	15,743	-
Customer deposits	46,159	-	-	46,159	-
Due to other funds	17,478	(40)	31	17,469	-
Total adjustments	<u>4,054,938</u>	<u>195,607</u>	<u>27,359</u>	<u>4,277,904</u>	<u>(260,867)</u>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ <u>4,307,773</u></b>	<b><u>(635,760)</u></b>	<b><u>(290,312)</u></b>	<b><u>3,381,701</u></b>	<b><u>(197,823)</u></b>
<b>Noncash investing, capital, and financing activities:</b>					
Amortization of deferred revenue forward invested funds	\$ <u>45,246</u>	<u>-</u>	<u>-</u>	<u>45,246</u>	<u>-</u>
Capital assets transferred from the general fund	\$ <u>27,189</u>	<u>-</u>	<u>-</u>	<u>27,189</u>	<u>-</u>

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
September 30, 2008

	<b><u>Agency Funds</u></b>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 986,007
Intergovernmental receivables- County	<u>180,194</u>
<b>Total assets</b>	<b>\$ <u>1,166,201</u></b>
<b><u>LIABILITIES</u></b>	
Intergovernmental payables:	
Schools	\$ 898,418
PERS	156,797
State	61,667
Employee insurance withheld	<u>49,319</u>
<b>Total liabilities</b>	<b>\$ <u>1,166,201</u></b>

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

**CITY OF MERIDIAN, MISSISSIPPI**

Statement of Net Assets

Component Units

September 30, 2008

	<b><u>Meridian Airport Authority</u></b>	<b><u>Nonmajor Component Units</u></b>	<b><u>Total Component Units</u></b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 615,569	398,711	1,014,280
Investments	-	8,918	8,918
Receivables:			
Accounts	668,237	400	668,637
Intergovernmental:			
Federal	149,952	-	149,952
State	33,396	26,325	59,721
Inventory	93,432	-	93,432
Prepaid items	27,176	21,262	48,438
Restricted assets - cash	193,910	-	193,910
Capital assets not being depreciated:			
Land	500,000	-	500,000
Capital assets held for development	-	40,119	40,119
Construction in progress	7,277,834	-	7,277,834
Capital assets (net of accumulated depreciation):			
Buildings	3,213,159	-	3,213,159
Improvements other than buildings	7,319,306	-	7,319,306
Machinery and equipment	<u>231,727</u>	<u>195,702</u>	<u>427,429</u>
<b>Total assets</b>	<b><u>20,323,698</u></b>	<b><u>691,437</u></b>	<b><u>21,015,135</u></b>
<b><u>LIABILITIES</u></b>			
Notes payable	-	39,700	39,700
Accounts payable	600,438	73,594	674,032
Accrued liabilities	72,113	4,557	76,670
Unearned revenue	<u>41,976</u>	<u>-</u>	<u>41,976</u>
<b>Total liabilities</b>	<b><u>714,527</u></b>	<b><u>117,851</u></b>	<b><u>832,378</u></b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	18,542,026	235,821	18,777,847
Restricted for capital projects	193,910	-	193,910
Unrestricted	<u>873,235</u>	<u>337,765</u>	<u>1,211,000</u>
<b>Total net assets</b>	<b>\$ <u>19,609,171</u></b>	<b><u>573,586</u></b>	<b><u>20,182,757</u></b>

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



# CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2008

## (1) Summary of Significant Accounting Policies

### (a) Reporting Entity

The City of Meridian, Mississippi (“City”) is a municipal corporation governed by an elected mayor and a five-member council. It provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present the City (the primary government) and its component units, entities for which the City is considered to be financially accountable.

Government Accounting Standards Board (“GASB”) has set forth criteria to be considered in determining financial accountability. “Financial accountability” is the benchmark for determining which organizations are component units of a primary government. Financial accountability exists when an organization is fiscally dependent on a primary government, or when a primary government has appointed a voting majority of the governing body of a legally separate organization and (1) is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. GASB provides additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. Generally, it requires reporting, as discretely presented component units, organizations that raise and hold economic resources for the direct benefit of the primary government.

Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. The component units discussed below are included in the City’s reporting entity because of the significance of their operational or financial relationships with the City.

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2008

**(1) Summary of Significant Accounting Policies (Continued)**

**(a) Reporting Entity (Continued)**

**Major Discretely Presented Component Unit -**

Meridian Airport Authority

Meridian Airport Authority (“MAA”) was established by the City on March 17, 1992, in accordance with Title 61, Chapter 3, Article V of the Mississippi Code of 1972 to manage the local airport facilities within the City’s jurisdiction. MAA has a five-member Board appointed by the City’s Mayor and approved by the City Council. Also, the City has the ability to impose its will upon MAA because it has reserved the right to unilaterally abolish MAA at its discretion.

**Nonmajor Discretely Presented Component Units:**

Meridian Transportation Commission

Meridian Transportation Commission (“MTC”) was created by the City on November 7, 1972, in accordance with Title 21, Chapter 27, Article I of the Mississippi Code of 1972 to manage the local mass transit system of the City and to provide public transportation systems and facilities. MTC has a five-member board appointed by the City’s Mayor and approved by the City Council, members of which may be removed at the will of the City. The City finances a significant portion of MTC’s annual operations; therefore, MTC is considered financially dependent on the City.

Meridian and Bonita Lakes Development Authority

Meridian and Bonita Lakes Development Authority (“MBLDA”) was created by resolution of the City Council on August 6, 1991. As such, it is a political subdivision for the purpose of constructing or leasing a convention center and/or coliseum facility and of developing and operating any improvements, land or structure and commercial activities compatible with a sustained and viable tourism industry within the City of Meridian, the County of Lauderdale or the general geographic region. MBLDA has a nine-member board appointed by the City’s Mayor and approved by the City Council. Also, the City has the ability to impose its will upon MBLDA because it has reserved the right to unilaterally abolish MBLDA at its discretion.

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

**(1) Summary of Significant Accounting Policies (Continued)**

**(a) Reporting Entity (Continued)**

**Nonmajor Discretely Presented Component Units (Continued):**

Meridian Redevelopment Authority

Meridian Redevelopment Authority (“MRA”) was created by the City on August 3, 1982, in accordance with Title 43, Chapter 35, Article I of the Mississippi Code of 1972 to manage and account for the City’s local urban renewal activities. MRA has a five-member board appointed by the City’s Mayor and approved by the City Council. The Community Development Department of the City provides staff support to MRA and funds for the continued operation of MRA as needed.

MAA and MTC have September 30 year ends, whereas MRA and MBLDA have December 31 year ends. Complete financial statements for each of the individual component units may be obtained at the entities’ administrative offices.

Meridian Airport Authority  
2811 Highway 11 South  
Meridian, Mississippi

Meridian Transportation Commission  
1901 Front Street  
Meridian, Mississippi

Meridian and Bonita Lakes  
Development Authority  
723 23<sup>rd</sup> Avenue  
Meridian, Mississippi

Meridian Redevelopment Authority  
723 23<sup>rd</sup> Avenue  
Meridian, Mississippi

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2008

### (1) **Summary of Significant Accounting Policies (Continued)**

#### (a) **Reporting Entity (Continued)**

##### **Related Organizations -**

With approval of the City Council, the City's Mayor is responsible for appointing a voting majority of members to the boards of both the Meridian Municipal Separate School District and the Housing Authority of the City of Meridian. The City also makes other types of ministerial approvals for these organizations; however, the City's accountability for these organizations does not extend beyond making the appointments or approvals.

#### (b) **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment 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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

# CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2008

## (1) Summary of Significant Accounting Policies (Continued)

### (c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. (Agency funds, however, do not have a measurement focus since they do not report equity or present an operating statement reporting changes in equity.) Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as 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 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Property taxes, sales and liquor taxes, franchise fees, 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 fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

(1) **Summary of Significant Accounting Policies (Continued)**

(c) **Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

The **debt service fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The **special revenue fund** accounts for specific revenue sources that are legally restricted to expenditures for public safety, culture and recreation, and economic development.

The City reports the following major proprietary funds:

The **water and sewer fund** accounts for the provision of water and sewer services to residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt.

The **waste collection and disposal fund** accounts for operations of solid waste collection and disposal services.

Additionally, the City reports the following fund types:

The **internal service funds** which account for the garage and fuel supply, office supply, health and life insurance, and unemployment compensation provided to departments of the City and to other governmental units on a cost reimbursement basis.

The **agency funds** which account for resources held by the City in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, organizations, or other governments.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2008

### (1) Summary of Significant Accounting Policies (Continued)

#### (c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Proprietary funds distinguish 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. All other revenues and expenses are reported as nonoperating.

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

#### (d) Use of Estimates in the Preparation of Financial Statements

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

#### (e) Cash and Cash Equivalents and Investments

Cash and cash equivalents include demand deposit accounts, petty cash, and certificates of deposit with an original maturity of three months or less from the date of acquisition.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2008

### (1) **Summary of Significant Accounting Policies (Continued)**

#### (e) **Cash and Cash Equivalents and Investments (Continued)**

State statutes authorize the City to invest in obligations of the U.S. Treasury, State of Mississippi, or of any county or municipality of the State of Mississippi.

Investments are stated at cost, plus accrued interest, or amortized cost (which approximates fair value) since the investment portfolio is comprised of money market investments with an original maturity of one year or less and debt securities held under forward interest contracts which relieve the City of all market risk. On certain water and sewer reserve funds, the City received a lump-sum payment in exchange for future interest earnings and market appreciation or depreciation on the securities held under the forward interest contracts. The lump-sum payment has been deferred and will be recognized in earnings over the life of the securities under the forward interest contract using the interest method. Investments are represented by certificates of deposit and U. S. Government securities, some of which are subject to repurchase agreements.

#### (f) **Receivables and Payables**

Activity 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). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

All accounts receivable are shown net of an allowance for uncollectible amounts, where applicable. This allowance is based on the average write-offs over the past ten years.

Property taxes attach as an enforcement lien on property as of January 1. Taxes levied in September of the prior year and are payable in three installments on February 1 (1/2), May 1 (1/4), and August 1 (1/4). Taxes are considered past due after February 1, at which time the applicable property is subject to penalties and interest. Property with delinquent assessments is sold at a public sale each August.

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

**(1) Summary of Significant Accounting Policies (Continued)**

**(f) Receivables and Payables (Continued)**

The City has an agreement with Lauderdale County pursuant to which the tax collector of Lauderdale County has assumed the duty and responsibility for billing and collecting all City and Meridian Municipal Separate School District ad valorem taxes including, but not limited to, all taxes on real property, personal property, public utilities property and special taxes and assessments assessed by the City. The County disburses collections due the City and Meridian Separate School District to the City and the City disburses the funds due the Meridian Separate School District to the District.

The City recognizes tax revenues upon collection from the county tax collector. In addition, the City makes an accrual for amounts collected by the county tax collector as of September 30 and remitted to the City within 30 days after year-end.

The tax rate of the City is expressed in terms of mills (ten mills equal one cent). For the year ended September 30, 2008, the City's 2008 combined tax rate for general governmental services and other municipal purposes was 121.16 or \$121.16 per \$1,000 of assessed valuation, expressed as follows:

<u>Description</u>	<u>Mills</u>		<u>Increase (Decrease)</u>
	<u>2008</u>	<u>2007</u>	
General	29.23	26.51	2.72
Solid waste fund	4.00	4.00	-
Fire and police disability retirement fund (closed)	5.66	5.40	.26
General municipal retirement fund (closed)	3.00	3.00	-
Debt service (general bonds and interest)	11.19	11.17	.02
Meridian Separate School District	<u>68.08</u>	<u>62.87</u>	<u>5.21</u>
<b>Total mills</b>	<u>121.16</u>	<u>112.95</u>	<u>8.21</u>

**(g) Inventories and Prepaid Items**

Inventories are valued at the lower of cost or market using the first-in/first-out ("FIFO") method. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2008

### (1) **Summary of Significant Accounting Policies (Continued)**

#### (g) **Inventories and Prepaid Items (Continued)**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### (h) **Restricted Assets**

Certain proceeds of the City's enterprise fund water and sewer revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Revenues collected from operations of the system are transferred to various accounts established pursuant to the revenue bond ordinance.

The "revenue bond operation and maintenance" account receives sufficient amounts to provide for the payment of current expenses to be paid each month, plus any prior month deficiencies. The "revenue bond construction" accounts are used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond cushion" account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account. The "revenue bond contingent" account is used to report resources set aside to pay for unforeseen contingencies arising from the operation and maintenance of the system, including the construction of reasonable and proper improvements, betterments and extensions, upon written certification of the engineers. The "revenue bond depreciation" account is used to report resources set aside to pay for replacing such parts of the system as may need replacement in order to keep the system operating in an economical and efficient manner, upon written certification of the engineers. Any surplus remaining after all deposits and transfers required and allowed by the bond resolution are to be used solely for purposes pertaining to the system. As of September 30, 2008, all accounts required under the bond resolution were fully funded as required.

#### (i) **Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

**(1) Summary of Significant Accounting Policies (Continued)**

**(i) Capital Assets (Continued)**

individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

In accordance with Governmental Accounting Standards Board Statement No. 34, general government infrastructure assets have been capitalized retroactively to 1980 at estimated historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life 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 costs were capitalized in the current period.

Property, plant and equipment of the component units are generally reported using the same policies as the City.

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

<b><u>Property Class</u></b>	<b><u>Years</u></b>
Buildings	20
Water and sewer system	20 - 40
Improvements other than buildings	20
Machinery and equipment	3 - 25
Infrastructure	20 - 50

**(j) Compensated Absences**

Annual and eligible sick leave are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2008

**(1) Summary of Significant Accounting Policies (Continued)**

**(j) Compensated Absences (Continued)**

There is no limit to the accumulation of annual or sick leave. Upon termination of employment, each employee shall be paid for not more than 30 days of accrued annual leave. No payment will be made for accrued sick leave upon termination, with an exception for a transitional provision described below and also for an employee who presents medical evidence that a physical condition is such that he/she can no longer work in a capacity of City employment, in which case he/she may be paid for not more than 120 days of accumulated sick leave.

All full-time employees accrue credit for annual and sick leave as follows:

<u>Period of Accrual Rate of Continuous Service Hours per Year</u>	<u>Accrual Rate of Hours per Year</u>	
	<u>Annual</u>	<u>Sick Leave</u>
1 month to 3 years	144	96
37 months to 8 years	168	84
97 months to 15 years	192	72
Over 15 years	216	60

Upon retirement or death, those full-time employees employed at October 1, 1991, with less than 30 years continuous service will be compensated, in cash, at their regular rate of pay for 1/2 of their accumulated sick leave. Employees with 30 years or more continuous service will be compensated, in cash, at their regular rate of pay, for 3/4 of their accumulated sick leave. Accrual of sick leave for this provision is limited to 180 days and shall not exceed the number of hours of sick leave actually accrued as of October 1, 1991.

**(k) Long-term Obligations/Deferred Charges**

In government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2008

**(1) Summary of Significant Accounting Policies (Continued)**

**(k) Long-term Obligations/Deferred Charges (Continued)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

**(l) Other Post Employment Benefits**

The City does not provide post-employment health or dental care benefits for any retirees or their dependents.

**(m) Fund Equity/Net Assets**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

In the government-wide and proprietary fund financial statements, the City reports net assets in the following three categories:

**Invested in capital assets, net of related debt** – consists of capital assets net of accumulated depreciation reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net assets** – consists of assets, less any related liabilities, restricted externally by creditors, grantors, contributors, or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net assets** – consists of net assets that are not classified as invested in capital assets, net of related debt or restricted net assets.

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

**(1) Summary of Significant Accounting Policies (Continued)**

**(n) Financial Statement Format**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the City's financial position and operations. For consistency, certain 2007 financial statement amounts have been reclassified to conform with the 2008 financial statement presentation. Such reclassifications had no material effect on the City's financial position, changes in financial position, or cash flows.

The "increase/(decrease)" columns in the financial statements and footnotes are presented only to facilitate financial analysis and understanding. Data in these columns are not required disclosures and do not present financial position, changes in financial position, or cash flows in conformity with accounting principles generally accepted in the United States of America.

**(2) Reconciliation of Government-Wide and Fund Financial Statements**

**(a) Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets**

The governmental fund balance sheet includes a reconciliation between fund balances – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds and interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet". The details of this difference are as follows:

<b><u>Description</u></b>	<b><u>Amount</u></b>
Bonds payable	\$ (32,200,000)
Promissory loans payable	(566,468)
Negotiable notes payable	(773,629)
Accrued interest payable	(512,289)
Capital leases payable	(1,283,129)
Compensated absences	(1,398,821)
Pension obligation	(454,476)
Claims and judgments	<u>(143,661)</u>
<b>Net adjustment to reduce fund balances – total governmental funds to arrive at net assets – governmental activities</b>	<b>\$ <u>(37,332,473)</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

(2) **Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

(a) **Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets (Continued)**

Another element of that reconciliation explains that “Internal service funds are used to charge the costs of certain activities, such as garage services, office supplies, and unemployment compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets”. The details of this difference are as follows:

<b><u>Description</u></b>	<b><u>Amount</u></b>
Net assets of the internal service funds	\$ 485,569
Less internal payable representing charges in excess of cost to business-type activities	<u>(49,621)</u>
<b>Net adjustment to increase fund balances – total governmental funds to arrive at net assets – governmental activities</b>	<b>\$ <u>435,948</u></b>

(b) **Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and change in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this difference are as follows:

<b><u>Description</u></b>	<b><u>Amount</u></b>
Capital outlay	\$ 6,579,267
Depreciation expense	<u>(4,003,205)</u>
<b>Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net assets of governmental activities</b>	<b>\$ <u>2,576,062</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

(2) **Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

(b) **Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)**

Another element of that reconciliation explains that “The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities”. The details of this difference are as follows:

<b><u>Description</u></b>	<b><u>Amount</u></b>
<b>Debt issued:</b>	
Issuance of general obligation debt	\$ (1,000,000)
Capital lease	(364,800)
<b>Principal repayments:</b>	
Bonds payable	2,780,000
Promissory loans payable	296,641
Capital leases payable	<u>390,584</u>
<b>Net adjustment to decrease net change in fund balances – total governmental funds to arrive at change in net assets of governmental activities</b>	\$ <u>2,102,425</u>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

(2) **Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

(b) **Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)**

Another element of that reconciliation explains that “some 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”. The details of this difference are as follows:

<b><u>Description</u></b>	<b><u>Amount</u></b>
Accrued interest expense	\$ 18,421
Amortization of deferred charges	(72,490)
Deferred charges for new debt issues	36,123
Compensated absences	(52,168)
Claims and judgments	(28,728)
Pension obligation	<u>430,544</u>
<b>Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net assets of governmental activities</b>	<b>\$ <u>331,702</u></b>

Another element of that reconciliation explains that “Internal service funds are used to charge the costs of certain activities, such as garage services, office supplies, and unemployment compensation to individual funds. The net revenue of the internal service funds is reported with governmental activities”. The details of this difference are as follows:

<b><u>Description</u></b>	<b><u>Amount</u></b>
Change in net assets of the internal service funds	\$ 107,610
Less profit from charges to business-type activities	<u>(18,759)</u>
<b>Net adjustment to decrease net change in fund balances – total governmental funds to arrive at change in net assets of governmental activities</b>	<b>\$ <u>88,851</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

**(2) Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

**(c) Explanation of Certain Differences Between the Proprietary Fund Statement of Net Assets and the Government-Wide Statement of Net Assets**

The proprietary fund statement of net assets includes a reconciliation between net assets – total enterprise funds and net assets of business-type activities as reported in the government-wide statement of net assets. The description of the sole element of that reconciliation is “adjustment to reflect the consolidation of internal service funds activities related to enterprise funds”. The details of this difference are as follows:

<b><u>Description</u></b>	<b><u>Amount</u></b>
Internal receivable representing charges in excess of cost to business-type activities:	
Prior years	\$ 30,862
Current year	<u>18,759</u>
<b>Net adjustment to increase net assets – total enterprise funds to arrive at net assets – business-type activities</b>	<b>\$ <u>49,621</u></b>

**(3) Stewardship, Compliance and Accountability**

**(a) Budgetary Information**

The City adopts annual budgets for all governmental, proprietary and fiduciary funds on a basis consistent with state law, the more significant of which is discussed below. For 2008, the original and final total budgeted expenditures were \$93,362,790.

The City adopts annual budgets in accordance with statutory requirements established by the Mississippi Municipal Budget Law, Section 21-35-1, Mississippi Code Ann. (1972), Chapter 35 of Title 21 and regulatory requirements established by Section 21-35-29, Mississippi Code Ann. (1972). State law requires revenues and expenditures to be budgeted as follows: revenues which should be credited to the budget are those which are legally receipted (cash basis) from October 1 through September 30 at the minimum legal level required by the state auditor; expenditures which should be charged to the budget are those which are legally budgeted and disbursed during the fiscal year or within 30 days thereafter. The purpose level or object (personnel services, supplies and

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2008

### (3) **Stewardship, Compliance and Accountability (Continued)**

#### (a) **Budgetary Information (Continued)**

expenses, capital outlay, and transfers and other charges) is the minimum legal level determined by the State Auditor where expenditures may not exceed appropriations. The City adopts budgets for capital project and internal service funds by fund type as a whole rather than by individual funds. A governing authority may, at its discretion, adopt an annual budget at a more detailed level if it so desires. Expenditures for uncompleted improvements in progress of construction may be charged to the budget at any time. Penalties for exceeding the budget apply at the legal level (lowest level adopted by the governing authority) except for capital outlay, election expenses and payment of emergency warrants. All appropriations lapse 30 days after year-end. Appropriations paid after this period must be budgeted again during the next budget year. State law requires all funds receiving revenues from the municipality, funds which will require approval from the governing authorities for expenditures to be made, proprietary funds and funds confiscated and forfeited in connection with drug and liquor cases to have an adopted budget. Fiduciary funds do not require board approval to make disbursements.

The City's appropriated budget is adopted by fund, function and object. State law allows a governing authority to revise its budget at any time except in specific situations as defined in Mississippi Municipal Budget Law, Section 21-35-25. Budget revisions that result in more than a 10% change in the department's original budget must be published. This publication must explain the revision, including the amounts, need and purpose. Management may amend the budget without the approval of the City Council for expenditures falling in different accounts within the level at which the City Council adopts its budget. The City Council may, by unanimous vote, make expenditures, borrow money or incur liabilities necessary to meet any emergency as defined by state statute without further notice or hearing and may revise the budget accordingly.

The budget process is initiated by the Mayor, who, with the assistance of management, formulates a proposed operating budget for the next fiscal year and submits it to the City Council for discussion and approval. Public notice is given regarding public budget hearings to obtain taxpayer comments. After discussion of the proposed budget and after a consensus is reached, the budget is adopted by council ordinance no later than September 15 of each year. In the event the proposed budget is not adopted by September 15, no expenditure may be authorized nor any warrant issued, except for bonds, notes, debt and interest, after October 1 in each year, unless and until such time as the budget is adopted.

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

**(3) Stewardship, Compliance and Accountability (Continued)**

**(b) Budget/GAAP Reconciliation**

The following schedule reconciles the amounts on the Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) to the amounts on the Statement of Revenues, Expenditures and Changes in Fund Balances:

<u>Description</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Net change in fund balances – budgetary basis	\$ (945,324)	736,078
Basis differences:		
Net accrued revenues and related receivables	(1,124,514)	10,428
Net accrued expenditures and related liabilities	<u>1,564,448</u>	<u>(177,358)</u>
<b>Net change in fund balances – GAAP basis</b>	<b>\$ <u>(505,390)</u></b>	<b><u>569,148</u></b>

**(c) Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration of the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances, since they do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. These encumbrances lapse 30 days after year end, if not paid in accordance with the state budgeting requirements discussed in the above “Budgetary Information” section.

**(4) Deposits and Investments**

***Deposits***

*Custodial credit risk:* In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. At year end, the City’s carrying amount of deposits was \$27,347,756 and the bank balance was \$27,466,917. The entire bank balance was covered by federal depository insurance or collateralized in accordance with state law. The collateral for public entities’ deposits in financial institutions are held in the name of the Mississippi State Treasurer under a program established by the

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2008

### (4) Deposits and Investments (Continued)

Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the City's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

The carrying amount of deposits for discretely presented component units was \$1,208,190 and the bank balance was \$1,139,715. These bank balances were covered by federal depository insurance or collateralized in accordance with State law as described above.

#### *Investments*

At year end, the City's investment balances, reported at fair value, and maturities were as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Maturity Date (Within One Year)</u>
U.S. Government Securities:		
Federal Home Loan Mortgage Corporate Discount Notes	\$ 686,000	12/15/2008
Federated Government Obligations	1,013	-
Federal National Mortgage Association Discount Notes	73,000	12/15/2008
U. S. Treasury Bills	1,399,200	12/26/2008
U. S. Treasury Notes	304,000	11/15/2008
Certificates of Deposit:		
Citizens National Bank	675,000	1/06/2009
Community Bank	675,000	1/09/2009
Citizens National Bank	<u>179,860</u>	12/27/2008
<b>Total investments</b>	<b>\$ <u>3,993,073</u></b>	

*Interest rate risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's investment policy is limited to complying with the State's investment statutes. The State law has not addressed an interest rate risk; however, the City's policy is to hold all investments to maturity, thereby reducing any interest rate risk.

*Credit risk:* The City and its component units are allowed, by State statute, to invest excess funds in any bonds or other direct obligations of the United States of America, of the State of Mississippi, or of any county or municipality of Mississippi, when such county or municipal bonds have been properly approved; or in obligations issued or

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2008

### (4) Deposits and Investments (Continued)

guaranteed in full as to principal and interest by the United States of America which are subject to a repurchase agreement with a qualified depository; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of state funds. It is the City's policy to limit its investments to those allowed by the State statute. The City's investments in U.S. Government securities are rated AAA by Standard & Poor's and by Moody's Investors Service.

*Concentration of credit risk:* The City complies with the State statute regarding investments; as a result, concentration risk is virtually eliminated.

*Custodial credit risk:* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To minimize this risk, the City's requires that all negotiable instruments be held in safekeeping in the trust department of a bank. The City's investments are insured or registered, or securities held by the City or its agent in the City's name.

A reconciliation of cash and investments as shown on the government-wide statement of net assets for the primary government follows:

<u>Description</u>	<u>Amount</u>
Cash on hand	\$ 35,119
Cash with trustee	868,131
Carrying amount of deposits (including certificates of deposits)	27,347,756
Carrying amount of investments (securities)	<u>2,463,213</u>
<b>Total cash and investments</b>	<b>\$ <u>30,714,219</u></b>
Cash and cash equivalents	\$ 20,197,480
Cash and investments – restricted	8,180,732
Investments	<u>1,350,000</u>
<b>Total reported on the government-wide statement of net assets</b>	<b>29,728,212</b>
Cash and cash equivalents reported on the statement of fiduciary assets and liabilities not included on the government-wide statement of net assets	<u>986,007</u>
<b>Total reported</b>	<b>\$ <u>30,714,219</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

**(5) Capital Assets**

**Primary government:**

Capital asset activity for the year ended September 30, 2008, was as follows:

	<b>Balance September 30, <u>2007</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b>Balance September 30, <u>2008</u></b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 7,658,941	760	-	7,659,701
Collections - historical treasures	141,250	-	-	141,250
Construction-in-progress	<u>1,518,467</u>	<u>5,003,658</u>	<u>1,574,179</u>	<u>4,947,946</u>
Total capital assets, not being depreciated	<u>9,318,658</u>	<u>5,004,418</u>	<u>1,574,179</u>	<u>12,748,897</u>
Capital assets, being depreciated:				
Buildings	23,013,299	1,351,923	-	24,365,222
Improvements other than buildings	2,570,101	32,534	-	2,602,635
Machinery and equipment	14,313,830	1,258,310	538,103	15,034,037
Infrastructure	<u>79,010,524</u>	<u>506,261</u>	-	<u>79,516,785</u>
Total capital assets, being depreciated	<u>118,907,754</u>	<u>3,149,028</u>	<u>538,103</u>	<u>121,518,679</u>
Less accumulated depreciation for:				
Buildings	5,477,166	450,337	-	5,927,503
Improvements other than buildings	917,987	159,885	-	1,077,872
Machinery and equipment	7,972,613	1,187,734	411,852	8,748,495
Infrastructure	<u>40,291,045</u>	<u>2,205,249</u>	-	<u>42,496,294</u>
Total accumulated depreciation	<u>54,658,811</u>	<u>4,003,205</u>	<u>411,852</u>	<u>58,250,164</u>
Total capital assets, being depreciated, net	<u>64,248,943</u>	<u>(854,177)</u>	<u>126,251</u>	<u>63,268,515</u>
<b>Total governmental activities capital assets, net</b>	\$ <u><u>73,567,601</u></u>	<u><u>4,150,241</u></u>	<u><u>1,700,430</u></u>	<u><u>76,017,412</u></u>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

**(5) Capital Assets (Continued)**

	<b>Balance September 30, <u>2007</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b>Balance September 30, <u>2008</u></b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 271,666	-	-	271,666
Construction-in-progress	<u>1,594,731</u>	<u>327,525</u>	<u>1,544,182</u>	<u>378,074</u>
Total capital assets, not being depreciated	<u>1,866,397</u>	<u>327,525</u>	<u>1,544,182</u>	<u>649,740</u>
Capital assets, being depreciated:				
Buildings	126,628	-	-	126,628
Water and sewer system	90,911,149	1,598,908	-	92,510,057
Improvements other than buildings	113,067	-	-	113,067
Machinery and equipment	<u>3,895,152</u>	<u>200,526</u>	<u>10,481</u>	<u>4,085,197</u>
Total capital assets, being depreciated	<u>95,045,996</u>	<u>1,799,434</u>	<u>10,481</u>	<u>96,834,949</u>
Less accumulated depreciation for:				
Buildings	118,078	950	-	119,028
Water and sewer system	48,700,285	3,538,275	-	52,238,560
Improvements other than buildings	87,196	896	-	88,092
Machinery and equipment	<u>2,885,882</u>	<u>272,853</u>	<u>10,481</u>	<u>3,148,254</u>
Total accumulated depreciation	<u>51,791,441</u>	<u>3,812,974</u>	<u>10,481</u>	<u>55,593,934</u>
Total capital assets, being depreciated, net	<u>43,254,555</u>	<u>(2,013,540)</u>	<u>-</u>	<u>41,241,015</u>
<b>Total business-type activities capital assets, net</b>	\$ <u><u>45,120,952</u></u>	<u><u>(1,686,015)</u></u>	<u><u>1,544,182</u></u>	<u><u>41,890,755</u></u>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

(5) **Capital Assets (Continued)**

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

	<b><u>Amount</u></b>
<b>Governmental activities:</b>	
General government	\$ 531,490
Public safety	891,348
Public works	79,026
Culture and recreation	<u>2,501,341</u>
<b>Total depreciation expense - governmental activities</b>	<b>\$ <u>4,003,205</u></b>
<b>Business-type activities:</b>	
Water and sewer department	\$ 3,798,437
Waste collection and disposal	3,139
Golf course	9,435
Union Station	<u>1,963</u>
<b>Total depreciation expense - business-type activities</b>	<b>\$ <u>3,812,974</u></b>

Construction-in-progress is composed of:

<b>Governmental activities:</b>	
City Hall improvements	\$ 4,438,338
North Hills at Highway 39 project	152,118
Software conversion	197,556
City Hall mall	64,175
Hope VI infrastructure	54,271
New police station	35,488
Kress building renovations	<u>6,000</u>
Total governmental activities	<u>4,947,946</u>
<b>Business-type activities:</b>	
Headworks improvements	161,800
South Industrial Park sewer improvements	99,161
SCADA upgrades	78,033
Sludge disposal system	<u>39,080</u>
Total business-type activities	<u>378,074</u>
<b>Total construction-in-progress</b>	<b>\$ <u>5,326,020</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

**(5) Capital Assets (Continued)**

**Discretely presented component units:**

Capital asset activity for the year ended September 30, 2008, was as follows:

	<b>Balance September 30, <u>2007</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b>Balance September 30, <u>2008</u></b>
<b>Meridian Airport Authority:</b>				
Capital assets, not being depreciated:				
Land	\$ 500,000	-	-	500,000
Construction-in-progress	<u>4,975,037</u>	<u>4,148,708</u>	<u>1,845,911</u>	<u>7,277,834</u>
Total capital assets, not being depreciated	<u>5,475,037</u>	<u>4,148,708</u>	<u>1,845,911</u>	<u>7,777,834</u>
Capital assets, being depreciated:				
Buildings	2,629,499	1,855,648	-	4,485,147
Improvements other than buildings	13,722,185	22,036	-	13,744,221
Machinery and equipment	<u>705,924</u>	<u>14,927</u>	<u>140,905</u>	<u>579,946</u>
Total capital assets, being depreciated	<u>17,057,608</u>	<u>1,892,611</u>	<u>140,905</u>	<u>18,809,314</u>
Less accumulated depreciation for:				
Buildings	1,156,165	115,823	-	1,271,988
Improvements other than buildings	5,851,543	573,372	-	6,424,915
Machinery and equipment	<u>366,835</u>	<u>82,218</u>	<u>100,834</u>	<u>348,219</u>
Total accumulated depreciation	<u>7,374,543</u>	<u>771,413</u>	<u>100,834</u>	<u>8,045,122</u>
Total capital assets, being depreciated, net	<u>9,683,065</u>	<u>1,121,198</u>	<u>40,071</u>	<u>10,764,192</u>
<b>Total Meridian Airport Authority</b>	\$ <u>15,158,102</u>	<u>5,269,906</u>	<u>1,885,982</u>	<u>18,542,026</u>
<b>Nonmajor component units:</b>				
Capital assets, not being depreciated -				
Capital assets held for development	\$ 7,500	32,619	-	40,119
Capital assets, being depreciated:				
Machinery and equipment	\$ <u>395,402</u>	<u>126,475</u>	-	<u>521,877</u>
Less accumulated depreciation	<u>288,309</u>	<u>37,866</u>	-	<u>326,175</u>
<b>Total nonmajor component units</b>	\$ <u>114,593</u>	<u>121,228</u>	-	<u>235,821</u>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

**(6) Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of September 30, 2008, is as follows:

**Due to/from other funds:**

<b><u>Receivable fund</u></b>	<b><u>Payable fund</u></b>	<b><u>Amount</u></b>
General Fund	Internal Service Fund	\$ 1,266
	Special Revenue Fund	868,613
	Nonmajor Governmental Funds	129,188
Special Revenue Fund	General Fund	219,839
Nonmajor Governmental Funds	General Fund	58,386
	Nonmajor Governmental Funds	24,553
Water & Sewer Fund	Nonmajor Governmental Funds	56,925
Waste Collection & Disposal Fund	General Fund	19,951
Internal Service Funds	General Fund	72,237
	Water & Sewer Fund	31,159
	Waste Collection & Disposal	1
	Nonmajor Enterprise Funds	<u>31</u>
Total due to/from other funds		\$ <u>1,482,149</u>

**Due to primary government**

**Due from component units**

General Fund	Meridian Transportation Commission	\$ <u>10,556</u>
Nonmajor Enterprise Fund	Meridian Transportation Commission	\$ <u>2,095</u>
Internal Service Funds	Meridian Transportation Commission	\$ <u>17,232</u>

These balances represent temporary timing differences related to routine advances to provide funds for operations or projects.

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

**(6) Interfund Receivables, Payables and Transfers (Continued)**

**Interfund transfers:**

<u>Transfers out:</u>	<u>Transfers in:</u>						<u>Total</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Special Revenue Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Funds</u>	
<b>General Fund</b>	\$ -	927,300	66,601	-	305,000	24,308	1,323,209
<b>Special Revenue Fund</b>	1,505	-	-	-	-	-	1,505
<b>Nonmajor Governmental Funds</b>	-	89	-	7,957,764	-	-	7,957,853
<b>Water &amp; Sewer Fund</b>	601,500	-	-	-	-	-	601,500
<b>Waste Collection &amp; Disposal Fund</b>	44,000	-	-	-	-	-	44,000
<b>Total</b>	\$ <u>647,005</u>	<u>927,389</u>	<u>66,601</u>	<u>7,957,764</u>	<u>305,000</u>	<u>24,308</u>	<u>9,928,067</u>

Transfers are used to (1) move revenues from the general fund to capital projects to fund authorized projects and (2) transfer support from one fund to another.

**(7) Notes Payable**

A summary of notes payable at September 30, 2008, follows:

	<u>Balance September 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2008</u>
<b>Discretely presented nonmajor component unit -</b>				
Meridian Transportation Commission:				
5.5% \$40,850 line of credit with a financial institution, maturing annually	\$ <u>39,459</u>	<u>241</u>	<u>-</u>	<u>39,700</u>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

**(8) Leases**

*Operating Leases*

Meridian Authority (a discretely presented component unit) leases three fuel trucks under noncancelable operating leases expiring in fiscal year 2009. Total costs for such leases were \$35,226 for the year ended September 30, 2008. The future minimum lease payments for these leases follows:

<b><u>Year Ending September 30,</u></b>	<b><u>Amount</u></b>
2009	\$ <u>24,000</u>

*Capital Leases*

The City leases certain trucks and equipment which qualify as capital leases for accounting purposes and, therefore, were recorded as of the lease inception date at the present value of future minimum lease payments in the governmental and business-type activities.

A summary of leased equipment capitalized in the financial statements at September 30, 2008, follows:

<b><u>Description</u></b>	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>
Machinery and equipment	\$ 2,556,447	1,277,227
Less accumulated depreciation	<u>(555,345)</u>	<u>(357,505)</u>
<b>Total leased equipment capitalized</b>	\$ <u>2,001,102</u>	<u>919,722</u>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

**(8) Leases (Continued)**

The future minimum lease obligations and the net present value of minimum lease commitments at September 30, 2008, follows:

<b><u>Year Ending September 30,</u></b>	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>
2009	\$ 447,477	155,241
2010	426,346	155,241
2011	198,623	106,140
2012	71,226	106,140
2013	71,226	106,140
2014-2018	<u>231,485</u>	<u>344,955</u>
Total minimum lease commitments	1,446,383	973,857
Less amount representing imputed interest	<u>(163,254)</u>	<u>(188,795)</u>
Present value of minimum lease payments	1,283,129	785,062
Current portion of obligations under capital leases	<u>(395,981)</u>	<u>(112,507)</u>
Obligations under capital leases, less current installments	\$ <u>887,148</u>	<u>672,555</u>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

**(9) Long-Term Liabilities**

A summary of long-term liabilities at September 30, 2008, follows:

	<b><u>Interest Rates</u></b>	<b><u>Amount</u></b>
<b>Governmental activities:</b>		
Outstanding bonds:		
General government	2.6 – 6.25%	\$ 20,985,000
Special obligation bonds – parking facilities	2.75 - 4.5%	5,835,000
Limited obligation bonds – tax increment financing	9.0%	2,135,000
Special assessment debt with City commitment	4.5 - 6.75%	3,245,000
Other debt:		
Promissory loans	3.0%	566,468
Negotiable notes	5.45%	773,629
Capital leases	2.85 - 5.87%	1,283,129
Compensated absences		1,398,821
Claims and judgments		<u>143,661</u>
<b>Total governmental activities</b>		36,365,708
Less current portion payable		<u>(3,671,835)</u>
<b>Governmental activities, net</b>		\$ <u>32,693,873</u>
<b>Business-type activities:</b>		
Water & sewer revenue bonds:		
Advanced refunding of a refunding	6.0 - 6.5%	\$ 2,620,000
Improvements and repairs to water system	4.6 - 6.5%	2,705,000
Improvements, repairs and extension to water system	4.5 - 6.375%	3,150,000
Improvements, repairs and extension to water system	5.0 - 6.25%	1,480,000
Less deferred issue costs on refunding bonds		<u>(136,551)</u>
Total revenue bonds		<u>9,818,449</u>
Water & sewer promissory loans	1.0 - 6.125%	13,972,593
Less deferred issue costs on refunding bonds		<u>(369,805)</u>
Total promissory loans		<u>13,602,788</u>
Capital leases	4.14 – 5.87%	<u>785,062</u>
Deferred revenue forward invested funds		<u>278,555</u>
Compensated absences		<u>219,416</u>
<b>Total business-type activities</b>		24,704,270
Less current portion payable		<u>(2,723,002)</u>
<b>Business activities, net</b>		\$ <u>21,981,268</u>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

**(9) Long-Term Liabilities (Continued)**

A summary of annual debt service requirements to maturity for general obligation bonds, special obligation bonds, limited obligation bonds, special assessment debt, certificates of participation, promissory loans and revenue bonds follows:

<b>Year Ending September 30,</b>	<b>Governmental Activities</b>						<b>Total</b>
	<b>General Obligation Bonds</b>	<b>Special Obligation Bonds</b>	<b>Limited Obligations Bonds</b>	<b>Special Assessment Debt</b>	<b>Promissory Loans</b>	<b>Negotiable Notes</b>	
2009	\$ 2,316,969	528,476	540,725	474,729	82,869	286,500	4,230,268
2010	2,310,454	530,843	531,750	473,128	82,869	286,500	4,215,544
2011	2,172,977	527,494	530,075	480,619	82,869	286,500	4,080,534
2012	2,185,100	533,693	525,250	481,667	82,869	-	3,808,579
2013	2,198,356	535,200	517,275	481,776	82,869	-	3,815,476
2014-2018	8,426,813	2,698,206	-	1,562,455	214,078	-	12,901,552
2019-2023	5,613,352	2,790,269	-	317,785	-	-	8,721,406
2024-2028	<u>3,414,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,414,839</u>
<b>Total</b>	<b>\$ <u>28,638,860</u></b>	<b><u>8,144,181</u></b>	<b><u>2,645,075</u></b>	<b><u>4,272,159</u></b>	<b><u>628,423</u></b>	<b><u>859,500</u></b>	<b><u>45,188,198</u></b>
<b>Interest included in above totals</b>	<b>\$ <u>7,653,860</u></b>	<b><u>2,309,181</u></b>	<b><u>510,075</u></b>	<b><u>1,027,159</u></b>	<b><u>61,955</u></b>	<b><u>85,871</u></b>	<b><u>11,648,101</u></b>

<b>Year Ending September 30,</b>	<b>Business-type Activities</b>		
	<b>Revenue Bonds</b>	<b>Promissory Loans</b>	<b>Total</b>
2009	\$ 1,880,309	1,699,056	3,579,365
2010	2,907,397	1,709,157	4,616,554
2011	950,105	1,685,784	2,635,889
2012	961,837	1,680,588	2,642,425
2013	971,190	1,682,270	2,653,460
2014-2018	4,118,322	5,114,168	9,232,490
2019-2023	358,920	4,457,201	4,816,121
2024-2028	<u>-</u>	<u>876,994</u>	<u>876,994</u>
<b>Total</b>	<b>\$ <u>12,148,080</u></b>	<b><u>18,905,218</u></b>	<b><u>31,053,298</u></b>
<b>Interest included in above totals</b>	<b>\$ <u>2,193,080</u></b>	<b><u>4,932,625</u></b>	<b><u>7,125,705</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

**(9) Long-Term Liabilities (Continued)**

A summary of changes in the long-term liabilities during the year ended September 30, 2008, follows:

<u>Description</u>	<u>October 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30, 2008</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation debt	\$ 21,415,000	1,000,000	1,430,000	20,985,000	1,430,000
Special obligation bonds	6,085,000	-	250,000	5,835,000	270,000
Limited obligation bonds	2,960,000	-	825,000	2,135,000	365,000
Special assessment with City commitment	<u>3,520,000</u>	<u>-</u>	<u>275,000</u>	<u>3,245,000</u>	<u>290,000</u>
Total bonds payable	33,980,000	1,000,000	2,780,000	32,200,000	2,355,000
Promissory loans	631,433	-	64,965	566,468	66,608
Negotiable notes	1,005,305	-	231,676	773,629	244,311
Capital leases	1,308,913	364,800	390,584	1,283,129	395,981
Compensated absences	1,346,653	1,233,481	1,181,313	1,398,821	466,274
Claims and judgments	<u>114,933</u>	<u>622,717</u>	<u>593,989</u>	<u>143,661</u>	<u>143,661</u>
<b>Governmental activities         long-term liabilities</b>	<b>\$ <u>38,387,237</u></b>	<b><u>3,220,998</u></b>	<b><u>5,242,527</u></b>	<b><u>36,365,708</u></b>	<b><u>3,671,835</u></b>
<b>Business-type activities:</b>					
Revenue bonds	\$ 11,260,000	-	1,305,000	9,955,000	1,380,000
Less deferred issue costs on refunding bonds	(155,172)	-	(18,621)	(136,551)	-
Promissory loans	15,050,960	-	1,078,367	13,972,593	1,114,535
Less deferred issue costs on refunding loans	(431,438)	-	(61,634)	(369,805)	-
Capital leases	895,538	-	110,476	785,062	112,507
Deferred revenue forward invested funds	323,800	-	45,245	278,555	43,553
Compensated absences	<u>198,104</u>	<u>228,441</u>	<u>207,129</u>	<u>219,416</u>	<u>72,407</u>
<b>Business-type activities         long-term liabilities</b>	<b>\$ <u>27,141,792</u></b>	<b><u>228,441</u></b>	<b><u>2,665,962</u></b>	<b><u>24,704,270</u></b>	<b><u>2,723,002</u></b>

For governmental activities, compensated absences, pension obligation, and claims and judgments are generally liquidated by the general fund.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2008

### (9) Long-Term Liabilities (Continued)

#### General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The original amount of general obligation bonds issued in prior years was \$27,510,000.

The City issued general obligation bonds during fiscal year 2008, in the amount of \$1,000,000. The proceeds from this bond issue will be used for a number of bridge enhancement projects.

#### Special Obligation Bonds

During fiscal year 2003, the City issued \$7,000,000 in special obligation bonds to provide funds for the costs of constructing the performing arts and educational/conference center parking facilities. These special obligation bonds are direct obligations and pledge the full faith and credit of the City. Revenues raised from operations of the parking facility are to be used for payment of principal and interest due on these bonds.

#### Limited Obligation Bonds

The original amount of tax increment limited obligation bonds issued by the City in prior years to provide funds for the costs of constructing certain infrastructure improvements was \$7,460,000. The bonds are payable from and secured by a pledge of taxes levied on the incremental increase in the assessed value of the project and certain sales tax revenues. The City entered into an interlocal agreement with Lauderdale County, whereby the County has also pledged additional ad valorem tax revenues generated by the project to provide a pro rata portion of annual debt service on the bonds. As a result, the bonds are not a general obligation of the City.

#### Special Assessment Debt

The City issues special assessment bonds to provide financing for certain capital street improvements to benefit specific taxpayers. Special assessment bonds are direct obligations and pledge the full faith and credit of the City. Annual debt service is provided through collection of special assessments on benefited property and ad valorem taxes levied for debt service. The original amount of special assessment bonds issued in prior years was \$5,545,000.

#### Revenue Bonds

The City also issues bonds whereby the City pledges income derived from user fees of its water and sewer operations. The balance of revenue bonds outstanding as of September 30, 2008 amounted to \$9,818,449, net of \$136,551 of long-term financing costs. The

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2008

### (9) Long-Term Liabilities (Continued)

#### Revenue Bonds (Continued)

original amount of revenue bonds issued in prior years was \$21,710,000.

In 1994, the City refunded its 1990 Water and Sewer Refunding Bonds by issuing \$9,710,000 of Special Revenue Advance Refunding Bonds. As a result of the refunding, the 1990 bonds are considered fully defeased in substance, and the liability is not reported in the City's financial statements. As of September 30, 2008, the outstanding balance on the defeased bonds was \$2,630,000. As a result of this refunding, the debt service payments were reduced by approximately \$640,000 over the next fifteen years (1994 through 2009) and resulted in an economic savings of approximately \$169,000.

#### Promissory Loans

The City entered into a loan agreement whereby the Mississippi Development Bank issued Mississippi Development Bank Special Obligation Bonds and loaned the proceeds in the amount of \$5,300,000 to the City. The loan was made in 1998 to fund water and sewer line improvements to the west side of Meridian adjacent to the East Mississippi Correctional Facility and toward the most recently annexed area of the City located on the eastern side of the City.

In 2001, the City entered into a \$360,000 capital improvements revolving loan from the Mississippi Development Authority to provide sewer improvements to a recently annexed area of the City.

In 2001, the City also entered into a \$1,000,000 capital improvements revolving loan from the Mississippi Development Authority to provide drainage and flood control improvements at the South Industrial Park.

In 2002, the City entered into a loan agreement whereby the Mississippi Development Bank issued Mississippi Development Bank Special Obligation Bonds and loaned the proceeds in the amount of \$3,100,000 to the City. The proceeds from this loan were used to provide sewer lines to the Naval Air Station and water and sewer service to the Phase II annexed areas.

In 2003, the City entered into a loan agreement whereby the Mississippi Development Bank issued Mississippi Development Bank Special Obligation Bonds and loaned the proceeds in the amount of \$7,590,000 to the City. The proceeds from this loan were used to refund the City's 1994 Combined Water and Sewer System Revenue Bonds. As a result of this refunding, the 1994 bonds are considered fully defeased in substance, and

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2008

### (9) Long-Term Liabilities (Continued)

#### Promissory Loans (Continued)

the liability is not reported in the City's financial statements. As of September 30, 2008, the outstanding balance on the defeased bonds was \$4,390,000. This refunding resulted in a decrease in future debt service payments of \$549,006.

In 2004, the City entered into a loan agreement whereby the Mississippi Development Bank issued Mississippi Development Bank Special Obligation Bonds and loaned the proceeds in the amount of \$2,900,000 to the City. The proceeds from this loan were used to provide water and sewer lines to the new industrial park and for various other small projects.

#### Negotiable Notes

During fiscal year 2006, the City issued taxable negotiable notes in the amount of \$1,225,000. The proceeds from these notes were used for the acquisition of a building and land for redevelopment within the City's urban renewal district.

#### Letter of Credit

The City maintains a \$600,000 unsecured irrevocable letter of credit with Citizens National Bank. This letter of credit was issued in favor of Travelers Indemnity Company for support of the City's deductible for workers compensation claims. This letter of credit expires August 1, 2009, with an automatic extension for one year. As of September 30, 2008, the City had no outstanding balance on this letter of credit. The interest rate is set at the bank's prime rate.

### (10) Lessor Operating Leases

The City of Meridian and Meridian Airport Authority (a discretely presented component unit) leases space to others under various lease agreements. A summary of minimum future rental income on these leases as of September 30, 2008, and for each of the next five years and in aggregate, follows:

<u>Year Ending September 30,</u>	<u>City of Meridian</u>	<u>Meridian Airport Authority</u>
2009	\$ 45,242	155,837
2010	37,849	21,125
2011	35,820	16,632
2012	35,820	14,601
2013	<u>20,911</u>	<u>91,115</u>
<b>Total minimum future rentals</b>	<b>\$ <u>175,642</u></b>	<b><u>299,310</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

**(11) Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance to protect against these and other types of risks, except medical claims of City employees and their covered dependents. Coverage limits vary by exposure/policy and are decided on from examination of the number and types of prior claims, as well as from monitoring of judicial decisions, awards and trend factors. Premiums are paid from the general fund, water and sewer fund, golf course fund and Union Station fund, as well as the appropriate department within each fund and by component units. There were no significant reductions in insurance coverage in fiscal 2008, from the prior year. Settled claims have not exceeded commercial coverage in any of the past several years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Since the City is insured for losses above the self-insured retention (“SIR”), its insurers have the responsibility of reserving, discounting, and making other similar calculations. The aggregate SIR claims, which include incurred but not reported (“IBNR”) claims, were derived by obtaining an average of the four most recent years of loss histories and increasing this average by approximately one standard deviation above the mean to determine claim liabilities.

Changes in the balances of claims liabilities during the fiscal years ended September 30, 2008 and 2007, follows:

<b><u>Description</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
Unpaid claims, beginning of year	\$ 114,933	114,236
Incurred claims (including IBNR's)	622,717	519,319
Claim payments	<u>(593,989)</u>	<u>(518,622)</u>
Unpaid claims, end of year	\$ <u>143,661</u>	<u>114,933</u>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

**(11) Risk Management (Continued)**

Effective October 1, 2004, the City contracted with a third party administrator to administer a partially self insured health plan. The City moved from a fully insured contract and, based on historical projections, maintains the same level of funding. Aggregate (\$1,000,000) and specific (\$75,000 per participant) stop-loss insurance coverages were obtained to guard against any large unforeseen claim losses. Fully insured transplant coverage was also secured to allow transplants to be fully insured outside of specific and aggregate insurance limits. This plan also provides life insurance on each employee for \$25,000 double indemnity. The City established the health and life insurance reserve fund (“the Fund”) in the internal service fund group to account for this activity.

Benefit payments plus an administrative charge are made to the third-party administrator who approves and processes all claims. The Fund collects interfund premiums from insured funds and departments. Interfund premiums are based on the insured funds’ claims experience and are adjusted to cover all reported claims. Claims settlement and loss expenses are accrued in the Fund for the settlement value of claims reported and estimated value of claims incurred but not reported, up to stop-loss. No actuarial study has been performed on the Fund. Changes in the balances of claims liabilities during the fiscal years ended September 30, 2008 and 2007 follows:

<u>Description</u>	<u>2008</u>	<u>2007</u>
Unpaid claims, beginning of year	\$ 460,053	690,976
Incurred claims (including IBNR’s)	2,593,189	2,887,783
Claim payments	<u>(2,777,037)</u>	<u>(3,118,706)</u>
Unpaid claims, end of year	\$ <u>276,205</u>	<u>460,053</u>

**(12) Subsequent Events**

In November, 2008, the City annexed approximately 9.3 square miles of unincorporated territory in Lauderdale County, Mississippi. The newly annexed residents will be added to the City’s tax rolls in January, 2009.

In January, 2009, the City entered into a \$1,525,000 agreement for the sale, purchase, and redevelopment of urban renewal property. The purpose of which is to convey the Threefoot Building and a unused parking garage to a redeveloper for the purpose of renovating, constructing, financing, managing, and operating a hotel within the property.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2008

### (12) **Subsequent Events (Continued)**

In February, 2009, the City entered into an interlocal agreement with Lauderdale County, Mississippi to facilitate the implementation of the City's Tax Increment Financing Plan of 2006, for the Meridian Crossroads Project. The tax increment financing bonds are not to exceed \$4,500,000.

In March, 2009, the City approved the intent to issue up to \$10,000,000 in general obligation bonds, Series 2009. The purpose of which is to provide funds for the City Hall Phase IV interior package.

### (13) **Contingent Liabilities**

#### Litigation

The City is a defendant in various litigation arising out of normal business activities. Although the City carries commercial insurance to protect itself against damage claims, it is possible that the ultimate resolution of cases may exceed the City's insured limits. Management, with the advice of legal counsel, is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on the financial statements.

#### Federally Assisted Programs – Compliance Audits

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

### (14) **Construction and Commitments**

The City has committed to a contract for the development of a collection system rehabilitation program to serve the South Industrial Park. The cost of this project is estimated to be \$2,453,455. Expenditures related to this project will be funded 45% from local funds and 55% from grants committed to be provided by the United States Environmental Protection Agency ("EPA"). This is a congressionally mandated project.

The City has plans for improvements to widen North Hills Street from 10<sup>th</sup> Avenue to Highway 39. The estimated construction cost of this project is \$3,500,000. Expenditures related to this project are to be provided 20% from local funds and 80% from grants committed to be provided by the Mississippi Department of Transportation ("MDOT").

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2008

### (14) **Construction and Commitments (Continued)**

The City has committed to a contract for improvements at the Wastewater Treatment Plant main site. The cost of this project is estimated to be \$2,000,000. This project will be funded with proceeds from the sale of bonds issued by the City and grant funds provided by the EPA.

The City has committed to contracts for improvements including sludge removal and upgrading to a supervisory control and data acquisition (“SCADA”) system at the Freshwater Treatment Plants. The cost of these projects is estimated to be \$1,500,000. These projects will be funded with proceeds from the sale of bonds issued by the City.

The City has committed to a contract for repairs and upgrades to the 22<sup>nd</sup> Avenue Bridge located in the City’s downtown district. The cost of this project is estimated to be \$900,000. This project will be funded with proceeds from the sale of bonds issued by the City.

The City has committed to contracts for the upgrade of traffic signals in the City’s downtown district and along 14<sup>th</sup> Street. The cost of this project is estimated to be \$800,000. Future expenditures related to this project are to be provided 20% from local funds and 80% from grants committed to be provided by MDOT.

The City has committed to improvements at JT Davis Courts and Victory Village Housing Development (known as “Hope VI”) to include added drainage curbs, gutters and sidewalks, in addition to an added lift station. At September 30, 2008, this project was approximately 75% complete and the cost through that date totaled \$54,271. This project will be funded from local funds.

In fiscal year 2006, the City began a renovation and restoration project of the City Hall. The estimated completion date of this project is in fiscal year 2011. The cost of this project is estimated to be \$14,000,000. This project will be funded with proceeds from the sale of bonds issued by the City.

The City has executed an agreement for software and implementation services for a new integrated financial, customer, and maintenance management system. The cost of this project is estimated to be \$609,000. This project will be funded from local funds.

### (15) **Solid Waste Management Services Accounting**

The City contracts its solid waste collection and disposal needs to a private contractor. Pursuant to Section 17-17-347 of the Mississippi Code Ann. (1972), each unit of local government, beginning with fiscal year end 1992, shall determine during its regular audit

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2008

### (15) **Solid Waste Management Services Accounting (Continued)**

the full and complete cost for solid waste management within the service area of the unit of local government for the previous fiscal year and shall update the full and complete cost every year thereafter. The City is in compliance with this requirement. These costs are accounted for in the waste collection and disposal enterprise fund.

### (16) **Pension and Retirement Plans**

#### **Public Employees Retirement System:**

##### *Plan Description*

The City and its component units contribute 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. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, Accounting Department, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

The payroll for employees covered by PERS (statewide) for the year ended June 30, 2008, was \$5,544,704,937. The City's payroll for employees covered by PERS for the year ended September 30, 2008, was \$16,099,242; the City's total payroll was \$16,887,679 for the year ended September 30, 2008.

Participating employees who are vested and retire at or after age 60 or those who retire regardless of age with at least 25 years of creditable service are entitled, upon application, to an annual retirement allowance payable monthly for life, in an amount equal to 2 percent of their average compensation for each year of credited service, up to and including 25 years, plus 2 ½ percent for each year of credited service over 25 years. Average compensation is the average of the employee's earnings during the four highest compensated years of credited service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. For members who enter the system on or after July 1, 2007, benefits vest upon completion of eight years of membership service. For members who entered the system before July 1, 2007, benefits vest upon completion of four years of membership service. PERS also provides certain death and disability benefits. Benefit provisions are established by Section 25-11-1 et seq., Mississippi Code Ann. (1972) and may be amended only by the State of Mississippi Legislature.

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2008

**(16) Pension and Retirement Plans (Continued)**

**Public Employees Retirement System (Continued):**

***Plan Description (Continued)***

A cost-of-living payment is made to eligible retirees and beneficiaries. The cost of living adjustment is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55, plus 3 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 55. For the year ended June 30, 2008, the total additional annual payments (statewide) were \$281,124,000.

***Funding Policy***

Employees covered by PERS are required to contribute 7.25% of their salary to PERS. In the year ended September 30, 2008, City employees contributed \$1,167,194. If an employee covered by PERS leaves employment, accumulated employee contributions plus related investment earnings allocations are refunded to the employee or designated beneficiary upon request. The investment earnings allocation rate was 3.5% in 2008.

The City is required by statute to contribute to PERS at an actuarially determined rate. For the years ended September 30, 2008, 2007, and 2006, the City's contribution requirements representing 10.75% (from October 1, 2005 through June 30, 2006), 11.30% (from July 1, 2006 through June 30, 2007) and 11.85% (from July 1, 2007 through September 30, 2008) of covered payroll were \$1,907,698, \$1,755,832, and \$1,615,369, respectively. The City contributed 100% of its requirements in each of these years.

The Meridian Airport Authority (a discretely presented component unit) made contributions to PERS in the year ended September 30, 2008 of \$23,858. The component unit's total payroll was approximately \$673,000 and substantially all payroll is covered under the PERS plan.

***Trend Information***

Ten year historical trend information showing PERS' progress in accumulating sufficient assets to pay benefits when due is presented in the PERS June 30, 2008, comprehensive annual financial report.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2008

### (16) **Pension and Retirement Plans (Continued)**

#### **Municipal Retirement Systems:**

##### *Plan Description*

The City also participates in the Municipal Retirement System (“MRS”) which has been closed to new participants since July 1, 1976. MRS is an agent multiple-employer defined benefit plan of PERS. MRS was designed to provide retirement benefits for general municipal employees, as well as firefighters and police officers. The City is one of two cities providing retirement benefits to general municipal employees and one of seventeen cities providing retirement benefits to firefighters and police officers.

Membership in the MRS is comprised of employees who were hired prior to July 1, 1976, and includes only those eligible employees of the City who did not opt to become a member of PERS. PERS is also responsible for the administration of MRS. MRS is considered part of the financial reporting entity of the State of Mississippi. The total payroll for City employees covered by MRS for the year ended September 30, 2008 was \$157,823; the City’s total payroll for all employees was \$16,887,679. At September 30, 2008, the date of the most recent actuarial valuation, there were 3 participating general municipal employees, firefighters and police officers.

The PERS annually issues publicly available information entitled the Report on the Annual Valuation Covering the Participation of the City of Meridian in the Mississippi Municipal Retirement Systems. The report may be obtained by writing to Public Employees’ Retirement System, Accounting Department, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

##### *Basis of Accounting*

Both PERS and MRS use the accrual basis of accounting and the economic resources measurement focus. Employee and employer contributions are recognized as revenue in the period in which employee services are performed. Investment income is recognized when earned. Expenses, including benefits and refunds paid, are recognized when incurred. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Mortgage securities are valued on the basis of future principal and interest payments and discounted at prevailing interest rates for similar instruments. Short-term investments are reported at market value when published prices are available, or at cost plus accrued interest, which approximates fair value. For individual investments where no readily ascertainable market value exists, PERS, in consultation with its investment advisors and custodial bank, has determined the fair values.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2008

### (16) **Pension and Retirement Plans (Continued)**

#### **Municipal Retirement Systems (Continued):**

##### ***Funding Policy***

Funding policies for MRS, established by Mississippi statutes, provide for a property tax to be levied within each municipality and deductions from salaries of members, at rates sufficient to make the plan actuarially sound. For the year ended September 30, 2008, the City levied 8.66 mills to help fund MRS. An actuarial valuation is performed on an annual basis to determine the rates necessary to make the System actuarially sound. However, Mississippi statutes limit any increase in the property tax levy for pension contributions to one-half mill per year.

During fiscal year 2008, fire and police employees and municipal employees covered by MRS were required to contribute 10% and 7%, respectively, of covered payroll. Any increase to the base employee contribution rates of 10% and 7% is made in increments not to exceed 1% per year. If an employee leaves covered employment, accumulated employee contributions are refunded to the employee upon request. Employees covered by MRS do not receive an interest earnings allocation to their accumulated contributions. The City contributes the remaining amounts necessary to finance participation of its employees in MRS. Contribution provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Ann. (1972) and annual local legislation. Statutes may be amended only by the State of Mississippi Legislature.

##### ***Annual Pension Cost***

The City has recorded a net pension obligation for MRS in accordance with GASB Statement of Standards No. 27, "Accounting for Pensions by State and Local Government Employers".

The required contribution to MRS was determined as part of the actuarial valuation performed as of September 30, 2008, using the entry age actuarial cost method, the level dollar closed amortization method (with a twenty-six year remaining amortization period), and a five-year smoothed market asset valuation method. Significant actuarial assumptions include (a) a rate of return on the investment of present and future assets at 8% compounded annually, (b) projected salary increases of 4% per year compounded annually attributable to inflation, and (c) additional projected salary increases of .5% - 2.0% per year compounded annually attributable to seniority and/or merit.

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2008

**(16) Pension and Retirement Plans (Continued)**

**Municipal Retirement Systems (Continued):**

***Annual Pension Cost (Continued)***

The following provides pension cost and obligation information for MRS:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Components of annual pension cost:			
Annual required contribution	\$ 1,752,708	1,803,009	1,841,677
Interest cost	70,802	95,196	110,880
Adjustment to required contribution	<u>(75,532)</u>	<u>(101,556)</u>	<u>(118,288)</u>
Total annual pension cost	1,747,978	1,796,649	1,834,269
Less: contributions made	<u>2,178,522</u>	<u>2,101,578</u>	<u>2,030,325</u>
Decrease in net pension obligation	\$ <u>(430,544)</u>	<u>(304,929)</u>	<u>(196,056)</u>
Percentage of annual pension cost contributed	<u>124.63%</u>	<u>116.97%</u>	<u>110.69%</u>
Net pension obligation at year end	\$ <u>454,476</u>	<u>885,020</u>	<u>1,189,949</u>

***Funding Status and Funding Progress***

As of September 30, 2008, the most recent actuarial valuation date, the plan was 32.4% funded. The actuarial accrued liability for benefits was \$28.2 million, and the actuarial value of assets was \$9.1 million, resulting in an unfunded actuarial accrued liability (“UALL”) of \$19.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$157,823, and the ratio of UAAL to covered payroll was 12,080.4%. Because MMRS is a closed plan with only 3 active employees, this percentage is highly misleading.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**(17) Prior Period Adjustment**

The net assets of the Meridian Airport Authority (a discretely presented component unit) for the period ended September 30, 2007, have been restated for errors occurring in a prior period. The correction has no effect on the results of the current year’s activities, however the cumulative effect increased net assets by \$36,664.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE 1**

**CITY OF MERIDIAN, MISSISSIPPI**  
Required Supplementary Information  
Mississippi Municipal Retirement System ("MMRS")  
Schedule of Funding Progress  
Last Three Fiscal Years  
(amounts expressed in thousands)

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability ("AAL") - Entry Age (b)</b>	<b>Funded Ratio (a/b)</b>	<b>Unfunded AAL ("UAAL") (b-a)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b-a)/c]</b>
9/30/08	\$ 9,130	\$ 28,217	32.4%	\$ 19,087	158	12,080.4 %
9/30/07	9,265	29,081	31.9%	19,816	188	10,540.4 %
9/30/06	9,156	29,491	31.0%	20,335	176	11,554.0 %

**Notes to Schedule of Funding Progress**

The AAL is a measure intended to help users assess the Municipal Retirement System ("MMRS") funding status on a going-concern basis and assess progress being made in accumulating sufficient assets to pay benefits when due. The UAAL, as a percentage of annual covered payroll, also aids in analysis of progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage, the stronger the plan. However, for closed plans such as MMRS, this figure is highly misleading and should be ignored.

The actuarial value of assets is determined on a market-related basis that recognizes 20 percent of the previously unrecognized and unanticipated gains and losses (both realized and unrealized).

For additional information regarding this schedule, refer to the separately issued Public Employees' Retirement System of Mississippi Comprehensive Annual Financial Report for 2008 by writing to Public Employees' Retirement System of Mississippi, 429 Mississippi Street, Jackson, MS 39201-1005.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

## NONMAJOR GOVERNMENTAL FUNDS

### **Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds.

**Sowashee Project** – This fund is used to account for the construction of the water drainage project along the Sowashee Creek in the City’s jurisdiction. The financing for this project was from general obligation bonds, U. S. Army Corp of Engineers, and the Pat Harrison Waterway District.

**1999 General Obligation Bonds** – This fund is used to account for the proceeds and disbursements of the 1999 general obligation bonds.

**2000 General Obligation Bonds** – This fund is used to account for the proceeds and disbursements of the 2000 general obligation public improvement bonds.

**Urban Renewal Parking Garage Bonds** – This fund is used to account for the bond proceeds used to fund the construction of the performing arts and educational/conference center parking facilities.

**I20/I59 Interchange Project** – This fund is used to account for grant revenues to be used for construction of an interchange to provide access to a new industrial park.

**2003 General Obligation Bonds** – This fund is used to account for the proceeds and disbursements of the 2003 general obligation public improvement bonds.

**2003 Flood Damage** – This fund is used to account for grant revenues to be used for repairing areas damaged by floods in 2003.

**Highway 19 Drainage** – This fund is used to account for the local and grant revenues to be used to repair drainage damage along Highway 19 near First Street.

**Gallagher Creek Drainage** – This fund is used to account for grant revenues to be used to repair drainage damage along Gallagher Creek in Highland Park.

**Lake Drive Realignment** – This fund is used to account for local and grant revenues to be used for expenditures related to the realignment of Lake Drive at Highway 19 and Bonita Lakes Drive.

**8<sup>th</sup> Street Signalization Project** – This fund is used to account for local and grant revenues to be used to upgrade traffic controllers.

## NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

### **Capital Projects Funds (Continued)**

**Highway 39 at 33<sup>rd</sup> Street** – This fund is used to account for the local and grant revenues to be used to install traffic signals at Highway 39 at 33<sup>rd</sup> Street.

**North Hills – 10<sup>th</sup> Avenue to Highway 39** – This fund is used to account for local and grant revenues to be used to upgrade level of service in North Hills by widening from 10<sup>th</sup> Avenue to Highway 39 and other improvements.

**Police Station** – This fund is used to account for the bond proceeds used to fund the acquisition of land and construction of a new police station.

**2006 General Obligation Bonds** – This fund is used to account for the proceeds and disbursements of the 2006 general obligation bonds.

**City Hall Improvements** – This fund is used to account for the bond proceeds used to fund the renovation and restoration of City Hall.

**Fire Station No. 8 Bonita Lakes** – This fund is used to account for the bond proceeds used to fund the acquisition of land and construction of a new fire station.

**2006 Negotiable Notes** – This fund is used to account for the proceeds and disbursements of the taxable negotiable notes dated September 28, 2006, used for the acquisition of a building and land for redevelopment within the City's urban renewal district.

**2008 General Obligation Bonds** – This fund is used to account for the proceeds and disbursements of the 2008 general obligation bonds.

**CITY OF MERIDIAN, MISSISSIPPI**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
Nonmajor Capital Projects Funds  
September 30, 2008

	<u>Sowashee Project</u>	<u>1999 General Obligation Bonds</u>	<u>2000 General Obligation Bonds</u>	<u>Urban Renewal Parking Garage Bonds</u>	<u>I20/I59 Interchange Project</u>	<u>2003 General Obligation Bonds</u>	<u>2003 Flood Damage</u>	<u>Highway 19 Drainage</u>	<u>Gallagher Creek Drainage</u>
<b><u>ASSETS</u></b>									
Cash and cash equivalents	\$ 402,776	-	-	-	655	472,286	-	2,505	16,446
Grant receivable	-	-	-	-	-	-	151,819	-	-
Due from other funds	-	-	-	-	-	24,553	58,386	-	-
<b>Total assets</b>	<b>\$ 402,776</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>655</b>	<b>496,839</b>	<b>210,205</b>	<b>2,505</b>	<b>16,446</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>									
<b>Liabilities:</b>									
Accounts payable	\$ 2,989	-	-	-	-	-	-	-	3,900
Due to other funds	-	-	-	-	-	-	173,567	-	12,546
<b>Total liabilities</b>	<b>2,989</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>173,567</b>	<b>-</b>	<b>16,446</b>
<b>Fund balances:</b>									
Reserved for encumbrances	-	-	-	-	-	-	-	-	-
Unreserved, designated for subsequent years' expenditures	399,787	-	-	-	655	496,839	36,638	2,505	-
<b>Total fund balances</b>	<b>399,787</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>655</b>	<b>496,839</b>	<b>36,638</b>	<b>2,505</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 402,776</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>655</b>	<b>496,839</b>	<b>210,205</b>	<b>2,505</b>	<b>16,446</b>

**SCHEDULE 2**

<u>Lake Drive Realignment</u>	<u>8th Street Signalization Project</u>	<u>Highway 39 at 33rd Street</u>	<u>North Hills - 10th Avenue to Highway 39</u>	<u>Police Station</u>	<u>2006 General Obligation Bonds</u>	<u>City Hall Improvements</u>	<u>Fire Station No. 8 Bonita Lakes</u>	<u>2006 Negotiable Notes</u>	<u>2008 General Obligation Bonds</u>	<u>Total Nonmajor Governmental Funds</u>
-	-	-	-	-	-	3,993,038	-	-	970,713	5,858,419
-	-	-	74,718	-	-	-	-	-	-	226,537
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,939</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>74,718</u>	<u>-</u>	<u>-</u>	<u>3,993,038</u>	<u>-</u>	<u>-</u>	<u>970,713</u>	<u>6,167,895</u>
-	-	-	-	-	-	403,361	-	-	-	410,250
<u>-</u>	<u>-</u>	<u>-</u>	<u>24,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,666</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>24,553</u>	<u>-</u>	<u>-</u>	<u>403,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>620,916</u>
-	-	-	-	-	-	3,589,677	-	-	-	3,589,677
<u>-</u>	<u>-</u>	<u>-</u>	<u>50,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>970,713</u>	<u>1,957,302</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>50,165</u>	<u>-</u>	<u>-</u>	<u>3,589,677</u>	<u>-</u>	<u>-</u>	<u>970,713</u>	<u>5,546,979</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>74,718</u>	<u>-</u>	<u>-</u>	<u>3,993,038</u>	<u>-</u>	<u>-</u>	<u>970,713</u>	<u>6,167,895</u>

**CITY OF MERIDIAN, MISSISSIPPI**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended September 30, 2008

	<u>Sowashee Project</u>	<u>1999 General Obligation Bonds</u>	<u>2000 General Obligation Bonds</u>	<u>Urban Renewal Parking Garage Bonds</u>	<u>I20/I59 Interchange Project</u>	<u>2003 General Obligation Bonds</u>	<u>2003 Flood Damage</u>	<u>Highway 19 Drainage</u>	<u>Gallagher Creek Drainage</u>
<b>Revenues:</b>									
Intergovernmental -									
Federal	\$ -	-	-	-	17,734	-	-	-	20,368
Interest on investments	<u>10,423</u>	<u>704</u>	<u>1,302</u>	<u>51</u>	<u>387</u>	<u>22,109</u>	<u>-</u>	<u>56</u>	<u>-</u>
Total revenues	<u>10,423</u>	<u>704</u>	<u>1,302</u>	<u>51</u>	<u>18,121</u>	<u>22,109</u>	<u>-</u>	<u>56</u>	<u>20,368</u>
<b>Expenditures:</b>									
Construction contracts	-	-	-	-	-	93,276	-	-	20,368
Engineering and other	<u>7,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>7,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,375</u>	<u>93,276</u>	<u>-</u>	<u>-</u>	<u>20,368</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>2,951</u>	<u>704</u>	<u>1,302</u>	<u>51</u>	<u>(254)</u>	<u>(71,167)</u>	<u>-</u>	<u>56</u>	<u>-</u>
<b>Other financing sources (uses):</b>									
Transfers in	-	-	-	-	-	14,303	-	-	-
Transfers out	-	(27,510)	(50,913)	(51)	-	(331,412)	-	-	-
General obligation bonds issued	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(27,510)</u>	<u>(50,913)</u>	<u>(51)</u>	<u>-</u>	<u>(317,109)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	2,951	(26,806)	(49,611)	-	(254)	(388,276)	-	56	-
<b>Fund balances (deficit), October 1, 2007</b>	<u>396,836</u>	<u>26,806</u>	<u>49,611</u>	<u>-</u>	<u>909</u>	<u>885,115</u>	<u>36,638</u>	<u>2,449</u>	<u>-</u>
<b>Fund balances, September 30, 2008</b>	\$ <u>399,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>655</u>	<u>496,839</u>	<u>36,638</u>	<u>2,505</u>	<u>-</u>

**SCHEDULE 3**

<u>Lake Drive Realignment</u>	<u>8th Street Signalization Project</u>	<u>Highway 39 at 33rd Street</u>	<u>North Hills - 10th Avenue to Highway 39</u>	<u>Police Station</u>	<u>2006 General Obligation Bonds</u>	<u>City Hall Improvements</u>	<u>Fire Station No. 8 Bonita Lakes</u>	<u>2006 Negotiable Notes</u>	<u>2008 General Obligation Bonds</u>	<u>Total Nonmajor Governmental Funds</u>
-	-	1,117	37	-	-	-	-	-	-	39,256
<u>96</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>2</u>	<u>192,970</u>	<u>368</u>	<u>2</u>	<u>38</u>	<u>6,836</u>	<u>235,394</u>
<u>96</u>	<u>-</u>	<u>1,167</u>	<u>37</u>	<u>2</u>	<u>192,970</u>	<u>368</u>	<u>2</u>	<u>38</u>	<u>6,836</u>	<u>274,650</u>
-	7,900	-	-	5,088	30,575	3,004,745	848,737	-	-	4,010,689
1,874	1	1,118	47	-	-	471,313	11,972	-	36,123	548,295
<u>37,270</u>	<u>26,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,357</u>
<u>39,144</u>	<u>33,988</u>	<u>1,118</u>	<u>47</u>	<u>5,088</u>	<u>30,575</u>	<u>3,476,058</u>	<u>860,709</u>	<u>-</u>	<u>36,123</u>	<u>4,622,341</u>
<u>(39,048)</u>	<u>(33,988)</u>	<u>49</u>	<u>(10)</u>	<u>(5,086)</u>	<u>162,395</u>	<u>(3,475,690)</u>	<u>(860,707)</u>	<u>38</u>	<u>(29,287)</u>	<u>(4,347,691)</u>
-	33,988	-	-	5,167	-	7,043,805	860,501	-	-	7,957,764
(9,405)	-	(4,898)	-	-	(7,533,626)	-	-	(38)	-	(7,957,853)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
<u>(9,405)</u>	<u>33,988</u>	<u>(4,898)</u>	<u>-</u>	<u>5,167</u>	<u>(7,533,626)</u>	<u>7,043,805</u>	<u>860,501</u>	<u>(38)</u>	<u>1,000,000</u>	<u>999,911</u>
(48,453)	-	(4,849)	(10)	81	(7,371,231)	3,568,115	(206)	-	970,713	(3,347,780)
<u>48,453</u>	<u>-</u>	<u>4,849</u>	<u>50,175</u>	<u>(81)</u>	<u>7,371,231</u>	<u>21,562</u>	<u>206</u>	<u>-</u>	<u>-</u>	<u>8,894,759</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>50,165</u>	<u>-</u>	<u>-</u>	<u>3,589,677</u>	<u>-</u>	<u>-</u>	<u>970,713</u>	<u>5,546,979</u>

**SCHEDULE 4****CITY OF MERIDIAN, MISSISSIPPI****Debt Service Fund****Schedule of Revenues, Expenditures and Changes in Fund Balances -****Budget and Actual (Budgetary Basis)****For the Fiscal Year Ended September 30, 2008**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual (Budgetary Basis) Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>	\$ 4,900,000	4,238,408	(661,592)
<b>Expenditures - debt service</b>	<u>4,900,000</u>	<u>4,869,714</u>	<u>30,286</u>
<b>Net change in fund balances</b>	\$ <u>-</u>	(631,306)	<u>(631,306)</u>
<b>Fund Balance, October 1, 2007</b>		<u>2,608,619</u>	
<b>Fund Balance, September 30, 2008</b>		\$ <u>1,977,313</u>	

**SCHEDULE 5**

**CITY OF MERIDIAN, MISSISSIPPI**

Capital Projects Funds

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended September 30, 2008

	<b>Original and Final Budgeted Amounts</b>	<b>Actual (Budgetary Basis) Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>	\$ 1,506,000	1,379,704	(126,296)
<b>Expenditures - capital outlay</b>	<u>8,348,500</u>	<u>6,953,788</u>	<u>1,394,712</u>
<b>Net change in fund balances</b>	\$ <u>(6,842,500)</u>	(5,574,084)	<u>1,268,416</u>
<b>Fund balance, October 1, 2007</b>		<u>10,420,465</u>	
<b>Fund balance, September 30, 2008</b>		\$ <u>4,846,381</u>	

**CITY OF MERIDIAN, MISSISSIPPI**  
Schedule of General Fund Expenditures  
By Departments and Divisions  
For the Fiscal Year Ended September 30, 2008  
(With Comparative Totals for the Fiscal Year Ended September 30, 2007)

	<u>Executive, Legislative and Judicial</u>	<u>Finance and Records</u>	<u>Community Development</u>	<u>Fire Department</u>	<u>Police Department</u>
<b>Personnel services:</b>					
Salaries - regular	\$ 945,995	904,984	720,922	3,475,165	3,826,272
Salaries - overtime	853	2,769	719	339,343	290,055
Salaries - temporaries	21,760	-	6,934	-	4,579
Fringe benefits	294,368	317,051	239,449	1,230,470	1,289,008
Total personnel services	<u>1,262,976</u>	<u>1,224,804</u>	<u>968,024</u>	<u>5,044,978</u>	<u>5,409,914</u>
<b>Contractual services and supplies:</b>					
Supplies - office	6,107	8,234	4,062	1,717	4,541
Supplies - operating	366	3,044	2,834	11,079	44,204
Supplies - household	462	2,736	1,118	10,491	4,461
Supplies - uniforms and clothing	-	-	1,761	20,029	41,914
Supplies - materials direct	-	-	294	-	-
Materials - small tools and workorders	240	218	196	6,764	912
Professional services	390,297	111,567	12,692	3,244	377,351
Telephone	4,115	79,786	6,418	7,735	27,264
Postage	6,669	13,644	11,791	1,688	2,301
Travel	37,008	1,690	13,268	11,470	19,608
Freight	-	114	-	-	-
Advertising and publishing	18,922	2,880	7,542	48	-
Printing and binding	1,214	2,532	1,567	559	4,442
Insurance	102,576	41,027	46,158	198,835	413,229
Utilities	6,798	1,097,408	7,529	100,024	53,793
Operating and maintenance - buildings	12,839	32,336	19,333	25,655	11,582
Operating and maintenance - grounds	-	-	-	2,207	-
Operating and maintenance - equipment	1,496	12,581	4,199	11,655	7,577
Operating and maintenance - vehicles	7,500	1,610	18,586	84,916	516,288
Operating and maintenance - computer services	7,889	30,383	9,443	49,961	59,886
Rentals	1,980	5,045	4,438	-	6,000
Judgments and claims	18,923	9,613	7,000	53,880	161,448
Dues and subscriptions	24,943	2,736	5,294	1,105	1,381
Public relations	3,087	500	1,500	1,652	894
Refunds	-	3,600	50	-	-
Job training	11,048	8,423	4,742	21,423	26,663
Safety	-	-	-	37,115	-
Hospital and medical	11,570	-	-	13,346	100,101
Total contractual services & supplies	<u>676,049</u>	<u>1,471,707</u>	<u>191,815</u>	<u>676,598</u>	<u>1,885,840</u>
<b>Capital outlay:</b>					
Buildings	-	-	-	-	-
Improvements other than buildings	222,942	41,978	-	-	-
Machinery and equipment	8,700	264,478	8,236	609,043	28,226
Vehicles	-	-	13,376	-	-
Total capital outlay	<u>231,642</u>	<u>306,456</u>	<u>21,612</u>	<u>609,043</u>	<u>28,226</u>
<b>Debt service:</b>					
Principal	-	42,555	-	327,377	-
Interest	-	28,669	-	9,992	-
Total debt service	<u>-</u>	<u>71,224</u>	<u>-</u>	<u>337,369</u>	<u>-</u>
<b>Transfers and other charges:</b>					
Transfer to other funds	951,608	-	215,077	-	51,524
Special projects	73,100	35,001	211,665	3,180	1,183
Miscellaneous contributions	536,010	3,000	4,000	-	1,000
Other projects and charges	6,711	-	-	-	-
Total transfers and other charges	<u>1,567,429</u>	<u>38,001</u>	<u>430,742</u>	<u>3,180</u>	<u>53,707</u>
<b>Total General Fund expenditures - 2008</b>	<u>3,738,096</u>	<u>3,112,192</u>	<u>1,612,193</u>	<u>6,671,168</u>	<u>7,377,687</u>
<b>Total General Fund expenditures - 2007</b>	<u>7,028,637</u>	<u>2,622,190</u>	<u>1,537,624</u>	<u>6,284,378</u>	<u>6,888,210</u>
<b>Increase (decrease)</b>	<u>\$ (3,290,541)</u>	<u>490,002</u>	<u>74,569</u>	<u>386,790</u>	<u>489,477</u>

**SCHEDULE 6**

<u>Homeland Security</u>	<u>Public Works</u>	<u>Parks, Recreation &amp; Cultural Affairs</u>	<u>Arts District Parking Garage</u>	<u>Totals</u>		<u>Increase (Decrease)</u>
				<u>2008</u>	<u>2007</u>	
209,496	2,187,308	805,675	63,791	13,139,608	12,541,582	598,026
437	126,582	21,481	-	782,239	671,527	110,712
19,526	6,979	298,474	-	358,252	348,148	10,104
65,754	789,502	296,624	-	4,522,226	4,291,524	230,702
<u>295,213</u>	<u>3,110,371</u>	<u>1,422,254</u>	<u>63,791</u>	<u>18,802,325</u>	<u>17,852,781</u>	<u>949,544</u>
1,366	2,081	1,865	557	30,530	31,951	(1,421)
10,297	82,175	65,090	361	219,450	207,448	12,002
5,094	5,985	20,197	66	50,610	43,497	7,113
2,098	10,196	3,152	295	79,445	106,382	(26,937)
-	110,669	12,695	119	123,777	115,088	8,689
3,272	7,223	6,113	-	24,938	21,964	2,974
30,009	3,340	71,626	58,055	1,058,181	895,701	162,480
9,042	6,094	2,539	3,103	146,096	136,357	9,739
510	1,857	1,680	44	40,184	15,562	24,622
11,136	3,740	1,058	961	99,939	96,643	3,296
-	109	-	-	223	1,850	(1,627)
700	229	-	-	30,321	30,879	(558)
505	-	5,527	-	16,346	23,223	(6,877)
23,137	259,123	71,290	8,748	1,164,123	1,223,793	(59,670)
17,116	59,674	185,892	1,184	1,529,418	1,401,669	127,749
4,297	18,450	40,548	3,342	168,382	124,516	43,866
3,636	9,664	43,158	-	58,665	61,805	(3,140)
16,727	51,233	46,487	10,388	162,343	172,545	(10,202)
39,798	251,830	61,288	-	981,816	750,355	231,461
12,243	18,491	9,637	-	197,933	182,330	15,603
-	39	5,766	-	23,268	44,835	(21,567)
4,214	81,676	48,351	-	385,105	343,649	41,456
1,320	2,733	494	-	40,006	30,463	9,543
6,300	750	500	-	15,183	12,944	2,239
-	-	-	120	3,770	2,426	1,344
4,233	3,890	600	-	81,022	98,647	(17,625)
8,301	8,393	4,202	-	58,011	43,503	14,508
-	300	-	-	125,317	76,874	48,443
<u>215,351</u>	<u>999,944</u>	<u>709,755</u>	<u>87,343</u>	<u>6,914,402</u>	<u>6,296,899</u>	<u>617,503</u>
13,650	13,253	9,330	-	36,233	17,999	18,234
-	-	-	-	264,920	193,711	71,209
10,136	19,184	16,116	-	964,119	1,056,615	(92,496)
2,620	-	-	-	15,996	144,609	(128,613)
<u>26,406</u>	<u>32,437</u>	<u>25,446</u>	<u>-</u>	<u>1,281,268</u>	<u>1,412,934</u>	<u>(131,666)</u>
-	20,653	-	-	390,585	166,463	224,122
-	480	-	-	39,141	38,341	800
-	21,133	-	-	429,726	204,804	224,922
-	-	105,000	-	1,323,209	4,918,410	(3,595,201)
1,376	35,943	56,897	-	418,345	712,723	(294,378)
-	-	5,000	-	549,010	392,295	156,715
-	-	-	-	6,711	89,297	(82,586)
<u>1,376</u>	<u>35,943</u>	<u>166,897</u>	<u>-</u>	<u>2,297,275</u>	<u>6,112,725</u>	<u>(3,815,450)</u>
538,346	4,199,828	2,324,352	151,134	29,724,996	31,880,143	(2,155,147)
<u>507,545</u>	<u>4,674,082</u>	<u>2,168,568</u>	<u>168,909</u>	<u>31,880,143</u>		
<u>30,801</u>	<u>(474,254)</u>	<u>155,784</u>	<u>(17,775)</u>	<u>(2,155,147)</u>		

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## **NONMAJOR ENTERPRISE FUNDS**

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

**Golf Course** – This fund is used to account for the activities of the City's public golf course.

**Union Station** – This fund reflects the operating results of the multi-modal facility located in the downtown area of the City.

**Concessions** – This fund is used to account for the activities of the City's concession stands at the softball parks.

**SCHEDULE 7****CITY OF MERIDIAN, MISSISSIPPI**

Combining Statement of Net Assets

Nonmajor Enterprise Funds

September 30, 2008

	<u>Golf Course</u>	<u>Union Station</u>	<u>Concessions</u>	<b>Total Nonmajor Enterprise Funds</b>
<b><u>ASSETS</u></b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 78,439	109,460	33,168	221,067
Receivables - miscellaneous	-	3,587	-	3,587
Due from component units	-	2,095	-	2,095
Inventory	30,561	-	3,175	33,736
Prepaid items	833	1,017	-	1,850
	<u>109,833</u>	<u>116,159</u>	<u>36,343</u>	<u>262,335</u>
<b>Total current assets</b>				
<b>Capital assets:</b>				
Buildings	126,628	-	-	126,628
Improvements other than buildings	113,067	-	-	113,067
Machinery and equipment	399,977	29,536	-	429,513
Total capital assets	639,672	29,536	-	669,208
Less accumulated depreciation	(589,511)	(13,828)	-	(603,339)
	<u>50,161</u>	<u>15,708</u>	<u>-</u>	<u>65,869</u>
<b>Capital assets (net of accumulated depreciation)</b>				
	<u>50,161</u>	<u>15,708</u>	<u>-</u>	<u>65,869</u>
<b>Total assets</b>	<u>159,994</u>	<u>131,867</u>	<u>36,343</u>	<u>328,204</u>
<b><u>LIABILITIES</u></b>				
<b>Current liabilities:</b>				
Accounts payable	12,797	45,476	2,387	60,660
Accrued liabilities:				
Payroll	15,434	4,919	194	20,547
Sales tax	1,069	-	790	1,859
Due to municipal supply fund	29	2	-	31
Current portion of capital leases	220	-	-	220
	<u>29,549</u>	<u>50,397</u>	<u>3,371</u>	<u>83,317</u>
<b>Total current liabilities</b>				
	<u>29,549</u>	<u>50,397</u>	<u>3,371</u>	<u>83,317</u>
<b>Noncurrent liabilities -</b>				
Capital lease payable, net of current portion	2,047	-	-	2,047
	<u>2,047</u>	<u>-</u>	<u>-</u>	<u>2,047</u>
<b>Total liabilities</b>	<u>31,596</u>	<u>50,397</u>	<u>3,371</u>	<u>85,364</u>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	47,894	15,708	-	63,602
Unrestricted	80,504	65,762	32,972	179,238
	<u>80,504</u>	<u>65,762</u>	<u>32,972</u>	<u>179,238</u>
<b>Total net assets</b>	<u>\$ 128,398</u>	<u>81,470</u>	<u>32,972</u>	<u>242,840</u>

**SCHEDULE 8****CITY OF MERIDIAN, MISSISSIPPI**

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2008

	<u>Golf Course</u>	<u>Union Station</u>	<u>Concessions</u>	<b>Total Nonmajor Enterprise Funds</b>
<b>Operating revenues:</b>				
Charges for sales and services:				
Memberships	\$ 68,769	-	-	68,769
Green fees	76,864	-	-	76,864
Cart rental	61,395	-	-	61,395
Concessions	111,016	-	40,426	151,442
Rental income	-	102,714	-	102,714
Miscellaneous	<u>165</u>	<u>-</u>	<u>2,523</u>	<u>2,688</u>
Total operating revenues	<u>318,209</u>	<u>102,714</u>	<u>42,949</u>	<u>463,872</u>
<b>Operating expenses:</b>				
Personnel services	191,646	86,064	9,786	287,496
Supplies and materials	107,989	10,879	19,664	138,532
Rent and utilities	21,345	42,196	-	63,541
Operation, maintenance, and repairs	78,753	93,976	-	172,729
Depreciation	9,435	1,963	-	11,398
Miscellaneous	<u>9,893</u>	<u>95,159</u>	<u>2,795</u>	<u>107,847</u>
Total operating expenses	<u>419,061</u>	<u>330,237</u>	<u>32,245</u>	<u>781,543</u>
<b>Operating income (loss)</b>	<u>(100,852)</u>	<u>(227,523)</u>	<u>10,704</u>	<u>(317,671)</u>
<b>Nonoperating revenues (expenses):</b>				
Interest income	661	2,868	645	4,174
Interest expense	<u>(140)</u>	<u>-</u>	<u>-</u>	<u>(140)</u>
Total nonoperating revenues (expenses)	<u>521</u>	<u>2,868</u>	<u>645</u>	<u>4,034</u>
<b>Income (loss) before transfers in</b>	<u>(100,331)</u>	<u>(224,655)</u>	<u>11,349</u>	<u>(313,637)</u>
<b>Transfers in</b>	<u>105,000</u>	<u>200,000</u>	<u>-</u>	<u>305,000</u>
<b>Change in net assets</b>	4,669	(24,655)	11,349	(8,637)
<b>Net assets, October 1, 2007</b>	<u>123,729</u>	<u>106,125</u>	<u>21,623</u>	<u>251,477</u>
<b>Net assets, September 30, 2008</b>	\$ <u>128,398</u>	<u>81,470</u>	<u>32,972</u>	<u>242,840</u>

**SCHEDULE 9**

**CITY OF MERIDIAN, MISSISSIPPI**  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Fiscal Year Ended September 30, 2008

	<u>Golf Course</u>	<u>Union Station</u>	<u>Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 318,209	105,621	42,949	466,779
Payments to suppliers	(209,822)	(239,107)	(20,927)	(469,856)
Payments to employees	<u>(191,819)</u>	<u>(85,628)</u>	<u>(9,788)</u>	<u>(287,235)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>(83,432)</u>	<u>(219,114)</u>	<u>12,234</u>	<u>(290,312)</u>
<b>Cash flows from noncapital financing activities -</b>				
Transfers from other funds	<u>105,000</u>	<u>200,000</u>	<u>-</u>	<u>305,000</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	(10,163)	-	-	(10,163)
Principal payments - capital lease	(208)	-	-	(208)
Interest payments - capital lease	<u>(140)</u>	<u>-</u>	<u>-</u>	<u>(140)</u>
<b>Net cash used in capital and related financing activities</b>	<u>(10,511)</u>	<u>-</u>	<u>-</u>	<u>(10,511)</u>
<b>Cash flows from investing activities -</b>				
Interest received	<u>661</u>	<u>2,868</u>	<u>645</u>	<u>4,174</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	11,718	(16,246)	12,879	8,351
<b>Cash and cash equivalents, October 1, 2007</b>	<u>66,721</u>	<u>125,706</u>	<u>20,289</u>	<u>212,716</u>
<b>Cash and cash equivalents, September 30, 2008</b>	\$ <u>78,439</u>	<u>109,460</u>	<u>33,168</u>	<u>221,067</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ <u>(100,852)</u>	<u>(227,523)</u>	<u>10,704</u>	<u>(317,671)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	9,435	1,963	-	11,398
Changes in assets and liabilities:				
Accounts receivable	-	3,729	-	3,729
Due from component units	-	(823)	-	(823)
Inventory	6,505	-	(19)	6,486
Prepaid items	2	26	-	28
Accounts payable	1,681	3,075	1,345	6,101
Accrued liabilities	(232)	437	204	409
Due to other funds	<u>29</u>	<u>2</u>	<u>-</u>	<u>31</u>
Total adjustments	<u>17,420</u>	<u>8,409</u>	<u>1,530</u>	<u>27,359</u>
<b>Net cash provided by (used in) operating activities</b>	\$ <u>(83,432)</u>	<u>(219,114)</u>	<u>12,234</u>	<u>(290,312)</u>

## **INTERNAL SERVICE FUNDS**

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City and to other governmental units on a cost reimbursement basis.

**Municipal Supply Fund** – This fund is used to account for City garage and fuel activity.

**Municipal Office Supply Fund** – This fund is used to account for City office supply activity.

**Health and Life Insurance Reserve Fund** – This fund is used to account for the receipts and disbursements of claims paid by the City for employee health and life insurance.

**Unemployment Compensation Fund** – This fund is used to account for the claims paid by the City for unemployment compensation.

**CITY OF MERIDIAN, MISSISSIPPI**  
Combining Statement of Net Assets  
Internal Service Funds  
September 30, 2008

	<u>Municipal Supply</u>	<u>Municipal Office Supply</u>	<u>Health and Life Insurance Reserve</u>	<u>Unemployment Compensation</u>	<u>Total Internal Service Funds</u>
<b><u>ASSETS</u></b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 100,357	8,094	526,062	1,266	635,779
Receivables - miscellaneous	-	-	40,594	-	40,594
Due from other funds:					
General fund	72,237	-	-	-	72,237
Water and sewer fund	31,159	-	-	-	31,159
Waste collection & disposal fund	1	-	-	-	1
Golf course fund	29	-	-	-	29
Concessions fund	2	-	-	-	2
Due from component unit	17,232	-	-	-	17,232
Inventory	<u>57,433</u>	<u>1,598</u>	<u>-</u>	<u>-</u>	<u>59,031</u>
<b>Total current assets</b>	<u>278,450</u>	<u>9,692</u>	<u>566,656</u>	<u>1,266</u>	<u>856,064</u>
<b><u>LIABILITIES</u></b>					
<b>Current liabilities:</b>					
Accounts payable	47,078	344	321,807	-	369,229
Due to general fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,266</u>	<u>1,266</u>
<b>Total current liabilities</b>	<u>47,078</u>	<u>344</u>	<u>321,807</u>	<u>1,266</u>	<u>370,495</u>
<b><u>NET ASSETS</u></b>					
Unrestricted	\$ <u>231,372</u>	<u>9,348</u>	<u>244,849</u>	<u>-</u>	<u>485,569</u>

**SCHEDULE 11****CITY OF MERIDIAN, MISSISSIPPI**

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

Internal Service Funds

For the Fiscal Year Ended September 30, 2008

	<u>Municipal Supply</u>	<u>Municipal Office Supply</u>	<u>Health and Life Insurance Reserve</u>	<u>Unemployment Compensation</u>	<u>Total Internal Service Funds</u>
<b>Operating revenues:</b>					
Charges for sales and services	\$ 421,956	3,230	-	-	425,186
Premiums	-	-	2,867,631	-	2,867,631
Reinsurance reimbursement	-	-	245,311	-	245,311
Total operating revenues	<u>421,956</u>	<u>3,230</u>	<u>3,112,942</u>	<u>-</u>	<u>3,538,128</u>
<b>Operating expenses:</b>					
Administration fees	-	-	500,694	-	500,694
Costs of sales and services	424,223	4,304	-	-	428,527
Claims paid	-	-	2,522,821	23,042	2,545,863
Total operating expenses	<u>424,223</u>	<u>4,304</u>	<u>3,023,515</u>	<u>23,042</u>	<u>3,475,084</u>
<b>Operating income (loss)</b>	(2,267)	(1,074)	89,427	(23,042)	63,044
<b>Nonoperating revenues -</b>					
Interest income	<u>3,321</u>	<u>219</u>	<u>16,718</u>	<u>-</u>	<u>20,258</u>
<b>Income (loss) before transfers in</b>	1,054	(855)	106,145	(23,042)	83,302
<b>Transfers in</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,308</u>	<u>24,308</u>
<b>Change in net assets</b>	1,054	(855)	106,145	1,266	107,610
<b>Net assets (deficit), October 1, 2007</b>	<u>230,318</u>	<u>10,203</u>	<u>138,704</u>	<u>(1,266)</u>	<u>377,959</u>
<b>Net assets, September 30, 2008</b>	\$ <u><u>231,372</u></u>	<u><u>9,348</u></u>	<u><u>244,849</u></u>	<u><u>-</u></u>	<u><u>485,569</u></u>

**SCHEDULE 12**

**CITY OF MERIDIAN, MISSISSIPPI**  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Fiscal Year Ended September 30, 2008

	<u>Municipal Supply</u>	<u>Municipal Office Supply</u>	<u>Health and Life Insurance Reserve</u>	<u>Unemployment Compensation</u>	<u>Total Internal Service Funds</u>
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 386,077	3,231	3,220,851	-	3,610,159
Payments to suppliers	<u>(422,552)</u>	<u>(4,367)</u>	<u>(3,354,334)</u>	<u>(26,729)</u>	<u>(3,807,982)</u>
<b>Net cash used in operating activities</b>	(36,475)	(1,136)	(133,483)	(26,729)	(197,823)
<b>Cash flows from noncapital financing activities -</b>					
Transfers from other funds	-	-	-	24,308	24,308
<b>Cash flows from investing activities -</b>					
Interest received	<u>3,321</u>	<u>219</u>	<u>16,718</u>	<u>-</u>	<u>20,258</u>
<b>Net decrease in cash and cash equivalents</b>	(33,154)	(917)	(116,765)	(2,421)	(153,257)
<b>Cash and cash equivalents, October 1, 2007</b>	<u>133,511</u>	<u>9,011</u>	<u>642,827</u>	<u>3,687</u>	<u>789,036</u>
<b>Cash and cash equivalents, September 30, 2008</b>	\$ <u>100,357</u>	<u>8,094</u>	<u>526,062</u>	<u>1,266</u>	<u>635,779</u>
<b>Reconciliation of operating income (loss)</b>					
<b>to net cash used in operating activities:</b>					
Operating income (loss)	\$ <u>(2,267)</u>	<u>(1,074)</u>	<u>89,427</u>	<u>(23,042)</u>	<u>63,044</u>
Adjustments to reconcile operating income (loss) to net cash used in operating activities:					
Changes in assets and liabilities:					
Receivables - miscellaneous	-	-	107,909	-	107,909
Due from other funds	(38,460)	-	-	(3,687)	(42,147)
Due from component units	2,581	-	-	-	2,581
Inventory	(2,297)	(46)	-	-	(2,343)
Accounts payable	<u>3,968</u>	<u>(16)</u>	<u>(330,819)</u>	<u>-</u>	<u>(326,867)</u>
Total adjustments	<u>(34,208)</u>	<u>(62)</u>	<u>(222,910)</u>	<u>(3,687)</u>	<u>(260,867)</u>
<b>Net cash used in operating activities</b>	\$ <u>(36,475)</u>	<u>(1,136)</u>	<u>(133,483)</u>	<u>(26,729)</u>	<u>(197,823)</u>

## **FIDUCIARY FUNDS**

### **Agency Funds**

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.

**Firemen & Policemen Disability & Relief** – This fund is used to account for the dedicated property tax assessment and collections forwarded to the Public Employees’ Retirement System (“PERS”) for a closed fire and policemen retirement system managed by PERS.

**General Retirement** – This fund is used to account for the dedicated property tax assessment and collections forwarded to PERS for a closed municipal employee retirement system managed by PERS.

**Meridian Community College** – This fund is used to account for property tax collections and disbursements to Meridian Community College to be used for its operations.

**Meridian Separate School District** – This fund is used to account for property tax collections and disbursements to Meridian Separate School District to be used for operation and maintenance.

**Hospital Insurance** – This fund is used to account for additional amounts withheld from employees’ pay which are held for the purpose of offsetting potential large future rate increases on hospital insurance premiums.

**State Police Fines & Fees** – This fund is used to account for state fines and fees collected by the City Municipal Court for the State of Mississippi.

**Meridian Separate School District Bonds & Interest** – This fund is used to account for property tax collections and disbursements to Meridian Separate School District to be used for debt service reduction.

**SCHEDULE 13**

**CITY OF MERIDIAN, MISSISSIPPI**  
 Combining Statement of Fiduciary Assets and Liabilities  
 Agency Funds  
 September 30, 2008

	<b>Firemen &amp; Policemen Disability &amp; Relief</b>	<b>General Retirement</b>	<b>Meridian Community College</b>	<b>Meridian Separate School District</b>	<b>Hospital Insurance</b>	<b>State Police Fines &amp; Fees</b>	<b>Meridian Separate School District Bonds &amp; Interest</b>	<b>Total Agency Funds</b>
<b><u>ASSETS</u></b>								
Cash and cash equivalents	\$ 89,406	47,400	71,916	597,707	49,319	61,667	68,592	986,007
Intergovernmental receivables- County	<u>12,851</u>	<u>7,140</u>	<u>17,574</u>	<u>137,917</u>	<u>-</u>	<u>-</u>	<u>4,712</u>	<u>180,194</u>
<b>Total assets</b>	\$ <u>102,257</u>	<u>54,540</u>	<u>89,490</u>	<u>735,624</u>	<u>49,319</u>	<u>61,667</u>	<u>73,304</u>	<u>1,166,201</u>
<b><u>LIABILITIES</u></b>								
Intergovernmental payables:								
Schools	\$ -	-	89,490	735,624	-	-	73,304	898,418
PERS	102,257	54,540	-	-	-	-	-	156,797
State	-	-	-	-	-	61,667	-	61,667
Employee insurance withheld	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,319</u>	<u>-</u>	<u>-</u>	<u>49,319</u>
<b>Total liabilities</b>	\$ <u>102,257</u>	<u>54,540</u>	<u>89,490</u>	<u>735,624</u>	<u>49,319</u>	<u>61,667</u>	<u>73,304</u>	<u>1,166,201</u>



**CITY OF MERIDIAN, MISSISSIPPI**  
 Combining Statement of Changes in Fiduciary Assets and Liabilities  
 Agency Funds  
 For the Fiscal Year Ended September 30, 2008

	<b>Balance September 30, 2007</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance September 30, 2008</b>
<b>Meridian Separate School District</b>				
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 552,906	14,051,960	14,007,159	597,707
Intergovernmental - county	<u>109,624</u>	<u>137,917</u>	<u>109,624</u>	<u>137,917</u>
<b>Total assets</b>	\$ <u>662,530</u>	<u>14,189,877</u>	<u>14,116,783</u>	<u>735,624</u>
<b><u>LIABILITIES</u></b>				
Intergovernmental - schools	\$ <u>662,530</u>	<u>14,189,877</u>	<u>14,116,783</u>	<u>735,624</u>
<b>Hospital Insurance</b>				
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ <u>49,372</u>	<u>552,985</u>	<u>553,038</u>	<u>49,319</u>
<b><u>LIABILITIES</u></b>				
Employee insurance withheld	\$ <u>49,372</u>	<u>552,985</u>	<u>553,038</u>	<u>49,319</u>
<b>State Police Fines &amp; Fees</b>				
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ <u>67,168</u>	<u>796,291</u>	<u>801,792</u>	<u>61,667</u>
<b><u>LIABILITIES</u></b>				
Intergovernmental - state	\$ <u>67,168</u>	<u>796,291</u>	<u>801,792</u>	<u>61,667</u>
<b>Meridian Separate School District Bonds &amp; Interest</b>				
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 18,044	1,697,564	1,647,016	68,592
Intergovernmental - county	<u>6,700</u>	<u>4,712</u>	<u>6,700</u>	<u>4,712</u>
<b>Total assets</b>	\$ <u>24,744</u>	<u>1,702,276</u>	<u>1,653,716</u>	<u>73,304</u>
<b><u>LIABILITIES</u></b>				
Intergovernmental - schools	\$ <u>24,744</u>	<u>1,702,276</u>	<u>1,653,716</u>	<u>73,304</u>

*(Continued)*

**CITY OF MERIDIAN, MISSISSIPPI**  
 Combining Statement of Changes in Fiduciary Assets and Liabilities  
 Agency Funds  
 For the Fiscal Year Ended September 30, 2008

	<b>Balance</b>			<b>Balance</b>
	<b>September 30,</b>	<b>Additions</b>	<b>Deletions</b>	<b>September 30,</b>
	<b><u>2007</u></b>			<b><u>2008</u></b>
	<b><u>Total Agency Funds</u></b>			
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 885,685	21,071,602	20,971,280	986,007
Intergovernmental receivables	<u>146,427</u>	<u>180,194</u>	<u>146,427</u>	<u>180,194</u>
<b>Total assets</b>	\$ <u>1,032,112</u>	<u>21,251,796</u>	<u>21,117,707</u>	<u>1,166,201</u>
<b><u>LIABILITIES</u></b>				
Intergovernmental	\$ 982,740	20,698,811	20,564,669	1,116,882
Employee insurance withheld	<u>49,372</u>	<u>552,985</u>	<u>553,038</u>	<u>49,319</u>
<b>Total liabilities</b>	\$ <u>1,032,112</u>	<u>21,251,796</u>	<u>21,117,707</u>	<u>1,166,201</u>

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## NONMAJOR COMPONENT UNITS

**Meridian Transportation Commission** – The Meridian Transportation Commission (“MTC”) (a discretely presented component unit) is a legally separate entity established by resolution of the City Council of the City of Meridian. MTC was established to account for and manage the local public mass transit system.

**Meridian and Bonita Lakes Development Authority** – The Meridian and Bonita Lakes Development Authority (“MBLDA”) (a discretely presented component unit) is a legally separate entity established by resolution of the City Council of the City of Meridian. As such, it is a political subdivision for the purposes of constructing or leasing a convention center and/or coliseum facility and of developing and operating any improvements, lands or structures and commercial activities compatible with a sustained and viable tourism industry within the City of Meridian, the County of Lauderdale or the general geographic region.

**Meridian Redevelopment Authority** – The Meridian Redevelopment Authority (a discretely presented component unit) is a legally separate entity established by the City Council of the City of Meridian to manage the Urban Renewal activities.

Additional information regarding component unit status can be found in note 1 of the notes to the financial statements.

**CITY OF MERIDIAN, MISSISSIPPI**  
Combining Statement of Net Assets  
Nonmajor Component Units  
September 30, 2008

	<u>Meridian Transportation Commission</u>	<u>Meridian and Bonita Lakes Development Authority</u>	<u>Meridian Redevelopment Authority</u>	<u>Total Nonmajor Component Units</u>
<b><u>ASSETS</u></b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 6,429	2,090	390,192	398,711
Investments	8,918	-	-	8,918
Receivables:				
Accounts	400	-	-	400
Intergovernmental - State	26,325	-	-	26,325
Prepaid items	<u>21,262</u>	<u>-</u>	<u>-</u>	<u>21,262</u>
<b>Total current assets</b>	63,334	2,090	390,192	455,616
<b>Capital assets not being depreciated -</b>				
Capital assets held for development	-	-	40,119	40,119
<b>Capital assets (net of accumulated depreciation) -</b>				
Machinery and equipment	<u>195,702</u>	<u>-</u>	<u>-</u>	<u>195,702</u>
<b>Total assets</b>	<u>259,036</u>	<u>2,090</u>	<u>430,311</u>	<u>691,437</u>
<b><u>LIABILITIES</u></b>				
<b>Current liabilities:</b>				
Notes payable	39,700	-	-	39,700
Accounts payable	73,594	-	-	73,594
Accrued liabilities	<u>4,557</u>	<u>-</u>	<u>-</u>	<u>4,557</u>
<b>Total current liabilities</b>	<u>117,851</u>	<u>-</u>	<u>-</u>	<u>117,851</u>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	195,702	-	40,119	235,821
Unrestricted (deficit)	<u>(54,517)</u>	<u>2,090</u>	<u>390,192</u>	<u>337,765</u>
<b>Total net assets</b>	\$ <u>141,185</u>	<u>2,090</u>	<u>430,311</u>	<u>573,586</u>

**CITY OF MERIDIAN, MISSISSIPPI**

Combining Statement of Activities

Nonmajor Component Units

For the Fiscal Year Ended September 30, 2008

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Assets</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Meridian Transportation Commission</u>	<u>Meridian and Bonita Lakes Development Authority</u>	<u>Meridian Redevelopment Authority</u>	<u>Total Nonmajor Component Units</u>
<b>Nonmajor component units:</b>								
Meridian Transportation Commission	\$ 481,928	69,103	385,342	115,841	88,358	-	-	88,358
Meridian and Bonita Lakes Development Authority	3,545	-	4,315	-	-	770	-	770
Meridian Redevelopment Authority	13,172	-	2,600	-	-	-	(10,572)	(10,572)
<b>Total nonmajor component units</b>	<b>\$ 498,645</b>	<b>69,103</b>	<b>392,257</b>	<b>115,841</b>	<b>88,358</b>	<b>770</b>	<b>(10,572)</b>	<b>78,556</b>
<b>General revenues -</b>								
Interest income					-	5	5,349	5,354
<b>Change in net assets</b>					88,358	775	(5,223)	83,910
<b>Net assets, October 1, 2007</b>					<u>52,827</u>	<u>1,315</u>	<u>435,534</u>	<u>489,676</u>
<b>Net assets, September 30, 2008</b>					<u>\$ 141,185</u>	<u>2,090</u>	<u>430,311</u>	<u>573,586</u>

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**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF MERIDIAN, MISSISSIPPI**  
 Schedule Reconciling Original Ad Valorem  
 Tax Rolls to Fund Collections  
 For the Fiscal Year Ended September 30, 2008

	<u>Assessed Value</u>	<u>Millage</u>	<u>Ad Valorem Taxes</u>
<b>City of Meridian:</b>			
Realty	\$ 158,357,204	53.08	\$ 8,405,600
Personal property - other than auto	44,701,481	53.08	2,372,755
Public utilities	22,280,648	53.08	1,182,657
Personal autos - 2006 rates	200	50.08	10
Personal autos - 2007 rates	3,338,481	50.08	167,191
Personal autos - 2008 rates	<u>29,012,902</u>	53.08	<u>1,540,005</u>
<b>Total City of Meridian valuation</b>	\$ <u>257,690,916</u>		13,668,218
Less homestead exemption allowed			<u>(884,086)</u>
<b>Total City ad valorem taxes</b>			12,784,132
<b>Adjustments to original tax roll:</b>			
Realty		(47,499)	
Personal		73,036	
Homestead exemption		(7,952)	
Refund from Chancery Clerk		<u>(327)</u>	17,258
<b>Add:</b>			
Actual homestead reimbursement		579,169	
Motor vehicle rent tax		63,806	
Payments in lieu of taxes		67,624	
Prior year tax collection		44,761	
Mobile homes		6,432	
Aircraft		<u>6,425</u>	<u>768,217</u>
<b>Total City to account for</b>			<u>13,569,607</u>
<b>Separate School District:</b>			
Realty	\$ 165,779,763	68.08	11,286,286
Personal property - other than auto	55,059,676	68.08	3,748,463
Public utilities	29,916,233	68.08	2,036,697
Personal autos - 2006 rates	200	63.65	13
Personal autos - 2007 rates	3,365,189	62.87	211,569
Personal autos - 2008 rates	<u>29,556,783</u>	68.08	<u>2,012,226</u>
<b>Total Separate School District valuation</b>	\$ <u>283,677,844</u>		19,295,254
Less homestead exemption allowed			<u>(1,739,137)</u>
<b>Total Separate School District ad valorem taxes</b>			17,556,117
<b>Adjustments to original tax roll:</b>			
Realty		(61,484)	
Personal		97,653	
Homestead exemption		(8,934)	
Refund from Chancery Clerk		<u>(305)</u>	26,930
<b>Add:</b>			
Prior year tax collection		29,095	
Mobile homes		21,047	<u>50,142</u>
<b>Total Separate School District to account for</b>			<u>17,633,189</u>
<b>Total City of Meridian and Separate School District to account for</b>			\$ <u>31,202,796</u>

*(Continued)*

**CITY OF MERIDIAN, MISSISSIPPI**  
 Schedule Reconciling Original Ad Valorem  
 Tax Rolls to Fund Collections  
 For the Fiscal Year Ended September 30, 2008

	<u>Taxes</u>	<u>Homestead Reimbursement</u>	<u>Total</u>
<b>Accounted for as follows:</b>			
General Fund	\$ 7,990,576	362,581	8,353,157
General Fund - Pilot	67,624	-	67,624
General Bond & Interest	2,697,639	122,097	2,819,736
School Bond & Interest	1,697,565	-	1,697,565
Police & Fire Disability	1,361,473	61,758	1,423,231
General Retirement	722,558	32,734	755,292
School Fund	<u>15,735,549</u>	<u>-</u>	<u>15,735,549</u>
<b>Total accounted for</b>	\$ <u>30,272,984</u>	<u>579,170</u>	30,852,154
<b>Balance represented by:</b>			
Real property held from tax sale			22,519
Unpaid personal property			98,747
Held by tax collector			18,070
Sold to state			14,165
Tax collector's commission			196,541
Unaccounted for			<u>600</u>
<b>Total ad valorem taxes</b>			\$ <u>31,202,796</u>

**SCHEDULE 18****CITY OF MERIDIAN, MISSISSIPPI**

## Schedule of Investments

September 30, 2008

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
<b>General fund - unrestricted:</b>				
Certificate of deposit	07/08/08	01/06/09	3.13%	\$ 675,000
Certificate of deposit	07/09/08	01/09/09	3.35%	<u>675,000</u>
<b>Total general fund investments - unrestricted</b>				\$ <u>1,350,000</u>
<b>Proprietary funds - restricted:</b>				
Certificate of deposit	06/28/08	12/27/08	2.98%	179,860
Federal Home Loan Mortgage Corporate Discount Notes	-	12/15/08	-	686,000
Federal National Mortgage Association Discount Notes	-	12/15/08	-	73,000
United States Treasury Bill	-	12/26/08	-	971,000
United States Treasury Bill	-	11/20/08	-	428,000
Federated Government Obligations	-	-	-	975
Federated Government Obligations	-	-	-	38
United States Treasury Bill	-	11/16/08	-	200
United States Treasury Note	-	11/15/08	-	<u>304,000</u>
<b>Total proprietary funds investments - restricted</b>				\$ <u>2,643,073</u>

**CITY OF MERIDIAN, MISSISSIPPI**  
Schedule of Surety Bonds for Municipal Officials  
September 30, 2008

<u>Name</u>	<u>Position</u>	<u>Insurance Company</u>	<u>Bond</u>
John Robert Smith	Mayor	The St. Paul Companies	\$ 50,000 *
George M Thomas	Councilman	Union Insurance Company	100,000
Mary A. B. Perry	Councilman	Union Insurance Company	100,000
Barbara Henson	Councilman	Union Insurance Company	100,000
Jesse E. Palmer, Sr.	Councilman	Union Insurance Company	100,000
John C. Harris	Councilman	Union Insurance Company	100,000
Kenneth Storms	Chief Administrative Officer	Union Insurance Company	50,000
Ed Skipper	City Clerk/CFO	Union Insurance Company	50,000
Blanket Policy	All city employees	The St. Paul Companies	50,000

\* Bond coverage for the City's Mayor represents coverage under the blanket bond for all City employees. The City Chief Administrative Officer and Clerk/Treasurer are covered under special fidelity bonds for \$50,000.

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**CITY OF MERIDIAN, MISSISSIPPI**  
 Schedule of Changes in Long-Term Debt  
 For the Fiscal Year Ended September 30, 2008

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance September 30, 2007</u>	<u>Principal Payments</u>	<u>New Issues</u>	<u>Balance September 30, 2008</u>
<b><u>Governmental activities:</u></b>							
Public Improvements of 1993	08/01/1993	3.8-5.4%	\$ 1,160,000	110,000	110,000	-	-
Public Improvements of 1998	03/01/1998	4.2-6.0%	4,500,000	2,220,000	325,000	-	1,895,000
Public Improvement of 1999	04/01/1999	4.1-5.7%	1,150,000	640,000	80,000	-	560,000
Public Improvement of 2000	05/01/2000	4.4-6.25%	1,100,000	395,000	125,000	-	270,000
Public Improvement of 2003	07/01/2003	3.25-4.125%	6,000,000	4,765,000	345,000	-	4,420,000
Public Improvement of 2006	06/01/2006	4.0-5.5%	10,000,000	9,685,000	330,000	-	9,355,000
Water and Sewer Improvement of 2007	04/01/2007	3.75-5.25%	3,600,000	3,600,000	115,000	-	3,485,000
Public Improvement of 2008	04/22/2008	2.6-3.65%	1,000,000	-	-	1,000,000	1,000,000
Total general obligations bonds			<u>28,510,000</u>	<u>21,415,000</u>	<u>1,430,000</u>	<u>1,000,000</u>	<u>20,985,000</u>
Special Obligation Bonds 2003A	07/01/2003	2.75-4.5%	5,500,000	4,765,000	200,000	-	4,565,000
Special Obligation Bonds 2003B	07/01/2003	3.3-3.375%	1,500,000	1,320,000	50,000	-	1,270,000
Total special obligation bonds			<u>7,000,000</u>	<u>6,085,000</u>	<u>250,000</u>	<u>-</u>	<u>5,835,000</u>
Limited Obligation Tax Increment Bonds	12/01/1996	9.0%	4,160,000	520,000	520,000	-	-
Limited Obligation Tax Increment Bonds	09/01/2000	9.0%	2,200,000	1,675,000	205,000	-	1,470,000
Limited Obligation Tax Increment Bonds	12/01/2000	9.0%	1,100,000	765,000	100,000	-	665,000
Total tax increment bonds			<u>7,460,000</u>	<u>2,960,000</u>	<u>825,000</u>	<u>-</u>	<u>2,135,000</u>
Revolving loan - capital improvements	06/01/2001	3.00%	1,000,000	631,433	64,965	-	566,468
Total promissory loans			<u>1,000,000</u>	<u>631,433</u>	<u>64,965</u>	<u>-</u>	<u>566,468</u>
Taxable Negotiable Notes	09/28/2006	5.45%	1,225,000	1,005,305	231,676	-	773,629
Total taxable negotiable notes			<u>1,225,000</u>	<u>1,005,305</u>	<u>231,676</u>	<u>-</u>	<u>773,629</u>
Special Street Improvements	08/01/1995	4.8-6.75%	1,920,000	1,060,000	105,000	-	955,000
Special Assessment Public Improvement	06/01/1996	4.7-6.7%	2,000,000	1,190,000	105,000	-	1,085,000
Special Assessment Public Improvement	06/01/2000	5.2-6.25%	1,125,000	870,000	45,000	-	825,000
Special Assessment Public Imp 2001	08/01/2001	4.5-6.0%	500,000	400,000	20,000	-	380,000
Total special assessment			<u>5,545,000</u>	<u>3,520,000</u>	<u>275,000</u>	<u>-</u>	<u>3,245,000</u>
CitiCapital Lease - energy saving equipment	05/21/2002	5.87%	709,066	511,995	42,555	-	469,440
Hancock Bank - fire truck	02/17/2005	3.09%	311,762	106,360	106,360	-	-
Trustmark Lease - backhoe	08/15/2007	4.14%	40,941	40,941	20,652	-	20,289
Trustmark Lease - fire truck	08/27/2007	4.14%	649,617	649,617	221,017	-	428,600
Trustmark Lease - rescue pumper	04/04/2008	2.85%	364,800	-	-	364,800	364,800
Total capital leases			<u>2,076,186</u>	<u>1,308,913</u>	<u>390,584</u>	<u>364,800</u>	<u>1,283,129</u>
<b>Total governmental activities</b>			<b>\$ <u>52,816,186</u></b>	<b><u>36,925,651</u></b>	<b><u>3,467,225</u></b>	<b><u>1,364,800</u></b>	<b><u>34,823,226</u></b>
<b><u>Business-type activities:</u></b>							
Water and Sewer Revenue	07/01/1994	6.0-6.5%	\$ 9,710,000	3,355,000	735,000	-	2,620,000
Water and Sewer Revenue	12/01/1995	4.6-6.5%	5,000,000	2,965,000	260,000	-	2,705,000
Water and Sewer Revenue	10/01/1997	4.5-6.375%	5,000,000	3,380,000	230,000	-	3,150,000
Water and Sewer Revenue	06/01/2000	5.0-6.25%	2,000,000	1,560,000	80,000	-	1,480,000
Total revenue bonds			<u>21,710,000</u>	<u>11,260,000</u>	<u>1,305,000</u>	<u>-</u>	<u>9,955,000</u>
Water and sewer promissory loan	12/01/1998	4.7-6.125%	5,300,000	4,505,000	175,000	-	4,330,000
Loan - capital improvements	01/01/2001	3.00%	360,000	125,961	38,368	-	87,593
Water and sewer promissory loan	11/29/2001	2.3-5.125%	3,100,000	2,670,000	95,000	-	2,575,000
Water and sewer promissory loan	07/01/2003	2.6-3.25%	7,590,000	5,135,000	665,000	-	4,470,000
Water and sewer promissory loan	03/24/2004	1.0-5.0%	2,900,000	2,615,000	105,000	-	2,510,000
Total promissory loans			<u>19,250,000</u>	<u>15,050,961</u>	<u>1,078,368</u>	<u>-</u>	<u>13,972,593</u>
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	1,053,181	753,589	63,208	-	690,381
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	3,460	2,475	208	-	2,267
Trustmark lease - flush truck	07/20/2007	4.14%	139,474	139,474	47,060	-	92,414
Total capital leases			<u>1,196,115</u>	<u>895,538</u>	<u>110,476</u>	<u>-</u>	<u>785,062</u>
<b>Total business-type activities</b>			<b>\$ <u>42,156,115</u></b>	<b><u>27,206,499</u></b>	<b><u>2,493,844</u></b>	<b><u>-</u></b>	<b><u>24,712,655</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**  
Schedule of Long-Term Debt Maturities  
September 30, 2008

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance September 30, 2008</u>	<u>2009</u>
<b><u>Governmental activities:</u></b>					
Public Improvements of 1998	03/01/1998	4.2-6.0%	\$ 4,500,000	1,895,000	340,000
Public Improvement of 1999	04/01/1999	4.1-5.7%	1,150,000	560,000	85,000
Public Improvement of 2000	05/01/2000	4.4-6.25%	1,100,000	270,000	130,000
Public Improvement of 2003	07/01/2003	3.25-4.125%	6,000,000	4,420,000	360,000
Public Improvement of 2006	06/01/2006	4.0-5.5%	10,000,000	9,355,000	345,000
Water and Sewer Improvement of 2007	04/01/2007	3.75-5.25%	3,600,000	3,485,000	120,000
Public Improvement of 2008	04/22/2008	2.6-3.65%	1,000,000	1,000,000	50,000
Total general obligations bonds			<u>27,350,000</u>	<u>20,985,000</u>	<u>1,430,000</u>
Special Obligation Bonds 2003A	07/01/2003	2.75-4.5%	5,500,000	4,565,000	215,000
Special Obligation Bonds 2003B	07/01/2003	3.3-3.375%	1,500,000	1,270,000	55,000
Total special obligation bonds			<u>7,000,000</u>	<u>5,835,000</u>	<u>270,000</u>
Limited Obligation Tax Increment Bonds (TIF)	09/01/2000	9.0%	2,200,000	1,470,000	255,000
Limited Obligation Tax Increment Bonds (TIF)	12/01/2000	9.0%	1,100,000	665,000	110,000
Total tax increment bonds			<u>3,300,000</u>	<u>2,135,000</u>	<u>365,000</u>
Revolving loan - capital improvements	06/01/2001	3.00%	1,000,000	566,468	66,608
Total promissory loans			<u>1,000,000</u>	<u>566,468</u>	<u>66,608</u>
Taxable Negotiable Notes	09/28/2006	5.45%	1,225,000	773,629	244,311
Total taxable negotiable notes			<u>1,225,000</u>	<u>773,629</u>	<u>244,311</u>
Special Street Improvements	08/01/1995	4.8-6.75%	1,920,000	955,000	110,000
Special Assessment Public Improvement	06/01/1996	4.7-6.7%	2,000,000	1,085,000	110,000
Special Assessment Public Improvement	06/01/2000	5.2-6.25%	1,125,000	825,000	50,000
Special Assessment Public Imp 2001	08/01/2001	4.5-6.0%	500,000	380,000	20,000
Total special assessment			<u>5,545,000</u>	<u>3,245,000</u>	<u>290,000</u>
CitiCapital Lease - energy saving equipment	05/21/2002	5.87%	709,066	469,440	45,123
Trustmark Lease - backhoe	08/15/2007	4.14%	40,941	20,289	20,289
Trustmark Lease - fire truck	08/27/2007	4.14%	649,617	428,600	209,930
Trustmark Lease - rescue pumper	04/04/2008	2.85%	364,800	364,800	120,639
Total capital leases			<u>1,764,424</u>	<u>1,283,129</u>	<u>395,981</u>
<b>Total governmental activities</b>			<b>\$ <u>47,184,424</u></b>	<b><u>34,823,226</u></b>	<b><u>3,061,900</u></b>
<b><u>Business-type activities:</u></b>					
Water and Sewer Revenue	07/01/1994	6.0-6.5%	\$ 9,710,000	2,620,000	775,000
Water and Sewer Revenue	12/01/1995	4.6-6.5%	5,000,000	2,705,000	275,000
Water and Sewer Revenue	10/01/1997	4.5-6.375%	5,000,000	3,150,000	245,000
Water and Sewer Revenue	06/01/2000	5.0-6.25%	2,000,000	1,480,000	85,000
Total revenue bonds			<u>21,710,000</u>	<u>9,955,000</u>	<u>1,380,000</u>
Water and sewer promissory loan	12/01/1998	4.7-6.125%	5,300,000	4,330,000	185,000
Loan - capital improvements	01/01/2001	3.00%	360,000	87,593	39,535
Water and sewer promissory loan	11/29/2001	2.3-5.125%	3,100,000	2,575,000	95,000
Water and sewer promissory loan	07/01/2003	2.6-3.25%	7,590,000	4,470,000	685,000
Water and sewer promissory loan	03/24/2004	1.0-5.0%	2,900,000	2,510,000	110,000
Total promissory loans			<u>19,250,000</u>	<u>13,972,593</u>	<u>1,114,535</u>
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	1,053,181	690,381	67,022
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	3,460	2,267	220
Trustmark lease - flush truck	07/20/2007	4.14%	139,474	92,414	45,265
Total capital leases			<u>1,196,115</u>	<u>785,062</u>	<u>112,507</u>
<b>Total business-type activities</b>			<b>\$ <u>42,156,115</u></b>	<b><u>24,712,655</u></b>	<b><u>2,607,042</u></b>

**SCHEDULE 21**

**Maturities for the Years Ended September 30,**

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 - 2018</u>	<u>2019 - 2023</u>	<u>2024 - 2028</u>
360,000	380,000	395,000	420,000	-	-	-
85,000	90,000	95,000	100,000	105,000	-	-
140,000	-	-	-	-	-	-
375,000	390,000	410,000	430,000	2,455,000	-	-
360,000	375,000	400,000	410,000	2,365,000	2,970,000	2,130,000
125,000	130,000	135,000	145,000	820,000	1,015,000	995,000
50,000	55,000	55,000	60,000	330,000	400,000	-
<u>1,495,000</u>	<u>1,420,000</u>	<u>1,490,000</u>	<u>1,565,000</u>	<u>6,075,000</u>	<u>4,385,000</u>	<u>3,125,000</u>
225,000	235,000	250,000	260,000	1,490,000	1,890,000	-
60,000	60,000	65,000	70,000	405,000	555,000	-
<u>285,000</u>	<u>295,000</u>	<u>315,000</u>	<u>330,000</u>	<u>1,895,000</u>	<u>2,445,000</u>	-
270,000	290,000	315,000	340,000	-	-	-
120,000	135,000	145,000	155,000	-	-	-
<u>390,000</u>	<u>425,000</u>	<u>460,000</u>	<u>495,000</u>	-	-	-
68,634	70,721	72,872	75,089	212,544	-	-
<u>68,634</u>	<u>70,721</u>	<u>72,872</u>	<u>75,089</u>	<u>212,544</u>	-	-
257,634	271,684	-	-	-	-	-
<u>257,634</u>	<u>271,684</u>	-	-	-	-	-
120,000	125,000	135,000	145,000	320,000	-	-
115,000	125,000	130,000	140,000	465,000	-	-
50,000	55,000	60,000	60,000	370,000	180,000	-
20,000	25,000	25,000	25,000	155,000	110,000	-
<u>305,000</u>	<u>330,000</u>	<u>350,000</u>	<u>370,000</u>	<u>1,310,000</u>	<u>290,000</u>	-
47,847	50,734	53,796	57,043	214,897	-	-
-	-	-	-	-	-	-
218,670	-	-	-	-	-	-
120,342	123,819	-	-	-	-	-
<u>386,859</u>	<u>174,553</u>	<u>53,796</u>	<u>57,043</u>	<u>214,897</u>	-	-
<u>3,188,127</u>	<u>2,986,958</u>	<u>2,741,668</u>	<u>2,892,132</u>	<u>9,707,441</u>	<u>7,120,000</u>	<u>3,125,000</u>
1,845,000	-	-	-	-	-	-
290,000	305,000	325,000	345,000	1,165,000	-	-
260,000	270,000	285,000	305,000	1,785,000	-	-
90,000	95,000	105,000	110,000	665,000	330,000	-
<u>2,485,000</u>	<u>670,000</u>	<u>715,000</u>	<u>760,000</u>	<u>3,615,000</u>	<u>330,000</u>	-
195,000	215,000	225,000	235,000	1,360,000	1,915,000	-
34,236	13,822	-	-	-	-	-
100,000	105,000	110,000	115,000	650,000	810,000	590,000
710,000	730,000	755,000	780,000	810,000	-	-
115,000	120,000	125,000	130,000	750,000	945,000	215,000
<u>1,154,236</u>	<u>1,183,822</u>	<u>1,215,000</u>	<u>1,260,000</u>	<u>3,570,000</u>	<u>3,670,000</u>	<u>805,000</u>
71,067	75,356	79,904	84,727	312,305	-	-
233	247	262	278	1,027	-	-
47,149	-	-	-	-	-	-
<u>118,449</u>	<u>75,603</u>	<u>80,166</u>	<u>85,005</u>	<u>313,332</u>	-	-
<u>3,757,685</u>	<u>1,929,425</u>	<u>2,010,166</u>	<u>2,105,005</u>	<u>7,498,332</u>	<u>4,000,000</u>	<u>805,000</u>

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## STATISTICAL SECTION

This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City’s overall financial health.

<u>Contents</u>	<u>Page</u>
Financial trends .....	139 - 146
<i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	
Revenue capacity .....	147 - 150
<i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i>	
Debt capacity .....	151 - 155
<i>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i>	
Demographic economic information .....	156 - 157
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	
Operating information.....	158 - 160
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	

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**CITY OF MERIDIAN, MISSISSIPPI**  
 Net Assets by Component  
 Last Seven Fiscal Years<sup>1</sup>  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

	<b>Fiscal Year</b>						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental activities:</b>							
Invested in capital assets, net of related debt	\$ 43,469	\$ 43,643	\$ 45,586	\$ 45,997	\$ 48,025	\$ 48,799	\$ 50,692
Restricted	2,447	2,214	1,561	4,009	5,626	6,881	5,810
Unrestricted	<u>4,296</u>	<u>6,496</u>	<u>6,156</u>	<u>5,635</u>	<u>7,197</u>	<u>3,920</u>	<u>4,076</u>
<b>Total governmental activities net assets</b>	<u>\$ 50,212</u>	<u>\$ 52,353</u>	<u>\$ 53,303</u>	<u>\$ 55,641</u>	<u>\$ 60,848</u>	<u>\$ 59,600</u>	<u>\$ 60,578</u>
<b>Business-type activities:</b>							
Invested in capital assets, net of related debt	\$ 23,103	\$ 22,052	\$ 20,624	\$ 19,003	\$ 19,534	\$ 18,938	\$ 17,684
Restricted	4,170	3,362	3,949	4,467	4,021	7,509	7,717
Unrestricted	<u>1,668</u>	<u>1,759</u>	<u>1,454</u>	<u>3,779</u>	<u>3,440</u>	<u>3,354</u>	<u>3,167</u>
<b>Total business-type activities net assets</b>	<u>\$ 28,941</u>	<u>\$ 27,173</u>	<u>\$ 26,027</u>	<u>\$ 27,249</u>	<u>\$ 26,995</u>	<u>\$ 29,801</u>	<u>\$ 28,568</u>
<b>Primary government:</b>							
Invested in capital assets, net of related debt	\$ 66,572	\$ 65,695	\$ 66,210	\$ 65,000	\$ 67,559	\$ 67,737	\$ 68,376
Restricted	6,617	5,576	5,510	8,476	9,647	14,390	13,527
Unrestricted	<u>5,964</u>	<u>8,255</u>	<u>7,610</u>	<u>9,414</u>	<u>10,637</u>	<u>7,274</u>	<u>7,243</u>
<b>Total primary government net assets</b>	<u>\$ 79,153</u>	<u>\$ 79,526</u>	<u>\$ 79,330</u>	<u>\$ 82,890</u>	<u>\$ 87,843</u>	<u>\$ 89,401</u>	<u>\$ 89,146</u>

Source: Audit Reports - Statement of Net Assets

<sup>1</sup>GASB 34 was implemented effective fiscal year 2002, therefore, information from government-wide statements is not available for the fiscal years 1999 through 2001.

CITY OF MERIDIAN, MISSISSIPPI  
 Changes in Net Assets  
 Last Seven Fiscal Years<sup>1</sup>  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

<u>Expenses</u>	<u>Fiscal Year</u>						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities:							
General government	\$ 5,548	\$ 5,291	\$ 5,738	\$ 5,778	\$ 6,209	\$ 6,526	\$ 7,211
Public safety	10,395	10,864	11,981	14,875	16,074	14,976	15,017
Public works	5,608	6,230	6,770	6,650	6,738	6,893	6,567
Culture and recreation	1,609	1,806	1,968	1,975	2,008	2,156	2,390
Economic development	156	85	169	121	105	98	134
Other	71	50	101	127	82	64	6
Interest on long-term debt	1,553	1,390	1,685	1,443	1,333	1,918	1,772
<b>Total governmental activities expenses</b>	<u>24,940</u>	<u>25,716</u>	<u>28,412</u>	<u>30,969</u>	<u>32,549</u>	<u>32,631</u>	<u>33,097</u>
Business-type activities:							
Water and sewer	8,324	10,742	10,381	10,879	11,577	12,218	12,078
Waste collection and disposal	2,174	2,529	2,739	2,234	2,332	2,380	2,401
Golf course	453	433	423	407	394	400	419
Union Station	251	254	284	307	335	323	331
Concessions	41	48	39	41	37	26	32
<b>Total business-type activities expenses</b>	<u>11,243</u>	<u>14,006</u>	<u>13,866</u>	<u>13,868</u>	<u>14,675</u>	<u>15,347</u>	<u>15,261</u>
<b>Total primary government expenses</b>	<u>\$ 36,183</u>	<u>\$ 39,722</u>	<u>\$ 42,278</u>	<u>\$ 44,837</u>	<u>\$ 47,224</u>	<u>\$ 47,978</u>	<u>\$ 48,358</u>
<b>Program revenues</b>							
Governmental activities:							
Charges for services:							
General government	562	827	681	788	1,063	587	640
Public safety	605	853	1,148	2,164	2,484	2,856	1,730
Culture and recreation	110	137	144	135	162	164	180
Operating grants and contributions	792	817	1,168	3,257	3,229	2,194	1,379
Capital grants and contributions	60	280	603	581	2,169	250	500
<b>Total governmental activities program revenues</b>	<u>2,129</u>	<u>2,914</u>	<u>3,744</u>	<u>6,925</u>	<u>9,107</u>	<u>6,051</u>	<u>4,429</u>
Business-type activities:							
Charges for services:							
Water and sewer	9,442	9,002	9,798	10,902	11,036	10,907	11,125
Waste collection and disposal	1,607	1,599	1,580	1,569	1,564	1,560	1,570
Golf course	421	367	346	310	343	324	318
Union Station	90	98	103	97	117	114	103
Concessions	46	45	41	43	36	35	43
Operating grants and contributions	2,823	312	253	8	-	-	-
Capital grants and contributions	-	-	-	1,644	494	740	87
<b>Total business-type activities program revenues</b>	<u>14,429</u>	<u>11,423</u>	<u>12,121</u>	<u>14,573</u>	<u>13,590</u>	<u>13,680</u>	<u>13,246</u>
<b>Total primary government program revenues</b>	<u>\$ 16,558</u>	<u>\$ 14,337</u>	<u>\$ 15,865</u>	<u>\$ 21,498</u>	<u>\$ 22,697</u>	<u>\$ 19,731</u>	<u>\$ 17,675</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI  
 Changes in Net Assets  
 Last Seven Fiscal Years<sup>1</sup>  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<b>Net (expense)/revenue</b>							
Governmental activities	\$ (22,811)	\$ (22,802)	\$ (24,668)	\$ (24,044)	\$ (23,442)	\$ (26,580)	\$ (28,668)
Business-type activities	3,186	(2,583)	(1,745)	705	(1,085)	(1,667)	(2,015)
<b>Total primary government net (expense)/revenue</b>	<b>\$ (19,625)</b>	<b>\$ (25,385)</b>	<b>\$ (26,413)</b>	<b>\$ (23,339)</b>	<b>\$ (24,527)</b>	<b>\$ (28,247)</b>	<b>\$ (30,683)</b>
<b>General revenues and other changes in net assets</b>							
Governmental activities:							
Taxes:							
Property taxes	\$ 9,385	\$ 9,828	\$ 10,107	\$ 10,162	\$ 10,121	\$ 10,098	\$ 10,826
Sales taxes	11,450	11,839	12,179	12,715	14,170	13,574	14,166
Franchise taxes	1,747	1,794	1,845	1,990	2,381	2,587	2,568
County road taxes	651	868	815	798	971	1,040	1,042
Motor fuel taxes	19	19	19	19	19	19	19
Unrestricted grants and contributions	61	68	65	64	69	65	70
Unrestricted investment earnings	173	149	176	259	564	1,131	628
Gain on sale of capital assets	-	21	17	-	-	-	-
Transfers	700	357	395	375	353	(3,182)	327
<b>Total governmental activities general revenues and other changes in net assets</b>	<b>24,186</b>	<b>24,943</b>	<b>25,618</b>	<b>26,382</b>	<b>28,648</b>	<b>25,332</b>	<b>29,646</b>
Business-type activities:							
Property taxes	823	901	882	740	975	811	810
Unrestricted investment earnings	201	270	113	152	210	480	299
Transfers	(700)	(357)	(395)	(375)	(353)	3,182	(327)
<b>Total business-type activities general revenues and other changes in net assets</b>	<b>324</b>	<b>814</b>	<b>600</b>	<b>517</b>	<b>832</b>	<b>4,473</b>	<b>782</b>
<b>Total primary government general revenues and other changes in net assets</b>	<b>\$ 24,510</b>	<b>\$ 25,757</b>	<b>\$ 26,218</b>	<b>\$ 26,899</b>	<b>\$ 29,480</b>	<b>\$ 29,805</b>	<b>\$ 30,428</b>
<b>Change in Net Assets</b>							
Governmental activities	\$ 1,375	\$ 2,141	\$ 950	\$ 2,338	\$ 5,206	\$ (1,248)	\$ 978
Business-type activities	3,510	(1,769)	(1,145)	1,222	(253)	2,806	(1,233)
<b>Total primary government change in net assets</b>	<b>\$ 4,885</b>	<b>\$ 372</b>	<b>\$ (195)</b>	<b>\$ 3,560</b>	<b>\$ 4,953</b>	<b>\$ 1,558</b>	<b>\$ (255)</b>

Source: Audit Reports - Statement of Activities

<sup>1</sup>GASB 34 was implemented effective fiscal year 2002, therefore, information from government-wide statements is not available for the fiscal years 1999 through 2001.

**CITY OF MERIDIAN, MISSISSIPPI**  
Governmental Activities Tax Revenues by Source  
Last Seven Fiscal Years<sup>1</sup>  
(accrual basis of accounting)  
(amounts expressed in thousands)

<b><u>Fiscal Year</u></b>	<b><u>Property Tax</u></b>	<b><u>Sales Tax</u></b>	<b><u>Franchise Tax</u></b>	<b><u>County Road Tax</u></b>	<b><u>Motor Fuel Tax</u></b>	<b><u>Total</u></b>
2002	\$ 9,385	\$ 11,450	\$ 1,747	\$ 651	\$ 19	\$ 23,252
2003	9,828	11,839	1,794	868	19	24,348
2004	10,107	12,179	1,845	815	19	24,965
2005	10,162	12,715	1,990	798	19	25,684
2006	10,121	14,170	2,381	971	19	27,662
2007	10,098	13,574	2,587	1,040	19	27,318
2008	10,826	14,166	2,568	1,042	19	28,621

**Source:** Audit Reports - Statement of Activities

<sup>1</sup>GASB 34 was implemented effective fiscal year 2002, therefore, information from government-wide statements is not available for the fiscal years 1999 through 2001.

SCHEDULE 25

**CITY OF MERIDIAN, MISSISSIPPI**

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	<b>Fiscal Year</b>									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General fund:</b>										
Reserved	\$ 418	\$ 662	\$ 297	\$ 348	\$ 1,000	\$ 880	\$ 845	\$ 1,168	\$ 1,923	\$ 2,554
Unreserved	<u>4,063</u>	<u>2,927</u>	<u>3,326</u>	<u>4,871</u>	<u>6,099</u>	<u>6,211</u>	<u>5,638</u>	<u>6,301</u>	<u>6,754</u>	<u>5,618</u>
<b>Total general fund</b>	<u>\$ 4,481</u>	<u>\$ 3,589</u>	<u>\$ 3,623</u>	<u>\$ 5,219</u>	<u>\$ 7,099</u>	<u>\$ 7,091</u>	<u>\$ 6,483</u>	<u>\$ 7,469</u>	<u>\$ 8,677</u>	<u>\$ 8,172</u>
<b>All other governmental funds:</b>										
Reserved	\$ 4,541	\$ 2,776	\$ 2,438	\$ 2,396	\$ 8,510	\$ 4,721	\$ 3,006	\$ 4,395	\$ 4,407	\$ 6,110
Unreserved, reported in:										
Special revenue funds	241	183	50	228	340	533	1,006	2,308	2,725	3,493
Capital projects funds	<u>2,870</u>	<u>5,198</u>	<u>5,302</u>	<u>567</u>	<u>5,640</u>	<u>2,031</u>	<u>1,846</u>	<u>9,789</u>	<u>7,832</u>	<u>1,957</u>
<b>Total all other governmental funds</b>	<u>\$ 7,652</u>	<u>\$ 8,157</u>	<u>\$ 7,790</u>	<u>\$ 3,191</u>	<u>\$ 14,490</u>	<u>\$ 7,285</u>	<u>\$ 5,858</u>	<u>\$ 16,492</u>	<u>\$ 14,964</u>	<u>\$ 11,560</u>

**Source:** Audit Reports - Governmental Funds Balance Sheet

**Note:** Beginning in fiscal year 2001, the City moved the waste collection and disposal operations from the General Fund to the newly created the Waste Collection and Disposal Enterprise Fund.

**CITY OF MERIDIAN, MISSISSIPPI**

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Revenues:</b>										
Taxes	\$ 20,167	\$ 20,093	\$ 19,874	\$ 21,322	\$ 22,380	\$ 22,944	\$ 23,534	\$ 25,121	\$ 24,562	\$ 25,889
Franchise	1,481	1,582	1,748	1,747	1,794	1,845	1,990	2,381	2,587	2,568
Payments in lieu of taxes	132	144	107	112	100	86	83	80	77	66
Intergovernmental	1,780	1,694	2,173	864	976	1,613	3,746	4,913	2,203	1,514
Fines and forfeitures	849	775	638	605	853	1,148	2,164	2,484	2,855	1,730
Licenses and permits	256	240	232	233	225	298	302	305	373	386
Charges for services	1,555	1,545	109	110	137	144	135	162	164	180
Special assessments	113	151	119	127	120	132	96	79	75	86
Local contributions	203	69	81	49	189	223	155	555	307	434
Investment earnings	582	561	529	173	148	176	259	564	1,131	628
Interest costs and damages	151	165	83	69	84	94	95	91	92	99
Miscellaneous	434	198	249	328	652	471	499	758	234	302
<b>Total Revenues</b>	<u>27,703</u>	<u>27,217</u>	<u>25,942</u>	<u>25,739</u>	<u>27,658</u>	<u>29,174</u>	<u>33,058</u>	<u>37,493</u>	<u>34,660</u>	<u>33,882</u>
<b>Expenditures:</b>										
General government	4,708	4,896	4,843	5,116	4,885	5,342	5,440	5,843	6,033	6,760
Public safety	9,894	10,510	9,956	9,998	10,576	11,500	14,767	16,420	15,684	14,731
Public works	5,007	5,201	2,966	2,876	3,541	3,827	3,956	4,223	4,425	4,146
Culture and recreation	1,605	1,571	1,527	1,535	1,750	1,884	1,963	2,027	2,065	2,484
Economic development	156	153	153	156	85	169	411	105	98	134
Other	66	84	65	71	51	102	127	268	150	56
Capital outlay	4,006	6,881	4,366	4,644	2,438	8,855	4,529	4,833	2,858	5,904
Debt service:										
Principal	2,848	2,794	3,893	4,064	3,346	3,440	3,059	2,356	3,019	3,467
Interest	1,730	1,530	1,685	1,634	1,261	1,705	1,506	1,354	1,736	1,790
<b>Total expenditures</b>	<u>30,020</u>	<u>33,620</u>	<u>29,454</u>	<u>30,094</u>	<u>27,933</u>	<u>36,824</u>	<u>35,758</u>	<u>37,429</u>	<u>36,068</u>	<u>39,472</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(2,317)</u>	<u>(6,403)</u>	<u>(3,512)</u>	<u>(4,355)</u>	<u>(275)</u>	<u>(7,650)</u>	<u>(2,700)</u>	<u>64</u>	<u>(1,408)</u>	<u>(5,590)</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Other financing sources (uses):</b>										
Transfers in	\$ 915	\$ 1,338	\$ 2,332	\$ 2,611	\$ 1,438	\$ 2,634	\$ 1,929	\$ 2,960	\$ 4,531	\$ 9,599
Transfers out	(486)	(861)	(1,801)	(1,968)	(984)	(2,264)	(1,576)	(2,629)	(7,733)	(9,283)
Bonds issued	1,157	4,431	2,610	-	13,000	-	-	10,000	3,600	1,000
Negotiable notes issued	-	-	-	-	-	-	-	1,225	-	-
Capital leases	40	1,108	-	709	-	67	312	-	690	365
<b>Total other financing source (uses)</b>	<u>1,626</u>	<u>6,016</u>	<u>3,141</u>	<u>1,352</u>	<u>13,454</u>	<u>437</u>	<u>665</u>	<u>11,556</u>	<u>1,088</u>	<u>1,681</u>
<b>Net change in fund balance</b>	<u>\$ (691)</u>	<u>\$ (387)</u>	<u>\$ (371)</u>	<u>\$ (3,003)</u>	<u>\$ 13,179</u>	<u>\$ (7,213)</u>	<u>\$ (2,035)</u>	<u>\$ 11,620</u>	<u>\$ (320)</u>	<u>\$ (3,909)</u>
<b>Debt service as a percentage of noncapital expenditures</b>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>22.4%</u>	<u>17.6%</u>	<u>18.2%</u>	<u>14.8%</u>	<u>11.6%</u>	<u>15.0%</u>	<u>16.0%</u>

Source: Audit Report - Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

Note: Beginning in fiscal year 2001, the City moved the waste collection and disposal operations from the General Fund to the newly created the Waste Collection and Disposal Enterprise Fund.

N/A - GASB 34 was implemented effective fiscal year 2002, therefore, information on the amounts capitalized on the accrual basis government-wide statements of net assets is not available for the fiscal years 1999 through 2001.

**CITY OF MERIDIAN, MISSISSIPPI**  
General Government Tax Revenues by Source  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

<b><u>Fiscal Year</u></b>	<b><u>Property Tax</u></b>	<b><u>Sales Tax<sup>1</sup></u></b>	<b><u>Franchise Tax</u></b>	<b><u>County Road Tax</u></b>	<b><u>Motor Fuel Tax</u></b>	<b><u>Total</u></b>
1999	\$ 8,362	\$ 11,308	\$ 1,481	\$ 477	\$ 20	\$ 21,648
2000	8,622	10,954	1,582	497	20	21,675
2001	8,507	10,764	1,748	583	20	21,622
2002	9,202	11,450	1,747	651	19	23,069
2003	9,653	11,840	1,794	868	19	24,174
2004	9,930	12,180	1,845	815	19	24,789
2005	10,002	12,715	1,990	798	19	25,524
2006	9,961	14,170	2,381	971	19	27,502
2007	9,929	13,574	2,587	1,040	19	27,149
2008	10,662	14,166	2,568	1,042	19	28,457

**Source:** Audit Report - Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

<sup>1</sup>Sales tax is not an "own-source revenue" of the City. Sales taxes are levied by the State of Mississippi at a rate of 7 percent. The State of Mississippi levies and collects all sales taxes in the state and then remits 18.5 percent of the 7 percent levied to each city based on their portion of sales taxes generated from sales within their city. Principal payer information is not currently made available to the cities.

**SCHEDULE 28**

**CITY OF MERIDIAN, MISSISSIPPI**

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(amounts expressed in thousands)

<b>Fiscal Year Ended September 30,</b>	<b>Real Property</b>		<b>Personal Property</b>		<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Motor Vehicles</b>	<b>Other</b>					
1999	\$ 45,507	\$ 103,500	\$ 33,487	\$ 30,925	\$ 1,876	\$ 211,543	\$ 49.14	\$ 1,375,761	15.38%
2000	45,719	107,289	33,457	34,665	1,990	219,140	49.14	1,419,875	15.43%
2001	46,604	112,525	32,113	35,533	1,506	225,269	49.14	1,447,275	15.57%
2002	46,652	112,307	34,065	38,864	2,043	229,845	51.49	1,470,234	15.63%
2003	59,118	120,764	34,521	40,667	2,138	252,932	50.08	1,608,689	15.72%
2004	58,359	122,919	34,883	40,798	2,719	254,240	50.08	1,629,911	15.60%
2005	58,138	125,003	34,466	40,651	2,911	255,347	50.08	1,645,053	15.52%
2006	58,094	122,836	36,032	44,443	2,530	258,875	50.08	1,657,502	15.62%
2007	59,190	124,049	34,299	43,847	2,527	258,858	50.08	1,662,921	15.57%
2008	60,176	123,601	32,352	44,701	3,139	257,691	53.08	1,657,190	15.55%

**Source:** Lauderdale County real and personal property tax rolls.

**Note:** During 2002, all property in Lauderdale County was reappraised and resulted in an increase in assessed values.

**SCHEDULE 29**

**CITY OF MERIDIAN, MISSISSIPPI**

Property Tax Rates - Direct and Overlapping Governments  
 Last Ten Fiscal Years  
 (per \$1,000 of assessed value)

Fiscal Year	City of Meridian				Overlapping Rates								
	Special				Lauderdale County				Meridian Separate School District				
	Operating Millage	Debt Service Millage	Revenue Pension Millage	Solid Waste Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School District Millage	Meridian Community College Millage	Total Millage
1999	21.48	17.31	10.35	-	49.14	34.76	7.50	42.26	50.66	2.21	52.87	5.83	150.10
2000	23.44	15.25	10.45	-	49.14	34.04	8.22	42.26	54.24	2.95	57.19	6.16	154.75
2001	21.86	15.00	8.28	4.00	49.14	33.25	9.86	43.11	52.91	3.77	56.68	6.57	155.50
2002	24.69	15.01	7.79	4.00	51.49	34.04	9.07	43.11	52.68	4.70	57.38	7.00	158.98
2003	26.39	12.09	7.60	4.00	50.08	34.87	8.19	43.06	52.50	2.87	55.37	7.00	155.51
2004	26.39	12.20	7.49	4.00	50.08	35.80	6.70	42.50	54.38	0.92	55.30	7.00	154.88
2005	26.19	12.10	7.79	4.00	50.08	38.08	6.71	44.79	54.38	2.99	57.37	7.00	159.24
2006	25.56	12.47	8.05	4.00	50.08	38.36	7.09	45.45	53.30	3.35	56.65	7.00	159.18
2007	26.51	11.17	8.40	4.00	50.08	39.27	8.40	47.67	54.00	1.87	55.87	7.00	160.62
2008	29.23	11.19	8.66	4.00	53.08	40.66	7.78	48.44	54.40	6.68	61.08	7.00	169.60

**Source:** Office of the City Clerk.

**Note:** The above table represents millage rates which are one-thousandth of a dollar.

Beginning in fiscal year 2001, the City created the Waste Collection and Disposal Enterprise Fund. At that time, a specific tax millage was assessed for the Waste Collection and Disposal Fund and the General Fund levy was reduced by a like amount.

**CITY OF MERIDIAN, MISSISSIPPI**  
 Principal Property Taxpayers  
 Current and Nine Years Ago  
 (amounts expressed in thousands)

<u>Taxpayer</u>	<u>2008</u>			<u>1999</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Mississippi Power Company	\$ 11,470	1	4.45%	\$ 15,310	1	7.15%
Bonita Lakes Mall/Bonita Properties, Inc./CBL	7,473	2	2.90%	7,286	3	3.40%
Bell South Telecommunications	6,745	3	2.62%	9,596	2	4.48%
Wal-Mart	5,541	4	2.15%	1,951	8	0.91%
Riley Memorial Hospital	4,346	5	1.69%	4,722	4	2.21%
Anderson Infirmary Benevolent Association	2,444	6	0.95%	2,358	5	1.10%
Peavey Electronics Corporation	2,136	7	0.83%	1,957	7	0.91%
Norfolk Southern Railroad	2,041	8	0.79%	2,033	6	0.95%
Atmos Energy/Mississippi Valley Gas Company	1,912	9	0.74%	----		----
Rush Foundation Hospital	1,507	10	0.58%	1,837	9	0.86%
Sowashee Investment, et al	----		----	<u>1,521</u>	10	<u>0.71%</u>
<b>Totals</b>	<u>\$ 45,615</u>		<u>17.70%</u>	<u>\$ 48,571</u>		<u>22.68%</u>

**Source:** Lauderdale County real and personal property tax rolls.

**SCHEDULE 31**

**CITY OF MERIDIAN, MISSISSIPPI**  
 Property Tax Levies and Collections  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)

<b>Fiscal Year Ended September 30,</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
1999	\$ 10,776	\$ 10,643	98.77%	\$ 232	\$ 10,875	100.92%
2000	11,173	11,033	98.75%	236	11,269	100.86%
2001	11,349	11,258	99.20%	327	11,585	102.08%
2002	11,863	11,764	99.17%	165	11,929	100.56%
2003	12,362	12,104	97.91%	175	12,279	99.33%
2004	12,569	12,393	98.60%	167	12,560	99.93%
2005	12,613	12,482	98.96%	269	12,751	101.09%
2006	12,962	12,835	99.02%	283	13,118	101.20%
2007	12,851	12,745	99.18%	242	12,987	101.06%
2008	13,570	13,505	99.52%	212	13,717	101.08%

**Source:** Schedule Reconciling Original Ad Valorem Tax Rolls to Fund Collections.

**SCHEDULE 32**

**CITY OF MERIDIAN, MISSISSIPPI**

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities										Business-Type Activities					Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Special Assessment Bonds	Limited Obligation Bonds	Special Obligation Bonds	Certificates of Participation	Revolving Loan	Taxable Negotiable Notes	Capital Leases	Water & Sewer Revenue Bonds	Water & Sewer Promissory Notes	Capital Leases							
1999	\$ 16,100	\$ 3,740	\$ 4,160	\$ -	\$ 945	\$ -	\$ -	\$ -	\$ 232	\$ 25,805	\$ 5,312	\$ 95	\$ 56,389	6.60%	\$ 1,401			
2000	14,965	4,630	6,360	-	745	-	-	1,217	26,700	5,300	114	60,031	6.69%	1,502				
2001	12,440	4,850	6,940	-	545	982	-	843	25,470	5,587	76	57,733	6.30%	1,465				
2002	9,735	4,655	6,420	-	340	933	-	1,176	24,160	8,594	1,136	57,149	6.07%	1,456				
2003	13,790	4,450	5,900	7,000	130	877	-	766	23,370	8,406	1,004	65,693	6.81%	1,680				
2004	11,770	4,240	5,230	6,790	-	815	-	688	14,750	18,045	986	63,314	6.39%	1,638				
2005	9,955	4,020	4,545	6,565	-	756	-	945	13,655	17,084	913	58,438	5.64%	1,523				
2006	19,070	3,780	3,765	6,335	-	694	1,225	785	12,490	16,088	837	65,069	5.95%	1,703				
2007	21,415	3,520	2,960	6,085	-	631	1,005	1,309	11,260	15,051	896	64,132	5.84%	1,674				
2008	20,985	3,245	2,135	5,835	-	566	774	1,283	9,955	13,973	785	59,536	5.42%	1,554				

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup>See the Schedule of Demographic and Economic Statistics for personal income and population data.

**SCHEDULE 33**

**CITY OF MERIDIAN, MISSISSIPPI**  
Ratios of General Obligation Bonded Debt Outstanding  
Last Ten Fiscal Years  
(amounts expressed in thousands, except per capital amount)

<b><u>Fiscal Year</u></b>	<b><u>General Obligation Bonds</u></b>	<b><u>Less: Amounts Available in Debt Service Fund</u></b>	<b><u>Total</u></b>	<b><u>Percentage of Estimated Actual Taxable Value<sup>1</sup> of Property</u></b>	<b><u>Per Capita<sup>2</sup></u></b>
1999	\$ 16,100	\$ 2,269	\$ 13,831	1.01%	\$ 344
2000	14,965	2,176	12,789	0.90%	320
2001	12,440	2,099	10,341	0.71%	262
2002	9,735	2,194	7,541	0.51%	192
2003	13,790	2,085	11,705	0.73%	299
2004	11,770	1,983	9,787	0.60%	253
2005	9,955	1,988	7,967	0.48%	208
2006	19,070	3,148	15,922	0.96%	417
2007	21,415	2,950	18,465	1.11%	482
2008	20,985	2,325	18,660	1.13%	487

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup>See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

<sup>2</sup>See the Schedule of Demographic and Economic Statistics for population data.

**SCHEDULE 34**

**CITY OF MERIDIAN, MISSISSIPPI**  
Direct and Overlapping Governmental Activities Debt  
As of September 30, 2008  
(amounts expressed in thousands)

<b><u>Governmental Unit</u></b>	<b><u>Debt Outstanding</u></b>	<b><u>Estimated Percentage Applicable<sup>1</sup></u></b>	<b><u>Estimated Share of Overlapping Debt</u></b>
Debt repaid with property taxes: County	\$ 48,009	50.05%	\$ 24,029
Debt repaid with property taxes: School	<u>20,830</u>	91.21%	<u>18,999</u>
<b>Subtotal, overlapping debt</b>	68,839		43,028
City of Meridian direct debt	<u>20,985</u>	100.00%	<u>20,985</u>
<b>Total direct and overlapping debt</b>	<u>\$ 89,824</u>		<u>\$ 64,013</u>

**Source:** City Clerk, Meridian Separate School District and Chancery Clerk.

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

<sup>1</sup>The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable value.

**SCHEDULE 35**

**CITY OF MERIDIAN, MISSISSIPPI**

Legal Debt Margin Information

Last Ten Fiscal Years

(amounts expressed in thousands)

	<b>Fiscal year</b>									
	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>
Debt Limit	\$ 32,013	\$ 33,170	\$ 34,016	\$ 34,783	\$ 38,261	\$ 38,544	\$ 38,739	\$ 39,211	\$ 39,208	\$ 39,125
Total net debt applicable to limit	<u>13,831</u>	<u>12,789</u>	<u>10,341</u>	<u>7,541</u>	<u>11,705</u>	<u>9,787</u>	<u>7,967</u>	<u>15,922</u>	<u>18,465</u>	<u>18,660</u>
Legal debt margin	<u>\$ 18,182</u>	<u>\$ 20,381</u>	<u>\$ 23,675</u>	<u>\$ 27,242</u>	<u>\$ 26,556</u>	<u>\$ 28,757</u>	<u>\$ 30,772</u>	<u>\$ 23,289</u>	<u>\$ 20,743</u>	<u>\$ 20,465</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>43.20%</u>	<u>38.56%</u>	<u>30.40%</u>	<u>21.68%</u>	<u>30.59%</u>	<u>25.39%</u>	<u>20.57%</u>	<u>40.61%</u>	<u>47.09%</u>	<u>47.69%</u>

**Legal Debt Margin Calculation for Fiscal Year 2008:**

Assessed value	\$ 257,691
Add back: exempt real property	<u>3,139</u>
<b>Total assessed value</b>	<u>\$ 260,830</u>
Debt limit (15% of total assessed value)	<u>\$ 39,125</u>
Debt applicable to limit:	
General obligation bonds	20,985
Less: Amount set aside for repayment of general obligation debt	<u>(2,325)</u>
<b>Total net debt applicable to limit</b>	<u>18,660</u>
<b>Legal debt margin</b>	<u>\$ 20,465</u>

**Note:** Under state finance law, the City's outstanding general obligation debt should not exceed 15 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**SCHEDULE 36**

**CITY OF MERIDIAN, MISSISSIPPI**

Pledged-Revenue Bond Coverage  
Last Ten Fiscal Years  
(amounts expressed in thousands)

<b>Fiscal Year</b>	<b>Water &amp; Sewer Charges and Other</b>	<b>Less: Operating Expenses<sup>1</sup></b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	
1999	\$ 8,500	\$ 4,421	\$ 4,079	\$ 1,045	\$ 1,683	149.52%
2000	8,728	4,461	4,267	1,105	1,725	150.78%
2001	8,459	4,837	3,622	1,230	1,725	122.57%
2002	9,442	4,777	4,665	1,370	1,518	161.53%
2003	9,002	5,435	3,567	1,555	1,655	111.12%
2004	9,798	5,269	4,529	1,845	1,495	135.60%
2005	10,902	5,690	5,212	2,020	1,516	147.40%
2006	11,036	6,416	4,620	2,125	1,399	131.10%
2007	10,907	7,016	3,891	2,230	1,298	110.29%
2008	11,125	6,976	4,149	2,345	1,193	117.27%

**Source:** Audit Reports - Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds.

**Note:** In 2003, the 1994 Water and Sewer Revenues Bonds were defeased in the amount of \$6,980,000.

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup>Total operating expenses exclusive of depreciation and amortization expense.

**SCHEDULE 37**

**CITY OF MERIDIAN, MISSISSIPPI**  
Demographic and Economic Statistics  
Last Ten Fiscal Years

<b><u>Fiscal Year</u></b>	<b><u>Population<sup>1</sup></u></b>	<b><u>Personal Income (amounts expressed in thousands)<sup>2</sup></u></b>	<b><u>Per Capita Personal Income<sup>3</sup></u></b>	<b><u>Median Age<sup>4</sup></u></b>	<b><u>School Enrollment<sup>5</sup></u></b>	<b><u>Unemployment Rate<sup>6</sup></u></b>
1999	40,255	\$ 854,251	\$ 21,221	36.5	7,139	6.0%
2000	39,968	897,841	22,464	36.5	7,089	6.4%
2001	39,395	917,037	23,278	34.6	6,898	6.4%
2002	39,245	941,566	23,992	34.6	6,695	7.7%
2003	39,114	964,004	24,646	34.6	6,619	8.4%
2004	38,665	990,752	25,624	35.5	6,305	8.1%
2005	38,360	1,036,602	27,023	35.6	6,449	8.6%
2006	38,200	1,094,277	28,646	35.9	6,722	7.8%
2007	38,314	1,097,543	28,646	36.5	6,630	8.6%
2008	38,314	1,097,543	28,646	36.6	6,612	9.1%

**Sources:**

<sup>1</sup>U.S. Census Bureau website at [www.census.gov](http://www.census.gov).

<sup>2</sup>This information is not available for the City of Meridian. The amounts used were calculated based on the City of Meridian's population times the per capital personal income for Lauderdale County.

<sup>3</sup>U.S. Department of Commerce, Bureau of Economic Analysis website at [www.bea.gov](http://www.bea.gov). This information is not available for the City of Meridian. The amounts used represent the data available for Lauderdale County.

<sup>4</sup>East Mississippi Business Development Corporation, Decision Data Resources.

<sup>5</sup>Meridian Separate School District.

<sup>6</sup>Mississippi Department of Employment Security "Annual Labor Force Report" at [www.mdes.ms.gov](http://www.mdes.ms.gov).

**Note:**

Education level in years of formal schooling is not included on this schedule because the information was not available.

**SCHEDULE 38**

**CITY OF MERIDIAN, MISSISSIPPI**  
Principal Employers  
Current and Nine Years Ago  
(amounts expressed in thousands)

<u>Taxpayer</u>	<u>2008</u>			<u>1999</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Rush Foundation Hospital	2,850	1	19.31%	1,123	3	6.80%
Jeff Anderson Regional Medical Center	1,476	2	10.00%	1,065	4	6.45%
East Mississippi State Hospital	1,140	3	7.72%	1,150	2	6.96%
Mississippi National Guard	1,121	4	7.59%	680	7	4.12%
Meridian Public Schools	1,050	5	7.11%	987	5	5.97%
Peavey Electronics Corporation	1,000	6	6.78%	1,600	1	9.69%
Riley Memorial Hospital	987	7	6.69%	700	6	4.24%
Wal-Mart Supercenters	776	8	5.26%	370	10	2.24%
City of Meridian	510	9	3.46%	579	8	3.50%
Meridian Community College	<u>321</u>	10	<u>2.17%</u>	<u>471</u>	9	<u>2.85%</u>
<b>Totals</b>	<u>11,231</u>		<u>76.09%</u>	<u>8,725</u>		<u>52.82%</u>

**Source:** Mississippi Employment Security Commission

**SCHEDULE 39**

**CITY OF MERIDIAN, MISSISSIPPI**  
 Full-time Equivalent City Government Employees by Function  
 Last Ten Fiscal Years

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
	50	50	49	50	49	47	46	47	49	54
General government										
Public safety:										
Police:										
Officers	109	99	100	104	94	96	104	106	112	105
Civilians	27	31	21	15	15	17	18	18	14	18
Fire:										
Firefighters and officers	110	114	108	106	105	106	103	104	106	98
Civilians	8	10	10	10	11	10	9	10	8	9
Highways and streets	73	71	69	74	69	68	70	75	70	72
Sanitation	1	1	1	1	1	2	1	1	1	1
Culture and recreation	41	40	33	42	42	45	52	45	49	49
Water	49	50	54	51	48	51	52	50	44	50
Sewer	44	42	40	43	44	45	44	44	45	45
Golf course	4	5	5	5	5	5	3	3	3	3
Union Station	1	1	1	1	1	2	2	2	2	2
Municipal Garage	17	15	12	13	13	15	15	14	11	14
Homeland Security	-	-	-	-	-	2	6	7	6	5
Community Development	20	19	20	20	21	21	20	21	20	19
<b>Totals</b>	<u>554</u>	<u>548</u>	<u>523</u>	<u>535</u>	<u>518</u>	<u>532</u>	<u>545</u>	<u>547</u>	<u>540</u>	<u>544</u>

**Source:** City's payroll department.

**SCHEDULE 40**

**CITY OF MERIDIAN, MISSISSIPPI**

Operating Indicators by Function

Last Ten Fiscal Years

<b><u>Function</u></b>	<b>Fiscal Year</b>									
	<b><u>1999</u></b>	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>
<b>Police:</b>										
Physical arrests	5,247	4,896	4,223	3,956	4,514	4,322	4,568	4,376	4,289	4,785
Parking violations	10,841	8,276	5,612	5,813	6,757	7,045	7,544	7,717	6,481	5,565
Traffic violations	14,404	9,921	7,033	9,261	12,272	11,564	13,049	14,766	10,763	12,663
<b>Fire:</b>										
Number calls answered	2,728	2,826	3,051	3,315	2,848	2,752	2,743	3,273	3,209	3,357
Inspections	1,687	1,540	955	1,900	2,048	2,844	3,051	3,734	3,673	2,907
<b>Highways and streets:</b>										
Street resurfacing (miles)	-	16	-	8	-	10	35	-	1	-
Potholes repaired	256	252	382	327	284	348	355	260	277	351
<b>Culture and recreation<sup>1</sup>:</b>										
Meridian Activity Center/Velma										
Young Park/Highland Park classes	-	-	798	812	841	912	1,075	1,096	1,175	1,194
<b>Water:</b>										
New connections	66	74	183	56	45	74	71	112	93	88
Water mains breaks	1,554	1,786	1,512	1,415	1,143	1,193	1,286	948	1,130	823
Average daily consumption (millions of gallons)	5.353	5.196	5.260	5.347	5.401	5.916	4.802	4.495	5.079	5.221
<b>Wastewater:</b>										
Average daily sewerage treatment (millions of gallons)	7.040	7.460	9.100	9.450	10.090	9.560	11.570	10.800	6.350	9.230

**Source:** Various City departments.

<sup>1</sup>Culture and recreation statistics are not available prior to fiscal year 2001.

**SCHEDULE 41**

**CITY OF MERIDIAN, MISSISSIPPI**  
 Capital Asset Statistics by Function  
 Last Ten Fiscal Years

<b>Function</b>	<b>Fiscal Year</b>									
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Public safety:</b>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	27	26	24	28	36	37	43	71	67	77
Fire stations	7	7	7	7	7	7	7	7	7	8
<b>Highways and streets:</b>										
Streets (miles)	303.97	303.97	304.68	306.01	306.01	306.15	306.83	306.83	306.83	307.50
Streetlights <sup>1</sup>	-	-	-	6,267	6,273	6,287	6,298	6,351	6,400	6,411
Traffic signals	116	116	116	118	118	118	120	121	121	120
<b>Culture and recreation:</b>										
Parks acreage	224	224	225	225	226	286	286	286	286	286
Parks	13	13	14	15	16	17	17	17	17	17
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	8	8	18	18	18	18	18	18	18	18
Community centers	3	3	3	3	3	3	3	3	3	3
Softball/Baseball fields	16	16	16	16	18	18	18	18	18	18
Soccer fields	9	12	12	12	12	12	12	12	12	12
Golf course	1	1	1	1	1	1	1	1	1	1
<b>Water:</b>										
Water mains (miles)	405	408	420	426	426	426	428	428	428	428
Fire hydrants	3,672	3,694	3,721	3,777	3,793	3,802	3,820	3,832	2,105	2,113
Maximum daily capacity (thousands of gallons)	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500
<b>Sewer:</b>										
Sanitary sewers (miles)	405	410	418	424	442	442	442	442	444	444
Storm sewers (miles)	200	200	200	200	200	200	200	200	200	225
Maximum daily treatment capacity (thousands of gallons)	13,000	13,000	13,000	13,000	13,000	14,000	14,000	14,000	14,000	14,000

**Source:** Various City departments.

<sup>1</sup>Information on streetlights is not available prior to fiscal year 2002.

## **SINGLE AUDIT SECTION**

The single audit section contains audit reports on internal control and compliance matters resulting from the single audit procedures conducted in accordance with the Single Audit Act and Office of Management and Budget Circular A-133. An additional report on compliance with state law required by the Office of State Auditor is also presented.

**CITY OF MERIDIAN, MISSISSIPPI**  
 Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended September 30, 2008

<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number/ Federal Contract</u>	<u>Program or Award Amount</u>	<u>Accrued (Deferred) Revenue 9/30/2007</u>	<u>Federal Receipts</u>	<u>Federal Share Disbursements/ Expenditures</u>	<u>Accrued (Deferred) Revenue 9/30/2008</u>	<u>Cumulative Federal Receipts</u>	<u>Cumulative Federal Share Disbursements/ Expenditures</u>	<u>Fund Type</u>
<b>U. S. Department of Housing &amp; Urban Development</b>									
14.251	B-06-SP-MS-0540	\$ 198,000	\$ -	\$ -	\$ 6,000	\$ 6,000	\$ -	\$ 6,000	Special revenue
14.218	R-110-258-01-GZ	1,786,000	-	-	-	-	-	-	Special revenue
14.239	1217-M05-SG-28-0138	225,255	-	79,813	79,813	-	79,813	126,424	Special revenue
Total U.S. Department of Housing & Urban Development									
<b>U. S. Department of Transportation</b>									
20.205	SP-0059-03(013)	297,559	(17,734)	-	17,734	-	297,559	297,559	Capital projects
20.303	DIFR53-06-G-00012	250,000	91,844	107,809	15,965	-	250,000	250,000	General fund
20.303	DIFR53-08-G-00001	250,000	-	-	145,907	145,907	-	145,907	General fund
20.205	STP-0075-01(008)	383,475	11,183	11,183	-	-	383,475	383,475	Capital projects
20.205	STP-9450-00(004)	344,199	7,901	7,901	-	-	344,199	344,199	Capital projects
20.205	STP-0074-01(004)	216,336	4,849	5,966	1,117	-	216,336	216,336	Capital projects
20.205	STP-7242-00(001)	74,719	74,681	-	38	74,719	-	74,719	Capital projects
20.205	STP-0320-00(021)	233,256	(29,750)	-	29,750	-	233,256	233,256	Special revenue
Total U.S. Department of Transportation									
<b>U. S. Department of Homeland Security</b>									
Pass through Mississippi Department of Public Safety:									
83.544	FEMA-1459-DR-MS	263,400	93,432	-	-	93,432	169,939	263,371	Capital projects
97.036	FEMA-1550-MS-DR	693,890	24,898	-	-	24,898	504,174	529,072	Special revenue
97.036	FEMA-1604-MS-DR	3,070,978	185,254	25,821	17,758	177,191	3,079,153	3,256,344	Special revenue
97.036	FEMA-1604-MS-DR	299,010	221,966	22,933	-	199,033	22,933	221,966	Special revenue
97.036	FEMA-1604-MS-DR	111,974	22,837	22,837	-	-	111,974	111,974	Special revenue
97.036	FEMA-1604-MS-DR	7,885	7,885	7,964	79	-	7,964	7,964	Special revenue
97.044	EMW-2006-FG-07079	138,600	-	138,600	138,600	-	138,600	138,600	Special revenue
97.053	04CC258	18,000	-	4,988	4,988	-	4,988	4,988	Special revenue
97.053	06CC258	10,080	-	-	-	-	-	-	Special revenue
97.067	S5HS258R	98,685	-	-	90,627	90,627	-	90,627	Special revenue
97.067	S6HS258R	29,674	-	-	-	-	-	-	Special revenue
97.067	7HS258T	141,300	-	-	30,824	30,824	-	30,824	Special revenue
97.067	07HS258	9,200	-	-	-	-	-	-	Special revenue
97.067	05HS258	39,613	-	-	24,296	-	39,613	39,613	Special revenue
97.067	05LE258	23,172	14,276	14,679	348	(55)	23,172	23,117	Special revenue
97.067	5HS038R	150,000	99,357	104,736	4,883	(496)	150,000	149,504	Special revenue
97.067	06HS258	63,922	-	-	63,922	63,922	-	63,922	Special revenue
97.067	6HS258R	150,000	-	28,578	149,960	121,382	28,578	149,960	Special revenue
97.074	07LE258	28,294	-	-	-	-	-	-	Special revenue
Total U.S. Department of Homeland Security									
			669,905	395,432	526,285	800,758	4,281,088	5,081,846	

(Continued)

**CITY OF MERIDIAN, MISSISSIPPI**  
 Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended September 30, 2008

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass Through Grantor's Number/Federal Contract	Program or Award Amount	Accrued (Deferred) Revenue 9/30/2007	Federal Receipts	Federal Share Disbursements/Expenditures	Accrued (Deferred) Revenue 9/30/2008	Cumulative Federal Receipts	Cumulative Federal Share Disbursements/Expenditures	Fund Type
<b>U. S. Department of Interior</b>										
Pass through Mississippi Forestry Commission:										
MS Transportation Enhancement Tree Planting	10.664	61510	\$ 15,000	\$ -	\$ 14,885	\$ 14,885	\$ -	\$ 14,885	\$ 14,885	Special revenue
Certified Local Government Grant	15.904	28-05-20426	1,200	(1,151)	-	1,151	-	1,200	1,200	Special revenue
Certified Local Government Grant	15.904	28-07-21628	2,500	-	2,500	-	(2,500)	2,500	-	Special revenue
Total U.S. Department of Interior				(1,151)	17,385	16,036	(2,500)	18,585	16,085	
<b>U. S. Department of Justice</b>										
Pass through Mississippi Department of Public Safety:										
Wesley House/Victim Assistance	16.575	05NW2223	53,047	-	9,319	9,319	-	52,919	52,919	Special revenue
Wesley House/Victim Assistance	16.575	06NW2223	68,019	-	24,442	24,442	-	24,442	24,442	Special revenue
Domestic Violence Grant	16.588	04SL2221	36,251	3,480	3,480	-	-	30,632	30,632	Special revenue
Domestic Violence Grant	16.588	04SL2222	6,317	-	5,718	5,718	-	5,718	5,718	Special revenue
Domestic Violence Grant	16.588	05SL2221	34,527	5,475	27,923	24,909	2,461	30,254	32,715	Special revenue
Domestic Violence Grant	16.588	07SL2221	34,517	-	2,815	8,368	5,553	2,815	8,368	Special revenue
Bulletproof Vests Partnership	16.607	2004 BUBX-04023457	33,250	-	13,977	13,977	-	28,137	28,137	Special revenue
Bulletproof Vests Partnership	16.607	2009 BUBX-08041953	4,637	-	-	-	-	-	-	Special revenue
JAG Multi-Jurisdictional Narcotics Assistance	16.738	2005-DJ-BX-0365	158,868	24,640	43,889	19,249	-	158,868	158,868	Special revenue
JAG Multi-Jurisdictional Narcotics Assistance	16.738	2005-DJ-BX-0365	137,399	-	99,908	99,908	-	99,908	99,908	Special revenue
JAG Multi-Jurisdictional Narcotics Assistance	16.738	2006-DH-BX-0438	165,505	-	-	-	-	-	-	Special revenue
GMS Justice Assistance Grant	16.738	2006-DJ-BX-0575	26,729	1,706	1,706	-	-	22,449	22,449	Special revenue
GMS Justice Assistance Grant	16.738	2007-DJ-BX-0346	43,855	-	-	-	-	-	-	Special revenue
GMS Justice Assistance Grant	16.738	2008-DJ-BX-0323	14,453	-	-	-	-	-	-	Special revenue
Seat Belt Enforcement	20.600	07-OP-222-1	6,829	4,630	4,626	17,542	17,542	4,626	4,626	Special revenue
Seat Belt Enforcement	20.600	08-OP-222-1	10,000	-	4,212	10,000	5,788	4,212	10,000	Special revenue
Alcohol Countermeasures	20.600	07-TA-222-1	132,149	66,933	66,927	(415)	(409)	107,240	106,831	Special revenue
Alcohol Countermeasures	20.600	08-TA-222-1	100,000	-	71,580	87,921	16,341	71,580	87,921	Special revenue
Total U.S. Department of Justice				106,864	380,522	326,715	53,057	643,800	696,857	
<b>U. S. Department of Agriculture</b>										
Gallagher Creek/Highland Park	10.916	69-4423-6-1602	100,000	-	20,368	20,368	-	57,087	57,087	Capital projects
Total U.S. Department of Agriculture				-	20,368	20,368	-	57,087	57,087	
<b>U. S. Environmental Protection Agency</b>										
South Industrial Park Study	66.202	XP-96402004-2	1,349,400	463,106	-	87,200	550,306	-	550,306	Enterprise fund
<b>Total federal financial assistance</b>				\$ 1,381,698	\$ 1,026,379	\$ 1,272,928	\$ 1,628,247	\$ 6,851,809	\$ 8,480,056	

<sup>1</sup> This grant project is funded as expenditures are approved by the funding agency. The beginning Accrued Revenue for this grant has been adjusted to remove disbursements that were not subsequently approved.

<sup>2</sup> This grant project is funded as expenditures are approved by the funding agencies. Therefore, the cumulative disbursements are greater than the award amount until such time that they are approved.

<sup>3</sup> In the previous year, a portion of the City's share of expenditures was recognized in this grant as Federal disbursements - corrected in current year which creates a negative expenditure amount.

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to the Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended September 30, 2008

**(1) Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Meridian, Mississippi and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**CITY OF MERIDIAN, MISSISSIPPI**  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended September 30, 2008

There were no prior year findings or questioned costs.

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

**The Honorable Mayor John Robert Smith and  
Honorable Members of the City Council  
City of Meridian, Mississippi:**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Meridian, Mississippi ("City") as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 18, 2009. We did not audit the financial statements of the Meridian Transportation Commission or the Meridian Airport Authority, which represent 97.9% of the assets and 99.9% of the operating revenues of the component units column. Those statements were audited by other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

**The Honorable Mayor John Robert Smith and  
Honorable Members of the City Council  
City of Meridian, Mississippi:  
Page two**

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated March 18, 2009.

This report is intended solely for the information and use of the Honorable Mayor, Honorable Members of the City Council, management, the State Auditor's Office, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Brady, Sanders & O'Neil, Ltd.*

Jackson, Mississippi  
March 18, 2009

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**The Honorable Mayor John Robert Smith and  
Honorable Members of the City Council  
City of Meridian, Mississippi**

**Compliance**

We have audited the compliance of the City of Meridian, Mississippi ("City") with the types of compliance requirements described in the *U. S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2008. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

The City's financial statements include the operations of the Meridian Airport Authority ("MAA"), which expended \$3,455,350 in federal awards; and the Meridian Transportation Commission ("MTC"), which expended \$239,342 in federal awards; both of which are not included in the schedule during the year ended September 30, 2008. Our audit described below, did not include the operations of MAA or MTC because they engaged other auditors to perform audits in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

The Honorable Mayor John Robert Smith and  
Honorable Members of the City Council  
City of Meridian, Mississippi:  
Page two

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008.

### Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weakness. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Honorable Mayor, Honorable Members of the City Council, management, the State Auditor's Office, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jackson, Mississippi  
March 18, 2009

*Brayden, Sanders & O'Neil, P.C.*

**CITY OF MERIDIAN, MISSISSIPPI**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended September 30, 2008

**Section I - Summary of Audit Results**

***Financial Statements***

Type of auditors' report issued:	<b>Unqualified</b>
Internal control over financial reporting:	
• Material weaknesses identified?	<b>No</b>
• Reportable conditions identified that are not considered to be material weaknesses?	<b>None reported</b>
Noncompliance material to financial statements noted?	<b>No</b>

***Federal Awards***

Internal control over major programs:	
• Material weaknesses identified?	<b>No</b>
• Reportable conditions identified that are not considered to be material weaknesses?	<b>None reported</b>
Type of auditors' report issued on compliance for major programs:	<b>Unqualified</b>
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	<b>No</b>

Identification of major program tested:

**CFDA Number**

97.067

**Name of Federal Program or Cluster**

Homeland Security Grant Program

**Section I - Summary of Audit Results (Continued)**

Dollar threshold used to distinguish between type A and type B programs:	<b><u>\$ 300,000</u></b>
Auditee determined to be a low-risk auditee?	<b>Yes</b>

*Continued*

**CITY OF MERIDIAN, MISSISSIPPI**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended September 30, 2008

**Section II - Findings - Financial Statement Audit**

No reportable conditions, material weaknesses, or instances of noncompliance related to the financial statements were reported.

**Section III - Findings and Questioned Costs - Federal Award Programs**

No audit findings required to be reported by section 510(a) of Circular A-133 were reported.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
STATE OF MISSISSIPPI OFFICE OF THE STATE AUDITOR REQUIREMENTS**

**The Honorable Mayor John Robert Smith and  
Honorable Members of the City Council  
City of Meridian, Mississippi**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the remaining fund information of the City of Meridian, Mississippi ("City") as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 18, 2009. We did not audit the financial statements of the Meridian Transportation Commission or the Meridian Airport Authority, which represent 97.9% of the assets and 99.9% of the operating revenues of the component units column. Those financial statements were audited by other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 accompanying financial statements disclosed no material instances of noncompliance with state laws and regulations.

This report is intended solely for the information and use of the Honorable Mayor, Honorable Members of the City Council, management, the State Auditor's Office and appropriate federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Breazeale, Saunders & O'Neil, Ltd.*

Jackson, Mississippi  
March 18, 2009

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REPORT

THE CITY OF MERIDIAN

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*Stewardship - Balance - Dedication - Sol*  
*Stewardship - Balance - Dedication - Sol*

CITY OF MERIDIAN, MISSISSIPPI  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008