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MERIDIAN

CITY OF MERIDIAN

A better longitude on life.

April 20, 2015

Mayor:

PERCY BLAND, III
(601) 485-1927
FAX: (601) 485-1911

Council Members:

GEORGE M THOMAS
Ward 1

K. DUSTIN MARKHAM
Ward 2

BARBARA HENSON
Ward 3

KIM HOUSTON
Ward 4

RANDY HAMMON
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) 485-1035

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

Mr. Stacey E. Pickering
Mississippi Office of the State Auditor
P. O. Box 956
Jackson, Mississippi 39205

Re: Annual Municipal Audit FY2014

Dear Mr. Pickering:

Accompanying this letter are three copies (two bound and one electronic) of the annual audit of the City of Meridian, Mississippi, for the fiscal year ended September 30, 2014. In connection with this audit, a separate management letter was written to the city. Enclosed you will find two copies (one hard copy and one electronic) of this management letter along with the three previously mentioned audit reports.

Sincerely,



Percy Bland, III
Mayor
City of Meridian

601 23rd Avenue
Post Office Box 1430
Meridian, MS 39302-1430
www.meridianms.org



CITY OF MERIDIAN, MISSISSIPPI

Management Letter

September 30, 2014



BREAZEALE, SAUNDERS & O'NEIL, LTD.CERTIFIED PUBLIC ACCOUNTANTS

**The Honorable Mayor Percy Bland, III and
Honorable Members of the City Council
City of Meridian, Mississippi:**

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Meridian, Mississippi ("City") as of and for the year ended September 30, 2014, 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, we considered the City's internal control over financial reporting ("internal control") 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated March 27, 2015, on the financial statements of the City. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters.

To ensure that continuing attention is given to internal control matters, the Council members should periodically review prior years' management letters to ascertain if there are matters that need additional corrective action.



**The Honorable Mayor Percy Bland, III and
Honorable Members of the City Council
City of Meridian, Mississippi
Page two**

We wish to thank all employees for their support and assistance during our audit. This report is intended solely for the information and use of the Honorable Mayor, honorable members of the City Council, management, and others within the City.

A handwritten signature in black ink that reads "Bryan S. O'Neil, Jtd." The signature is written in a cursive style with a large initial 'B'.

Jackson, Mississippi
March 27, 2015



CITY OF MERIDIAN, MISSISSIPPI
Independent Auditors' Findings and Recommendations
With Respect to Internal Controls
For the Year Ended September 30, 2014

The following findings and recommendations include conditions noted during the course of our audit for the year ended September 30, 2014.

UNCOLLECTIBLE ACCOUNTS RECEIVABLE

Finding:

During our audit, we noted two commercial customer accounts that, for the past several years, have not been making regular payments on their accounts. City personnel are in communications with the customers and with the City attorney regarding collections, but, to date, no resolution has been reached. Due to the services provided by the City to these customers, the sewer services have not been cutoff in compliance with the City's cutoff policy. These accounts have been included in the allowance for doubtful accounts each year, but have not been formally written off.

Recommendation:

We recommend that the City adopt a policy regarding past due accounts that are treated with exception to the existing cutoff policies. Such exceptions should be documented and approved by the City Council.

PAYROLL

Finding:

During our audit, we noted several instances requiring corrections. These include a miscalculation of hourly pay rate, payroll taxes not withheld on retirement payouts, family medical fees not timely withheld from employee pay, and employee pay rates above their prescribed pay code limits. It was also noted that there are no written policies regarding procedures and approvals required for changes to pay rates.

Recommendation:

We recommend that the City implement procedures to ensure that payroll transactions are properly and accurately processed and reported. We further recommend that the City establish written policies and procedures that outline the procedures to be taken and approvals required for any changes to pay rates.



CITY OF MERIDIAN, MISSISSIPPI
Independent Auditors' Findings and Recommendations
With Respect to Internal Controls
For the Year Ended September 30, 2014

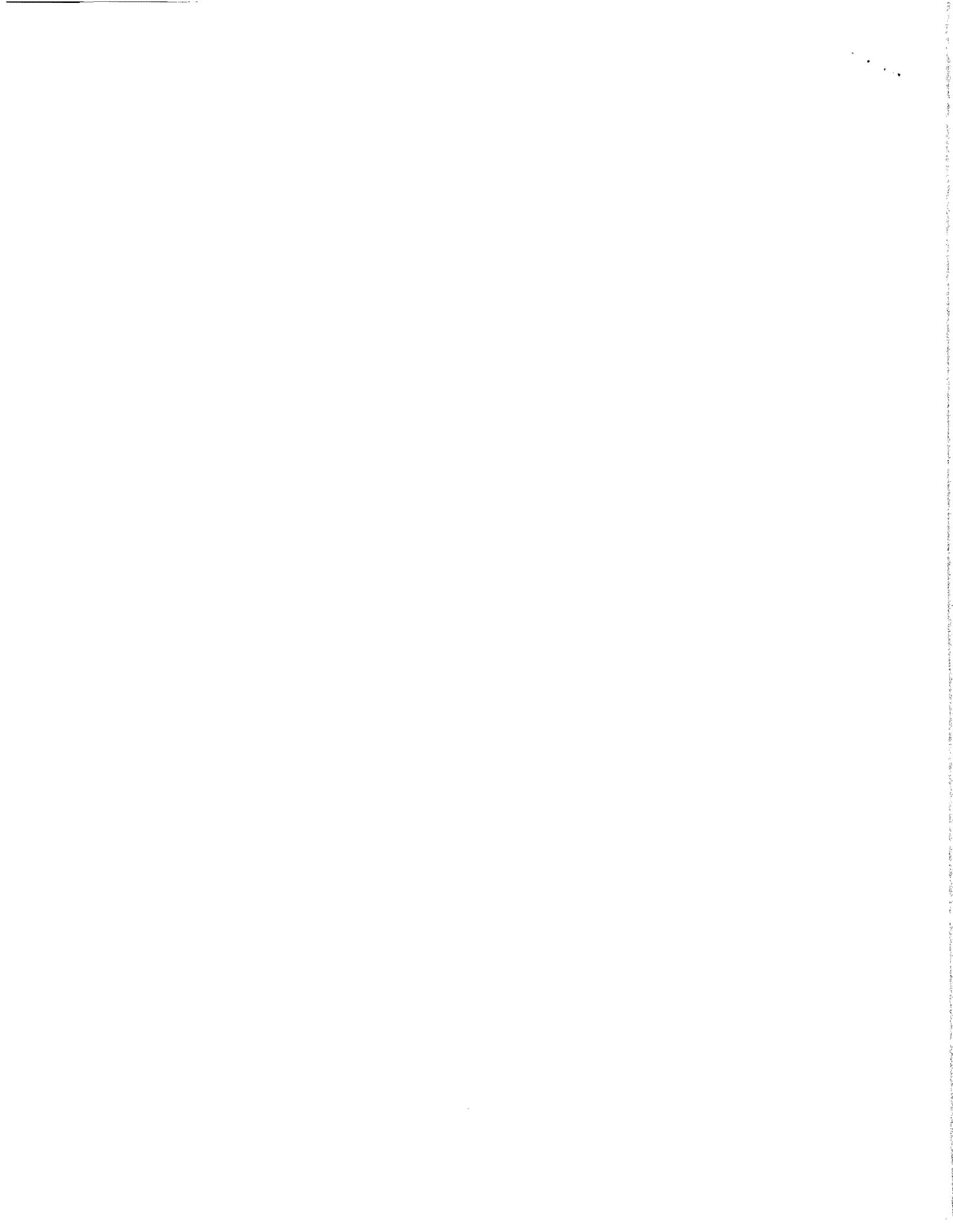
VALUATION OF ASSETS HELD FOR RESALE

Finding:

During our audit, we noted that the Threefoot Building included in assets held for resale is valued at cost, which approximated fair value at the time of purchase. An appraisal of this property has not been performed since acquisition.

Recommendation:

We recommend that the City implement policies and procedures to ensure that this asset is reviewed at least annually for any impairment to the fair value estimates. We further recommend that the City obtain an up-to-date appraisal to provide a solid foundation for the fair value estimate.



CITY OF MERIDIAN, MISSISSIPPI

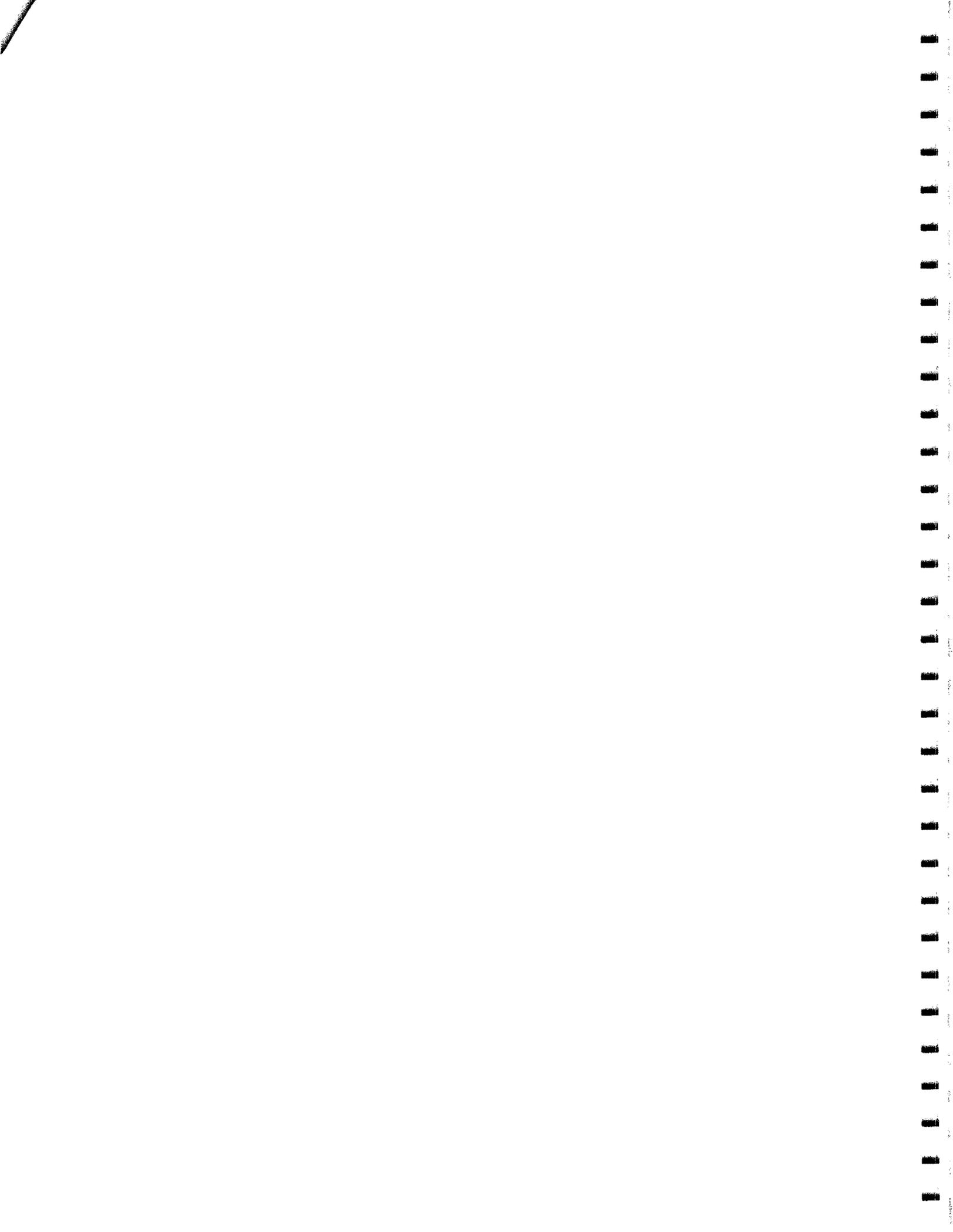
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014

Prepared by:
Department of Finance and Records
Leigh Barber, Assistant Director

On an island bounded by 6th and 7th Streets and 23rd Avenue in downtown Meridian, stands "The Spirit of the American Doughboy" sculpted by E.M. Visquesney in 1920, which is featured on our report cover. The monument was dedicated on November 11, 1927; more specifically, it was dedicated to honor the soldiers from the City and surrounding area. It is one of 140 monuments nationwide. Some people believe that, except for the Statue of Liberty, its publicly displayed replications are collectively the "most seen" sculpture in the country. Meridian is a military friendly city which maintains a healthy relationship between military leadership and local community leaders.

(Photo by Shanna Beasley)



CITY OF MERIDIAN, MISSISSIPPI
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2014

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INTRODUCTORY SECTION

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MERIDIAN

CITY OF MERIDIAN

A better longitude on life.

March 27, 2015

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FAX: (601) 484-6832

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

601 23rd Avenue
Post Office Box 1430
Meridian, MS 39302-1430
www.meridianms.org

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, 2014.

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, 2014, 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 unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2014, 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.

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 54.3 square miles and has an official 2010 population of 41,148. 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 mayor-council 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 within ten (10) business days, stating the reasons for such veto. No ordinance so vetoed shall take effect unless council within ten (10) business days resolves to override the veto by a vote of two-thirds (2/3) of the members present and voting to override. If the mayor takes no action to approve or veto an ordinance, there is a period of fifteen (15) business days before the ordinance could become effective. The mayor and council serve concurrent, four-year terms.

The City provides a full range of services, including police and fire protection; general administration; 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 and Bonita Lakes Development Authority and the Meridian Urban Renewal 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 continues to have a diverse economy with industries ranging from electronic music and sound equipment to aircraft parts and steel fabrication to distribution centers for office products, flower bulbs, and beverages. Meridian is the center of a large trade area and continues to meet the medical, retail, industrial, cultural and recreational needs of hundreds of thousands of people in east Mississippi and west Alabama.

Meridian is located at the intersection of five US highways and two major interstates: I-20, which runs from western Texas to South Carolina and I-59, which connects southeast Louisiana to northern Georgia. The Meridian Regional Airport offers commercial airline service with daily flights to and from Dallas/Fort Worth International Airport and its 10,003 foot runway is the longest public-use runway in the state. The City is also served by two Class I railroads and two short line railroads.

The City serves as a regional health center, with five hospitals that employ over 6,000 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. NAS Meridian also provides the RCTA or Regional Counter-Drug Training Academy. The RCTA offers training for a variety of law enforcement entities from throughout the southeast in the war on drugs. Meridian is also home to the Complex, which is home to the 186th Air Refueling Wing.

The City's Public Safety and Training Facility is situated on approximately 99 acres and is recognized as a Level 2 law enforcement academy by the Mississippi Police Board of Standards and Training. The facility provides training in a variety of courses for multiple entities both from within the state and out of state. Additionally, the Public Safety Training Facility has a three-story drill tower with live fire capabilities, a driving track, firing ranges and a working Amtrak rail site complete with rail cars. The facility is one of the only active training sites in the country for passenger rail rescue courses. The City is also included in a nine county regional response team that serves central Mississippi. The team is part of a 27 county task force that is supported by the Mississippi Department of Homeland Security.

Long-term financial planning. With the current economic conditions, there is a greater emphasis on the provision of basic services. Revenue is allocated as needed toward the basic governmental services of water and sewer and public safety. Emphasis is placed on long term financing and grant procurement to address capital needs of the water and sewer system and law enforcement.

Relevant financial policies. In addition to the establishment of a comprehensive internal control framework and formal budgetary procedures, the City's management is also committed to conservatism in projecting annual revenues and allocating one time revenues. These policies prevent drastic reductions due to under budgeted or unbudgeted costs and ensure that operating expenses are not increased for one time revenues.

Major initiatives. Significant projects to be addressed include continued replacement and maintenance of aging water and sewer plants and lines to be financed through grants and bond issues.

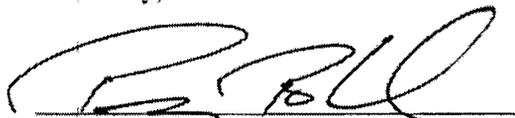
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada ("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, 2013. This was the eighteenth consecutive year that the City has achieved 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,



Percy Bland, III
Mayor



Leigh M. Barber
Deputy City Clerk



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

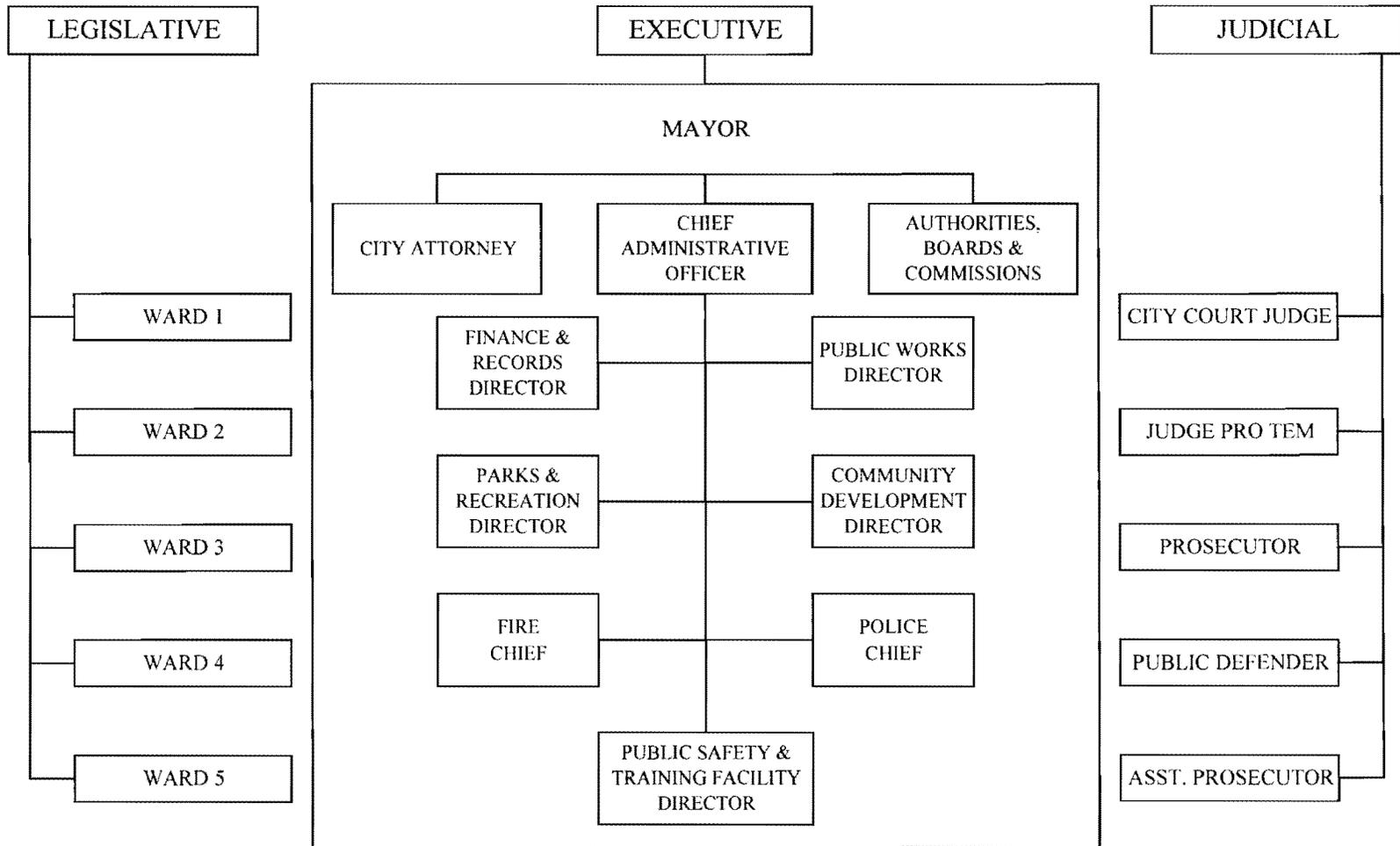
**City of Meridian
Mississippi**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

CITY OF MERIDIAN, MISSISSIPPI
Organizational Structure
 September 30, 2014



CITY OF MERIDIAN, MISSISSIPPI

Listing of City Officials

September 30, 2014

Elected Officials

Mayor	Percy Bland, III
Council Member - Ward 1	George M Thomas
Council Member - Ward 2	K. Dustin Markham
Council Member - Ward 3	Barbara Henson
Council Member - Ward 4	Kim Houston
Council Member - Ward 5	Randy Hammon

Appointed Officials

Chief Administrative Officer	Mike McGrevey
Finance & Records Director/City Clerk	Vacant
Public Works Director	Hugh Smith
Parks & Recreation Director	Kelvin McGruder
Community Development Director	John McClure
Fire Chief	Anthony Clayton
Police Chief	Benny Dubose
Public Safety & Training Facility Director.....	H. C. Partridge, Jr.
City Attorney	Bill Hammack

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

**The Honorable Mayor Percy Bland, III and
Honorable Members of the City Council
City of Meridian, Mississippi:**

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Meridian Airport Authority, which represent 85.36 percent, 90.28 percent, and 98.5 percent, respectively, of the assets, net position, and program revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for this component unit, is based solely on the report 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes

**The Honorable Mayor Percy Bland, III and
Honorable Members of the City Council
City of Meridian, Mississippi
Page two**

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 26 and the schedule of funding progress on page 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, other supplementary information, and statistical section and the schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

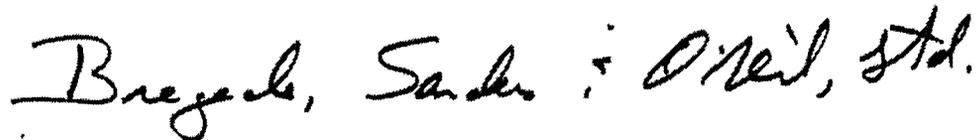
The Honorable Mayor Percy Bland, III and
Honorable Members of the City Council
City of Meridian, Mississippi
Page three

The combining and individual nonmajor fund financial statements and schedules, other supplementary information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Jackson, Mississippi
March 27, 2015

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CITY OF MERIDIAN, MISSISSIPPI
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2014

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, 2014. 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 - 7 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 \$112,020 (*net position*). Of this amount, \$12,748 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2,035. This change in net position is largely attributable to a \$4,135 decrease in public works expenditures and a \$2,094 decrease in economic development expenditures.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$18,930, a decrease of \$231 in comparison with the prior year. Approximately 44 percent of this total amount, \$8,371, is *available for spending* at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$8,371 or 28 percent of total general fund expenditures.
- The City's total debt decreased by \$6,495 (11.5 percent) during the current fiscal year. During the year, the City issued \$9,610 in new debt and retired \$16,105 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 position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (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 Urban Renewal Authority (3) The Meridian Transportation Commission, and (4) Meridian and Bonita Lakes Development 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 19 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 and debt service fund, which are considered to be major funds. Data from the other 17 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. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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 statement 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 - 95 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. This required supplementary information can be found on page 98 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 99 - 131 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$112,020 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (79 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, 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 Position

<u>Description</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 23,919	24,394	20,011	16,602	43,930	40,996
Capital assets, net	<u>98,050</u>	<u>101,696</u>	<u>30,867</u>	<u>32,792</u>	<u>128,917</u>	<u>134,488</u>
Total assets	<u>121,969</u>	<u>126,090</u>	<u>50,878</u>	<u>49,394</u>	<u>172,847</u>	<u>175,484</u>
Long-term liabilities outstanding	39,609	43,239	13,082	15,328	52,691	58,567
Other liabilities	<u>4,473</u>	<u>4,837</u>	<u>2,124</u>	<u>2,064</u>	<u>6,597</u>	<u>6,901</u>
Total liabilities	<u>44,082</u>	<u>48,076</u>	<u>15,206</u>	<u>17,392</u>	<u>59,288</u>	<u>65,468</u>
Deferred inflows of resources	<u>1,507</u>	-	<u>32</u>	<u>31</u>	<u>1,539</u>	<u>31</u>
Net position:						
Net investment in capital assets	68,410	69,358	20,214	18,824	88,624	88,182
Restricted	3,572	3,538	7,076	6,619	10,648	10,157
Unrestricted	<u>4,398</u>	<u>5,118</u>	<u>8,350</u>	<u>6,528</u>	<u>12,748</u>	<u>11,646</u>
Total net position	\$ <u>76,380</u>	<u>78,014</u>	<u>35,640</u>	<u>31,971</u>	<u>112,020</u>	<u>109,985</u>

An additional portion of the City's net position (10 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$12,748 in *unrestricted net position* 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 position, 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 \$457 in restricted net position reported in connection with the City's business-type activities. This is a result of increased funds available for debt service in the water and sewer fund.

The City's net position increased \$2,035 during the current fiscal year. This change in net position is largely attributable to a \$4,135 decrease in public works expenditures and a \$2,094 decrease in economic development expenditures.

City of Meridian's Changes in Net Position

<u>Description</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,362	1,791	15,898	15,743	17,260	17,534
Operating grants and contributions	992	1,261	-	-	992	1,261
Capital grants and contributions	314	265	47	148	361	413
General revenues:						
Property taxes	14,232	13,767	49	71	14,281	13,838
Other taxes	18,554	18,097	-	-	18,554	18,097
Grants and contributions not restricted to specific programs	78	77	-	-	78	77
Unrestricted investment earnings	<u>63</u>	<u>79</u>	<u>43</u>	<u>86</u>	<u>106</u>	<u>165</u>
Total revenues	<u>35,595</u>	<u>35,337</u>	<u>16,037</u>	<u>16,048</u>	<u>51,632</u>	<u>51,385</u>
Expenses:						
General government	7,899	7,385	-	-	7,899	7,385
Public safety	16,394	16,486	-	-	16,394	16,486
Public works	7,864	12,022	-	-	7,864	12,022
Culture and recreation	2,509	2,250	-	-	2,509	2,250
Economic development	21	2,115	-	-	21	2,115
Interest on long-term debt	1,706	1,835	-	-	1,706	1,835
Sanitation	-	-	1,881	1,905	1,881	1,905
Water and sewer	-	-	10,625	11,788	10,625	11,788
Golf Course, Unions Station and concessions	<u>-</u>	<u>-</u>	<u>698</u>	<u>816</u>	<u>698</u>	<u>816</u>
Total expenses	<u>36,393</u>	<u>42,093</u>	<u>13,204</u>	<u>14,509</u>	<u>49,597</u>	<u>56,602</u>
Excess (deficiency) of revenues over (under) expenses before transfers	(798)	(6,756)	2,833	1,539	2,035	(5,217)
Transfers	<u>(836)</u>	<u>245</u>	<u>836</u>	<u>(245)</u>	<u>-</u>	<u>-</u>
Change in net position	(1,634)	(6,511)	3,669	1,294	2,035	(5,217)
Net position - beginning	<u>78,014</u>	<u>84,525</u>	<u>31,971</u>	<u>30,677</u>	<u>109,985</u>	<u>115,202</u>
Net position - ending	\$ <u>76,380</u>	<u>78,014</u>	<u>35,640</u>	<u>31,971</u>	<u>112,020</u>	<u>109,985</u>

Governmental activities. Governmental activities decreased the City's net position by \$1,634. Key elements of these changes in net position are as follows:

- Property taxes increased \$465 or three percent in 2014 compared to 2013. This increase in property tax receipts is primarily due to a \$2,246 or one percent increase in the 2014 taxable assessed value.
- Charges for services decreased \$429 or 24 percent in 2014 compared to 2013. This was mostly due to a \$368 decrease in general government charges for services.
- Operating grants and contributions decreased \$269 or 21 percent in 2014 compared to 2013. This decrease was due to a \$288 decrease in operating grants for economic development.
- Capital grants and contributions increased \$49 or 19 percent in 2014 compared to 2013. This was largely due to a \$202 increase in capital grants for public safety and a decrease of \$165 in grants for economic development.
- Other taxes (which include sales taxes) increased \$457 or three percent.
- Total revenues increased \$258 or one percent. This was mainly due to a \$922 increase in property and other taxes offset by a \$429 decrease in charges for sales and services and a \$269 decrease in operating grants and contributions.
- Total expenses decreased \$5,700 or 14 percent. This was primarily due to a \$4,158 decrease in public works expenditures.

Business-type activities. Business-type activities increased the City's net position by \$3,669. This is primarily due to \$15,898 in water, sewer and sanitation charges for services offset by \$12,506 in water, sewer and sanitation expenses.

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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$18,930, a decrease of \$231 in comparison with the prior year. Of this total, \$6,788 is *restricted* due to external limitations on its use, such as by debt covenants, legal restrictions, or intention of grantors or donors. A total of \$1,597 is considered *nonspendable* because it has been used for inventory and assets held for resale. A total of \$1,829 has been assigned, meaning there are limitations resulting from its intended use. A total of \$345 has been *committed* through formal action of the City Council for construction or acquisition of capital assets. The remaining \$8,371 of the fund balance is *unassigned*, which is available for spending at the City's discretion.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,371, while total fund balance was \$11,767. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 28 percent of total general fund expenditures, while total fund balance represents 40 percent of that same amount. The fund balance of the City's general fund decreased by \$153 during the current fiscal year. This was primarily due to a \$727 increase public works projects in the general fund offset by a \$517 decrease in miscellaneous revenues.

The debt service fund has a total fund balance of \$2,956, all of which is restricted for the payment of debt service. The net increase of \$172 during the current year in the debt service fund is a result of the timing of payment due dates of long-term debt.

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 position of the water and sewer fund at the end of the year amounted to \$7,659, and those for the waste collection and disposal fund amounted to \$506. The total increase in net position for the waste collection and disposal fund is \$12 and the water and sewer fund net position increased by \$3,688.

General Fund Budgetary Highlights

There was an increase of \$92 between the original budget and the final amended budget in total expenditures. Changes within the levels of expenditures can be briefly summarized as follows:

<u>Description</u>	<u>Increase (Decrease)</u>
General government	\$ 122
Finance and records	20
Community development	135
Parks and recreation	250
Public works	(277)
Police	(300)
Fire	50
Public safety & training facility	92
Total	\$ 92

Actual revenues exceeded the final amended budget by \$1,026.

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	\$ 470
Finance and records	176
Community development	267
Parks and recreation	142
Public works	86
Police	830
Fire	265
Public safety & training facility	12
Arts district parking garage	21
Total	\$ 2,269

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, 2014, amounts to \$128,917 (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:

- Preliminary engineering and survey of 5th Street for the replacement of sidewalks, curb cuts, and pedestrian crossings and installation of decorative lighting and landscaping.
- Preliminary engineering for the upgrade of traffic signals along Highway 39 at its intersections with Old Country Club Road and with Windmill Drive.
- Sidewalk improvements between Meridian Public Schools and the Boys and Girls Club.
- Design engineering for storm sewer and related sanitary sewer, water and street improvements in downtown Meridian along 22nd Avenue and 5th Street.
- Completed restoration and stabilization of the Holbrook Benevolent Association Building.
- Continued replacement of South Waste Water Treatment Plant air blowers, digester blowers, process pumps, and associated electrical upgrades.

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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 7,997	8,001	248	248	8,245	8,249
Right of ways	3	3	30	30	33	33
Building and system	33,608	34,195	28,908	31,122	62,516	65,317
Improvements other than buildings	2,652	2,844	25	25	2,677	2,869
Machinery and equipment	4,990	5,127	1,095	848	6,085	5,975
Infrastructure	48,212	51,372	-	-	48,212	51,372
Construction in progress	588	154	561	519	1,149	673
Total	\$ 98,050	101,696	30,867	32,792	128,917	134,488

Additional information on the City's capital assets can be found in note 5 on pages 73 - 76 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$37,025. Of this amount, \$31,495 comprises debt backed by the full faith and credit of the City, \$885 is special obligation bonds, \$3,605 is tax increment financing bonds and \$1,040 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment.

The City's total bonded debt decreased by \$3,665 (9 percent) during the current fiscal year. The decrease is due to retirements exceeding the 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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General obligation bonds	\$ 31,495	31,270	-	-	31,495	31,270
Special obligation bonds	885	4,340	-	-	885	4,340
Limited obligation tax increment financing bonds	3,605	3,800	-	-	3,605	3,800
Special assessment debt with governmental commitment	<u>1,040</u>	<u>1,280</u>	<u>-</u>	<u>-</u>	<u>1,040</u>	<u>1,280</u>
Total	\$ <u>37,025</u>	<u>40,690</u>	<u>-</u>	<u>-</u>	<u>37,025</u>	<u>40,690</u>

The City maintains excellent bond ratings for both general obligation and revenue bond debt. The general obligation bonds maintain an "Aa3" rating from Moody's Investors Service and an "A+" rating from Standard and Poor's Ratings Services.

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 \$51,175 which is significantly in excess of the City's net outstanding general obligation debt of \$30,794 applicable to the debt limitation.

Additional information on the City's long-term debt can be found in note 8 on pages 81 - 86 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City is currently 10.0 percent, which is a decrease from the rate of 10.3 percent a year ago. The statewide average is 7.8 percent as compared to the national average of 6.1 percent.
- The revitalization of the City continued with the issuance of 577 building permits with a construction value of \$32 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 an increase of 2.7 percent versus the national average increase of 1.7 percent.
- Sales tax collections year-to-date in fiscal year 2015 are up 1.54 percent from the previous fiscal year. During the first six months of fiscal year 2015, the City has received \$7,492 in sales tax collections, compared to \$7,378 received during the same period of fiscal year 2014.

All of these factors were considered in preparing the City's budget for the 2015 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased to \$8,371. The City has appropriated \$3,088 of this amount for spending in the 2015 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 Position
September 30, 2014

<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	\$ 8,940,318	7,200,810	16,141,128	1,209,210
Investments	1,350,000	-	1,350,000	-
Receivables, net:				
Taxes	1,317,036	-	1,317,036	-
Accounts	829,292	2,093,787	2,923,079	699,617
Special assessments	606,121	-	606,121	-
Intergovernmental	145,402	47,115	192,517	106,153
Interest	2,768	-	2,768	48,721
Contribution	-	-	-	19,159
Miscellaneous	17,457	5,304	22,761	-
Due from component units	2,377	-	2,377	-
Internal balances	225,078	(225,078)	-	-
Inventory	56,412	475,132	531,544	455,101
Prepaid items	246,809	80,286	327,095	42,386
Temporarily restricted assets:				
Cash and investments	8,169,040	10,333,340	18,502,380	53,167
Taxes receivable	30,603	-	30,603	-
Intergovernmental receivables	583,043	-	583,043	-
Leverage loans receivable	-	-	-	5,691,198
Assets held for resale	1,398,082	-	1,398,082	-
Capital assets not being depreciated:				
Land	7,997,605	247,787	8,245,392	2,427,975
Right of ways	2,600	30,610	33,210	-
Collections - historical treasures	141,250	-	141,250	-
Construction in progress	587,566	561,232	1,148,798	1,022,801
Capital assets net of accumulated depreciation:				
Buildings	33,608,109	1,900	33,610,009	11,600,748
Water and sewer system	-	28,906,258	28,906,258	-
Improvements other than buildings	2,651,873	24,975	2,676,848	16,488,172
Machinery and equipment	4,849,413	1,094,210	5,943,623	64,966
Infrastructure	48,211,448	-	48,211,448	-
Total assets	<u>121,969,702</u>	<u>50,877,668</u>	<u>172,847,370</u>	<u>39,929,374</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
Statement of Net Position
September 30, 2014

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
<u>LIABILITIES</u>				
Accounts payable and other current liabilities	\$ 1,885,592	959,476	2,845,068	1,011,008
Accrued interest	389,135	-	389,135	-
Accrued salaries	858,941	184,096	1,043,037	-
Accrued sales tax	-	12,814	12,814	-
Liabilities payable from restricted assets	1,339,056	967,061	2,306,117	-
Unearned revenue	-	-	-	2,835
Noncurrent liabilities:				
Due within one year:				
Bonds, loans and leases payable	3,040,900	95,575	3,136,475	74,400
Bonds and loans payable from restricted assets	-	1,528,514	1,528,514	-
Compensated absences	350,026	56,305	406,331	-
Claims and judgments	220,029	-	220,029	-
Due in more than one year:				
Bonds, loans and leases payable	35,298,501	11,287,254	46,585,755	2,143,576
Compensated absences	700,051	114,315	814,366	-
Total liabilities	<u>44,082,231</u>	<u>15,205,410</u>	<u>59,287,641</u>	<u>3,231,819</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred gain on refundings	1,506,965	32,408	1,539,373	-
<u>NET POSITION</u>				
Net investment in capital assets	68,410,626	20,213,957	88,624,583	31,604,662
Restricted for:				
Debt service	2,566,790	6,641,034	9,207,824	-
Sowashee Creek maintenance	330,536	434,509	765,045	-
Construction/acquisition of capital assets	222,898	-	222,898	53,167
Paving projects	24,721	-	24,721	-
Flood damage repairs	76,962	-	76,962	-
Purposes of grantors/donors	349,692	-	349,692	-
Law enforcement	492	-	492	-
Unrestricted	4,397,789	8,350,350	12,748,139	5,039,726
Total net position	<u>\$ 76,380,506</u>	<u>35,639,850</u>	<u>112,020,356</u>	<u>36,697,555</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, 2014

<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>
Primary government:				
Governmental activities:				
General government	\$ 7,898,817	336,547	-	12,740
Public safety	16,394,163	859,667	948,796	301,560
Public works	7,864,380	-	30,558	-
Culture and recreation	2,508,867	166,083	8,695	-
Economic development	20,899	-	3,571	-
Interest on long-term debt	<u>1,706,213</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>36,393,339</u>	<u>1,362,297</u>	<u>991,620</u>	<u>314,300</u>
Business-type activities:				
Water and sewer	10,625,122	13,699,245	-	47,115
Waste collection and disposal	1,881,279	1,886,908	-	-
Golf course	434,657	244,105	-	-
Union Station	234,959	40,646	-	-
Concessions	<u>27,874</u>	<u>27,455</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>13,203,891</u>	<u>15,898,359</u>	<u>-</u>	<u>47,115</u>
Total primary government	\$ <u>49,597,230</u>	<u>17,260,656</u>	<u>991,620</u>	<u>361,415</u>
Component units:				
Meridian Airport Authority	\$ 13,281,495	12,218,719	20,906	2,112,591
Nonmajor component units	<u>153,875</u>	<u>194,866</u>	<u>23,473</u>	<u>-</u>
Total component units	\$ <u>13,435,370</u>	<u>12,413,585</u>	<u>44,379</u>	<u>2,112,591</u>

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 position

Net position, October 1, 2013

Net position, September 30, 2014

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
(7,549,530)	-	(7,549,530)	-
(14,284,140)	-	(14,284,140)	-
(7,833,822)	-	(7,833,822)	-
(2,334,089)	-	(2,334,089)	-
(17,328)	-	(17,328)	-
<u>(1,706,213)</u>	<u>-</u>	<u>(1,706,213)</u>	<u>-</u>
<u>(33,725,122)</u>	<u>-</u>	<u>(33,725,122)</u>	<u>-</u>
-	3,121,238	3,121,238	-
-	5,629	5,629	-
-	(190,552)	(190,552)	-
-	(194,313)	(194,313)	-
<u>-</u>	<u>(419)</u>	<u>(419)</u>	<u>-</u>
<u>-</u>	<u>2,741,583</u>	<u>2,741,583</u>	<u>-</u>
<u>(33,725,122)</u>	<u>2,741,583</u>	<u>(30,983,539)</u>	<u>-</u>
-	-	-	1,070,721
<u>-</u>	<u>-</u>	<u>-</u>	<u>64,464</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,135,185</u>
14,232,160	48,766	14,280,926	-
14,901,394	-	14,901,394	-
2,955,293	-	2,955,293	-
677,490	-	677,490	-
19,562	-	19,562	-
78,120	-	78,120	-
62,780	43,325	106,105	2,517
<u>(835,635)</u>	<u>835,635</u>	<u>-</u>	<u>-</u>
<u>32,091,164</u>	<u>927,726</u>	<u>33,018,890</u>	<u>2,517</u>
(1,633,958)	3,669,309	2,035,351	1,137,702
<u>78,014,464</u>	<u>31,970,541</u>	<u>109,985,005</u>	<u>35,559,853</u>
\$ <u>76,380,506</u>	<u>35,639,850</u>	<u>112,020,356</u>	<u>36,697,555</u>

CITY OF MERIDIAN, MISSISSIPPI
 Balance Sheet
 Governmental Funds
 September 30, 2014

<u>ASSETS</u>	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 8,753,418	-	17,101	8,770,519
Investments	1,350,000	-	-	1,350,000
Receivables, net:				
Taxes	1,317,036	-	-	1,317,036
Accounts	829,292	-	-	829,292
Intergovernmental	145,402	-	-	145,402
Interest	1,165	1,603	-	2,768
Miscellaneous	9,688	-	-	9,688
Due from other funds	300,222	-	2,678	302,900
Due from component units	1,970	-	-	1,970
Prepaid items	199,307	-	-	199,307
Asset held for resale	1,398,082	-	-	1,398,082
Restricted assets:				
Cash and cash equivalents	415,490	2,527,366	4,826,184	7,769,040
Investments	-	400,000	-	400,000
Receivables, net:				
Taxes	-	30,603	-	30,603
Special assessments receivable	-	606,121	-	606,121
Intergovernmental receivables	-	-	583,043	583,043
Total assets	\$ <u>14,721,072</u>	<u>3,565,693</u>	<u>5,429,006</u>	<u>23,715,771</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI

Balance Sheet
 Governmental Funds
 September 30, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 1,206,564	-	1,403	1,207,967
Accrued salaries	858,941	-	-	858,941
Due to other funds	473,244	-	300,222	773,466
Liabilities payable from restricted assets:				
Accounts payable	-	3,647	918,989	922,636
Deposits payable	415,490	-	-	415,490
Unearned revenue	-	-	930	930
Total liabilities	<u>2,954,239</u>	<u>3,647</u>	<u>1,221,544</u>	<u>4,179,430</u>
Deferred inflows of resources -				
Unavailable revenue - special assessments	-	606,121	-	606,121
Fund balances:				
Nonspendable:				
Prepaid items	199,307	-	-	199,307
Asset held for resale	1,398,082	-	-	1,398,082
Restricted for:				
Sowashee Creek maintenance	-	-	330,536	330,536
Construction/acquisition of capital assets	-	-	1,940,584	1,940,584
Flood damage repairs	-	-	76,962	76,962
Paving projects	-	-	1,134,163	1,134,163
Debt service	-	2,955,925	-	2,955,925
Purposes of grantors/donors	-	-	349,692	349,692
Law enforcement	-	-	492	492
Committed to -				
Urban renewal and redevelopment	-	-	345,199	345,199
Assigned to:				
General government activities	1,139,893	-	-	1,139,893
Public safety	-	-	21,289	21,289
Public works	594,453	-	-	594,453
Sports events and other recreation	64,082	-	8,545	72,627
Unassigned	<u>8,371,016</u>	-	-	<u>8,371,016</u>
Total fund balances	<u>11,766,833</u>	<u>2,955,925</u>	<u>4,207,462</u>	<u>18,930,220</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>14,721,072</u>	<u>3,565,693</u>	<u>5,429,006</u>	<u>23,715,771</u>

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 Position
 September 30, 2014

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

Fund balances - total governmental funds	\$ 18,930,220
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	98,049,864
Other long-term assets (special assessments) are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds balance sheet.	606,121
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.	(41,458,105)
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 position (net of amount allocated to business-type activities of \$13,817).	<u>252,406</u>
Net position of governmental activities	\$ <u>76,380,506</u>

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, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes:				
Property	\$ 9,576,714	4,403,579	-	13,980,293
Sales	14,901,394	-	-	14,901,394
Franchise	2,955,293	-	-	2,955,293
County road	677,490	-	-	677,490
Motor fuel	19,562	-	-	19,562
Licenses and permits	296,174	-	-	296,174
Intergovernmental	302,365	-	1,055,355	1,357,720
Charges for services	166,083	-	-	166,083
Fines and forfeitures	857,885	-	1,782	859,667
Special assessments	-	71,773	-	71,773
Payments in lieu of taxes	150,054	-	-	150,054
Local contributions	-	-	8,580	8,580
Interest on investments	42,196	7,272	13,312	62,780
Interest costs and damages	104,412	-	-	104,412
Miscellaneous	49,083	-	13,934	63,017
Total revenues	<u>30,098,705</u>	<u>4,482,624</u>	<u>1,092,963</u>	<u>35,674,292</u>
Expenditures:				
Current:				
General government	6,616,924	-	-	6,616,924
Public safety	15,064,488	-	943,850	16,008,338
Public works	4,933,040	-	-	4,933,040
Culture and recreation	2,487,882	-	3,665	2,491,547
Economic development	-	-	230,129	230,129
Capital outlay	-	-	470,083	470,083
Debt service:				
Principal retirement	217,417	3,457,685	-	3,675,102
Interest and fiscal charges	18,460	1,754,571	-	1,773,031
Bond issuance costs	73,579	254,150	-	327,729
Total expenditures	<u>29,411,790</u>	<u>5,466,406</u>	<u>1,647,727</u>	<u>36,525,923</u>
Excess (deficiency) of revenues over (under) expenditures	<u>686,915</u>	<u>(983,782)</u>	<u>(554,764)</u>	<u>(851,631)</u>
Other financing sources (uses):				
Transfers in	652,006	883,562	646,621	2,182,189
Transfers out	(2,692,319)	-	(341,791)	(3,034,110)
General obligation bonds issued	1,200,000	8,410,000	-	9,610,000
Bond premium received	-	490,918	-	490,918
Principal retirement from refunding bond proceeds	-	(3,110,000)	-	(3,110,000)
Payment to bond escrow agent	-	(5,518,484)	-	(5,518,484)
Total other financing sources (uses)	<u>(840,313)</u>	<u>1,155,996</u>	<u>304,830</u>	<u>620,513</u>
Net change in fund balances	(153,398)	172,214	(249,934)	(231,118)
Fund balances, October 1, 2013	<u>11,920,231</u>	<u>2,783,711</u>	<u>4,457,396</u>	<u>19,161,338</u>
Fund balances, September 30, 2014	<u>\$ 11,766,833</u>	<u>2,955,925</u>	<u>4,207,462</u>	<u>18,930,220</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, 2014

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

Net change in fund balances - total governmental funds	\$ (231,118)
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 depreciation exceeded capital outlays in the current period.	(3,600,194)
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 disposed of.	(64,261)
Governmental funds do not report contributed capital assets because they do not provide current financial resources. However, in the statement of activities the fair values of contributed capital assets are recorded as capital contributions.	17,791
Special assessment revenues related to prior periods reported as revenues in the governmental funds are not reported as revenues in the statement of activities.	(74,372)
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 position. Also, governmental funds report the effect of 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.	2,166,383
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.	153,924
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 earnings of the internal service funds are reported with governmental activities (net of amount allocated to business-type activities of \$535).	<u>(2,111)</u>
Change in net position of governmental activities	\$ <u>(1,633,958)</u>

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>(Budgetary</u> <u>Basis)</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Ad valorem	\$ 9,560,500	9,560,500	9,581,123	20,623
Sales	13,800,000	13,800,000	14,624,752	824,752
County road	700,000	700,000	677,815	(22,185)
Gasoline	20,000	20,000	19,562	(438)
Payment in lieu of taxes	100,000	100,000	132,547	32,547
Intergovernmental:				
Alcoholic beverage	50,000	50,000	57,375	7,375
State Fire Insurance Fund	200,000	200,000	224,245	24,245
Municipal aid	20,000	20,000	20,520	520
Grants/fees	25,000	72,300	98,055	25,755
Franchise:				
Mississippi Power Company	1,900,000	1,900,000	2,202,288	302,288
Atmos Energy	130,000	130,000	169,894	39,894
Comcast Cable Company	450,000	450,000	482,124	32,124
East Mississippi Electric Power Assn.	-	-	57,249	57,249
Contact Network, Inc.	-	-	3,503	3,503
Fines and forfeitures	1,000,000	1,000,000	857,885	(142,115)
Licenses and permits:				
Privilege license	140,000	140,000	151,214	11,214
Building and allied permits	110,000	110,000	144,960	34,960
Charges for services:				
Garbage collection	1,863,000	1,863,000	1,877,653	14,653
Recreation	125,000	125,000	117,525	(7,475)
Enterprise Funds	645,500	645,500	645,500	-
Miscellaneous	325,000	325,000	145,472	(179,528)
Interest on investments	70,000	70,000	42,235	(27,765)
Interest costs and damages	130,000	130,000	103,342	(26,658)
Total revenues	<u>31,364,000</u>	<u>31,411,300</u>	<u>32,436,838</u>	<u>1,025,538</u>
Expenditures:				
General government:				
Personnel services	1,333,853	1,283,853	1,139,871	143,982
Supplies and expenses	895,411	945,411	866,570	78,841
Transfers and other charges	<u>1,198,385</u>	<u>1,320,385</u>	<u>1,072,960</u>	<u>247,425</u>
Total general government	<u>3,427,649</u>	<u>3,549,649</u>	<u>3,079,401</u>	<u>470,248</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, 2014

	<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>
Expenditures (continued):				
Finance and records:				
Personnel services	\$ 1,209,525	1,229,525	1,152,442	77,083
Supplies and expenses	1,812,770	1,812,770	1,735,974	76,796
Capital outlay	75,000	75,000	53,459	21,541
Transfers and other charges	35,000	35,000	35,000	-
Total finance and records	<u>3,132,295</u>	<u>3,152,295</u>	<u>2,976,875</u>	<u>175,420</u>
Community development:				
Personnel services	931,978	1,066,978	1,017,191	49,787
Supplies and expenses	285,760	285,760	160,466	125,294
Capital outlay	8,000	8,000	7,274	726
Transfers and other charges	618,970	618,970	527,452	91,518
Total community development	<u>1,844,708</u>	<u>1,979,708</u>	<u>1,712,383</u>	<u>267,325</u>
Parks and recreation:				
Personnel services	1,504,429	1,754,429	1,662,266	92,163
Supplies and expenses	760,550	765,550	746,690	18,860
Capital outlay	91,000	76,000	47,973	28,027
Transfers and other charges	210,000	220,000	216,790	3,210
Total parks and recreation	<u>2,565,979</u>	<u>2,815,979</u>	<u>2,673,719</u>	<u>142,260</u>
Public works:				
Personnel services	3,373,493	3,096,493	3,019,584	76,909
Supplies and expenses	1,525,190	1,386,960	1,381,805	5,155
Capital outlay	288,200	370,430	367,434	2,996
Transfers and other charges	1,990,000	2,046,000	2,045,000	1,000
Total public works	<u>7,176,883</u>	<u>6,899,883</u>	<u>6,813,823</u>	<u>86,060</u>
Police:				
Personnel services	6,390,080	6,090,080	5,572,124	517,956
Supplies and expenses	2,156,550	2,096,550	1,816,139	280,411
Capital outlay	387,000	437,000	405,140	31,860
Transfers and other charges	12,500	22,500	22,500	-
Total police	<u>8,946,130</u>	<u>8,646,130</u>	<u>7,815,903</u>	<u>830,227</u>
Fire:				
Personnel services	6,079,531	6,129,531	6,068,038	61,493
Supplies and expenses	905,475	897,675	696,444	201,231
Capital outlay	191,750	199,550	199,002	548
Transfers and other charges	14,600	14,600	12,500	2,100
Total fire	<u>7,191,356</u>	<u>7,241,356</u>	<u>6,975,984</u>	<u>265,372</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis) Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (continued):				
Public Safety & Training Facility:				
Personnel services	\$ 160,575	230,575	220,961	9,614
Supplies and expenses	<u>89,425</u>	<u>111,725</u>	<u>109,924</u>	<u>1,801</u>
Total public safety & training facility	<u>250,000</u>	<u>342,300</u>	<u>330,885</u>	<u>11,415</u>
Arts District Parking Garage -				
Supplies and expenses	<u>75,800</u>	<u>75,800</u>	<u>55,301</u>	<u>20,499</u>
Total expenditures	<u>34,610,800</u>	<u>34,703,100</u>	<u>32,434,274</u>	<u>2,268,826</u>
Net change in fund balances	\$ <u>(3,246,800)</u>	<u>(3,291,800)</u>	2,564	<u>3,294,364</u>
Fund balances, October 1, 2013			<u>11,995,418</u>	
Fund balances, September 30, 2014			\$ <u>11,997,982</u>	

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

CITY OF MERIDIAN, MISSISSIPPI

Statement of Net Position

Proprietary Funds

September 30, 2014

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water</u>	<u>Waste</u>	<u>Nonmajor</u>	<u>Total</u>	<u>Internal</u>
<u>ASSETS</u>	<u>& Sewer</u>	<u>Collection</u>	<u>Enterprise</u>	<u>Enterprise</u>	<u>Service</u>
		<u>& Disposal</u>	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>
Current assets:					
Cash and cash equivalents	\$ 6,383,799	601,872	215,139	7,200,810	169,799
Restricted cash, cash equivalents and investments:					
Customer deposits	861,083	-	-	861,083	-
Revenue Bond Construction Funds	1,405,234	-	-	1,405,234	-
Other Construction Funds	1,337,126	-	-	1,337,126	-
Revenue Bond Debt Service Account	6,573,055	-	-	6,573,055	-
Receivables:					
Accounts	2,236,670	195,038	-	2,431,708	-
Less allowance for uncollectibles	(337,921)	-	-	(337,921)	-
Intergovernmental	47,115	-	-	47,115	-
Miscellaneous	-	-	5,304	5,304	7,769
Due from other funds	-	4,022	-	4,022	709,461
Due from component units	-	-	-	-	407
Inventory	455,084	-	20,048	475,132	56,412
Prepaid items	78,330	-	1,956	80,286	-
Total current assets	<u>19,039,575</u>	<u>800,932</u>	<u>242,447</u>	<u>20,082,954</u>	<u>943,848</u>
Noncurrent assets:					
Restricted cash, cash equivalents and investments:					
Revenue Bond Contingent Account	78,421	-	-	78,421	-
Revenue Bond Depreciation Account	78,421	-	-	78,421	-
Total restricted cash, cash equivalents and investments	<u>156,842</u>	<u>-</u>	<u>-</u>	<u>156,842</u>	<u>-</u>
Capital assets:					
Land	247,787	-	-	247,787	-
Right of ways	30,610	-	-	30,610	-
Buildings	-	-	126,628	126,628	-
Water and sewer system	100,422,711	-	-	100,422,711	-
Improvements other than buildings	-	-	98,924	98,924	-
Machinery and equipment	4,208,271	19,626	460,690	4,688,587	-
Construction in progress	561,232	-	-	561,232	-
Total capital assets	105,470,611	19,626	686,242	106,176,479	-
Less accumulated depreciation	(74,681,606)	(17,663)	(610,238)	(75,309,507)	-
Capital assets (net of accumulated depreciation)	<u>30,789,005</u>	<u>1,963</u>	<u>76,004</u>	<u>30,866,972</u>	<u>-</u>
Total noncurrent assets	<u>30,945,847</u>	<u>1,963</u>	<u>76,004</u>	<u>31,023,814</u>	<u>-</u>
Total assets	<u>49,985,422</u>	<u>802,895</u>	<u>318,451</u>	<u>51,106,768</u>	<u>943,848</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI

Statement of Net Position

Proprietary Funds

September 30, 2014

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water & Sewer</u>	<u>Waste Collection & Disposal</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Activities - Internal Service Funds</u>
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	\$ 638,902	287,163	33,411	959,476	677,625
Liabilities payable from restricted assets:					
Customer deposits	861,083	-	-	861,083	-
Accounts payable	17,115	-	-	17,115	-
Promissory loans	1,528,514	-	-	1,528,514	-
Interest payable	88,863	-	-	88,863	-
Accrued liabilities:					
Payroll	141,498	7,558	35,040	184,096	-
Compensated absences	56,305	-	-	56,305	-
Sales tax	11,043	-	1,771	12,814	-
Due to other funds	242,357	230	330	242,917	-
Current portion of capital leases	95,262	-	313	95,575	-
Total current liabilities	<u>3,680,942</u>	<u>294,951</u>	<u>70,865</u>	<u>4,046,758</u>	<u>677,625</u>
Noncurrent liabilities:					
Compensated absences	114,315	-	-	114,315	-
Promissory loans (plus unamortized premium of \$656,310)	11,159,633	-	-	11,159,633	-
Capital leases payable	127,203	-	418	127,621	-
Total noncurrent liabilities	<u>11,401,151</u>	<u>-</u>	<u>418</u>	<u>11,401,569</u>	<u>-</u>
Total liabilities	<u>15,082,093</u>	<u>294,951</u>	<u>71,283</u>	<u>15,448,327</u>	<u>677,625</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred gain on refundings	32,408	-	-	32,408	-
<u>NET POSITION</u>					
Net investment in capital assets	20,136,721	1,963	75,273	20,213,957	-
Restricted for:					
Debt service	6,641,034	-	-	6,641,034	-
Capital projects	434,509	-	-	434,509	-
Unrestricted	7,658,657	505,981	171,895	8,336,533	266,223
Total net position	<u>\$ 34,870,921</u>	<u>507,944</u>	<u>247,168</u>	<u>35,626,033</u>	<u>266,223</u>
Reconciliation to government-wide statement of net position:					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				13,817	
Net position of business-type activities				\$ <u>35,639,850</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 Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2014

	Business-type Activities - Enterprise Funds			Governmental	
	Water & Sewer	Waste Collection & Disposal	Nonmajor Enterprise Funds	Total Enterprise Funds	Activities - Internal Service Funds
Operating revenues:					
Charges for sales and services:					
Water sales	\$ 6,869,596	-	-	6,869,596	-
Sewer charges	6,270,563	-	-	6,270,563	-
Tap fees	28,962	-	-	28,962	-
Garbage collection fees	-	1,834,720	-	1,834,720	-
Out-of-county tonnage	-	52,188	-	52,188	-
Memberships	-	-	44,674	44,674	-
Green fees	-	-	61,415	61,415	-
Cart rental	-	-	53,890	53,890	-
Concessions	-	-	109,777	109,777	-
Internal service charges	-	-	-	-	4,520,416
Rental income	-	-	40,646	40,646	-
Miscellaneous	530,124	-	1,804	531,928	29,353
Total operating revenues	<u>13,699,245</u>	<u>1,886,908</u>	<u>312,206</u>	<u>15,898,359</u>	<u>4,549,769</u>
Operating expenses:					
Personnel services	3,339,996	58,789	352,534	3,751,319	-
Supplies and materials	679,743	569	121,183	801,495	509,537
Rent and utilities	1,401,994	443	64,442	1,466,879	-
Operation, maintenance, and repairs	852,256	2,388	115,461	970,105	584,469
Garbage disposal services	-	1,815,808	-	1,815,808	-
Depreciation and amortization	2,483,551	-	14,450	2,498,001	-
Claims paid	-	-	-	-	3,485,140
Miscellaneous	1,372,895	3,282	29,368	1,405,545	-
Total operating expenses	<u>10,130,435</u>	<u>1,881,279</u>	<u>697,438</u>	<u>12,709,152</u>	<u>4,579,146</u>
Operating income (loss)	<u>3,568,810</u>	<u>5,629</u>	<u>(385,232)</u>	<u>3,189,207</u>	<u>(29,377)</u>
Nonoperating revenues (expenses):					
Ad valorem taxes	-	48,766	-	48,766	-
Interest income	41,142	1,811	372	43,325	560
Interest expense	(496,919)	-	(52)	(496,971)	-
Gain on disposal of capital asset	2,938	-	-	2,938	-
Total nonoperating revenues (expenses)	<u>(452,839)</u>	<u>50,577</u>	<u>320</u>	<u>(401,942)</u>	<u>560</u>
Income (loss) before capital contributions and transfers	<u>3,115,971</u>	<u>56,206</u>	<u>(384,912)</u>	<u>2,787,265</u>	<u>(28,817)</u>
Capital contributions and transfers:					
Capital contributions	47,115	-	9,765	56,880	-
Transfers in	1,126,421	-	345,000	1,471,421	26,000
Transfers out	(601,551)	(44,000)	-	(645,551)	-
Total capital contributions and transfers	<u>571,985</u>	<u>(44,000)</u>	<u>354,765</u>	<u>882,750</u>	<u>26,000</u>
Change in net position	<u>3,687,956</u>	<u>12,206</u>	<u>(30,147)</u>	<u>3,670,015</u>	<u>(2,817)</u>
Net position, October 1, 2013	<u>31,182,965</u>	<u>495,738</u>	<u>277,315</u>	<u>31,956,018</u>	<u>269,040</u>
Net position, September 30, 2014	<u>\$ 34,870,921</u>	<u>507,944</u>	<u>247,168</u>	<u>35,626,033</u>	<u>266,223</u>
Reconciliation to government-wide statement of activities:					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				(706)	
Change in net position of business-type activities				<u>\$ 3,669,309</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, 2014

	<u>Business-type Activities - Enterprise Funds</u>			<u>Total Enterprise Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Water & Sewer</u>	<u>Waste Collection & Disposal</u>	<u>Nonmajor Enterprise Funds</u>		<u>Internal Service Funds</u>
Cash flows from operating activities:					
Receipts from customers and users	\$ 13,288,806	1,871,234	311,290	15,471,330	4,500,111
Payments to suppliers	(4,243,020)	(1,831,934)	(346,302)	(6,421,256)	(4,541,532)
Payments to employees	<u>(3,398,800)</u>	<u>(59,323)</u>	<u>(354,815)</u>	<u>(3,812,938)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>5,646,986</u>	<u>(20,023)</u>	<u>(389,827)</u>	<u>5,237,136</u>	<u>(41,421)</u>
Cash flows from noncapital financing activities:					
Ad valorem taxes received	-	48,766	-	48,766	-
Transfers to other funds	(601,500)	(44,000)	-	(645,500)	-
Transfers from other funds	<u>1,126,421</u>	<u>-</u>	<u>345,000</u>	<u>1,471,421</u>	<u>26,000</u>
Net cash provided by noncapital financing activities	<u>524,921</u>	<u>4,766</u>	<u>345,000</u>	<u>874,687</u>	<u>26,000</u>
Cash flows from capital and related financing activities:					
Capital contributions	147,750	-	-	147,750	-
Proceeds from sale of capital assets	2,938	-	-	2,938	-
Acquisition and construction of capital assets	(563,569)	-	-	(563,569)	-
Payments on long-term debt:					
Promissory notes	(2,195,000)	-	-	(2,195,000)	-
Capital lease payments	(89,840)	-	(295)	(90,135)	-
Interest paid on debt	<u>(461,863)</u>	<u>-</u>	<u>(52)</u>	<u>(461,915)</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(3,159,584)</u>	<u>-</u>	<u>(347)</u>	<u>(3,159,931)</u>	<u>-</u>
Cash flows from investing activities -					
Proceeds from sales and maturities of investments	2,580,898	-	-	2,580,898	-
Interest received	<u>41,142</u>	<u>1,811</u>	<u>372</u>	<u>43,325</u>	<u>560</u>
Net cash provided by investing activities	<u>2,622,040</u>	<u>1,811</u>	<u>372</u>	<u>2,624,223</u>	<u>560</u>
Net increase (decrease) in cash and cash equivalents	5,634,363	(13,446)	(44,802)	5,576,115	(14,861)
Cash and cash equivalents, October 1, 2013 (including \$6,118,900 in restricted accounts)	<u>11,082,777</u>	<u>615,318</u>	<u>259,941</u>	<u>11,958,036</u>	<u>184,660</u>
Cash and cash equivalents, September 30, 2014 (including \$10,333,341 in restricted accounts)	\$ <u>16,717,140</u>	<u>601,872</u>	<u>215,139</u>	<u>17,534,151</u>	<u>169,799</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2014

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water & Sewer</u>	<u>Waste Collection & Disposal</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 3,568,810	5,629	(385,232)	3,189,207	(29,377)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,483,551	-	14,450	2,498,001	-
Changes in assets and liabilities:					
Accounts receivable	(483,408)	(16,894)	(917)	(501,219)	-
Receivables - miscellaneous	-	-	-	-	2,139
Due from other funds	-	1,220	-	1,220	(51,797)
Inventory	25,250	-	13,912	39,162	(742)
Prepaid items	15,767	-	338	16,105	-
Accounts payable	90,182	(9,674)	(29,566)	50,942	38,356
Accrued liabilities	(56,113)	(534)	(3,055)	(59,702)	-
Customer deposits	73,125	-	-	73,125	-
Due to other funds	(70,178)	230	243	(69,705)	-
Total adjustments	<u>2,078,176</u>	<u>(25,652)</u>	<u>(4,595)</u>	<u>2,047,929</u>	<u>(12,044)</u>
Net cash provided by (used in) operating activities	\$ <u>5,646,986</u>	<u>(20,023)</u>	<u>(389,827)</u>	<u>5,237,136</u>	<u>(41,421)</u>
Noncash investing, capital, and financing activities:					
Amortization of debt premium/discount	\$ <u>54,244</u>	<u>-</u>	<u>-</u>	<u>54,244</u>	<u>-</u>
Amortization of gain/loss on debt refunding	\$ <u>1,243</u>	<u>-</u>	<u>-</u>	<u>1,243</u>	<u>-</u>
Capital assets transferred (to) from the general fund	\$ <u>(51)</u>	<u>-</u>	<u>9,765</u>	<u>9,714</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, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,403,112
Intergovernmental receivables - County	<u>173,002</u>
Total assets	\$ <u>1,576,114</u>
<u>LIABILITIES</u>	
Intergovernmental payables:	
Schools	\$ 1,299,202
PERS	190,307
State	37,413
Employee insurance withheld	<u>49,192</u>
Total liabilities	\$ <u>1,576,114</u>

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

CITY OF MERIDIAN, MISSISSIPPI

Statement of Net Position

Component Units

September 30, 2014

	<u>Meridian Airport Authority</u>	<u>Nonmajor Component Units</u>	<u>Total Component Units</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,120,981	88,229	1,209,210
Receivables:			
Accounts	699,617	-	699,617
Intergovernmental:			
Federal	103,465	-	103,465
State	2,688	-	2,688
Interest	-	48,721	48,721
Contribution	-	19,159	19,159
Inventory	455,101	-	455,101
Prepaid items	42,386	-	42,386
Restricted assets - cash	53,167	-	53,167
MLEC leverage loans receivable	-	5,691,198	5,691,198
Capital assets not being depreciated:			
Land	2,427,975	-	2,427,975
Construction in progress	1,022,801	-	1,022,801
Capital assets (net of accumulated depreciation):			
Buildings	11,600,748	-	11,600,748
Improvements other than buildings	16,488,172	-	16,488,172
Machinery and equipment	64,966	-	64,966
Total assets	<u>34,082,067</u>	<u>5,847,307</u>	<u>39,929,374</u>
<u>LIABILITIES</u>			
Accounts payable	695,872	33,421	729,293
Accrued liabilities	250,977	30,738	281,715
Unearned revenue	2,835	-	2,835
Noncurrent liabilities:			
Note payable due within one year	-	74,400	74,400
Note payable due in more than one year	-	2,143,576	2,143,576
Total liabilities	<u>949,684</u>	<u>2,282,135</u>	<u>3,231,819</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	31,604,662	-	31,604,662
Restricted for capital projects	53,167	-	53,167
Unrestricted	1,474,554	3,565,172	5,039,726
Total net position	\$ <u>33,132,383</u>	<u>3,565,172</u>	<u>36,697,555</u>

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

CITY OF MERIDIAN, MISSISSIPPI
Statement of Activities
Component Units
For the Fiscal Year Ended September 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Meridian Airport Authority</u>	<u>Nonmajor Component Units</u>	<u>Total</u>
Component units:							
Meridian Airport Authority	\$ 13,281,495	12,218,719	20,906	2,112,591	1,070,721	-	1,070,721
Nonmajor component units	<u>153,875</u>	<u>194,866</u>	<u>23,473</u>	<u>-</u>	<u>-</u>	<u>64,464</u>	<u>64,464</u>
Total component units	\$ <u>13,435,370</u>	<u>12,413,585</u>	<u>44,379</u>	<u>2,112,591</u>	1,070,721	64,464	1,135,185
	General revenues -						
	Interest income				<u>2,468</u>	<u>49</u>	<u>2,517</u>
	Change in net position				1,073,189	64,513	1,137,702
	Net position, October 1, 2013				<u>32,059,194</u>	<u>3,500,659</u>	<u>35,559,853</u>
	Net position, September 30, 2014				\$ <u>33,132,383</u>	<u>3,565,172</u>	<u>36,697,555</u>

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

(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 and 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.

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

(1) Summary of Significant Accounting Policies (Continued)

(a) Reporting Entity (Continued)

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 Urban Renewal Authority

Meridian Urban Renewal Authority ("MURA") was established by resolution of the City on April 17, 2012, pursuant to Title 43, Chapter 35, Article 1 of the Mississippi Code of 1972 to undertake and carry out urban renewal projects in accordance with an urban renewal plan adopted by the City. MURA 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 has reserved the right to unilaterally abolish MURA at its discretion.

The Meridian Transportation Commission

The Meridian Transportation Commission ("MTC") was created by the City on November 7, 1972, in accordance with Title 21, Chapter 27, Article 13 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. Effective February 29, 2012, MTC's board elected to discontinue all transportation services. All vehicles were transferred to the Mississippi Department of Transportation.

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, 2014

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

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

MAA and MTC have September 30 year ends, whereas MURA and MBLDA have a December 31 year end.

Complete financial statements for each of the individual component units may be obtained at the entities' administrative offices as follows:

Meridian Airport Authority
2811 Highway 11 South
Meridian, Mississippi

Meridian Urban Renewal
Authority
723 23rd Avenue
Meridian, Mississippi

The Meridian Transportation Commission
1901 Front Street
Meridian, Mississippi

Meridian and Bonita Lakes
Development Authority
723 23rd Avenue
Meridian, Mississippi

Related Organizations:

With approval of the City Council, the City's Mayor is responsible for appointing a voting majority of members to the boards and commissions listed below. 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.

Following is a list of related organizations:

- Building Code Board of Adjustments and Appeals/Board of Adjustments and Appeals for Elimination or Repair of Unsafe Buildings
- Civil Service Commission
- Election Commission
- Electrical Examining Board
- Historic Preservation Commission

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

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

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

- Housing Authority of the City of Meridian
- Housing Board of Adjustments and Appeals
- Mechanical Board
- Trustees of Meridian Community College District
- Trustees of Meridian Municipal Separate School District
- Meridian Planning Commission
- Meridian Public Improvement Corporation
- The Meridian Railroad Museum Advisory Board
- Taxicab Advisory Board
- Tree Commission

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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, 2014

(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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. 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, 2014

(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 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 **special revenue fund** accounts for specific revenue sources that are legally restricted to expenditures for public safety, culture and recreation, and economic development. Revenue sources for this fund are provided mainly from grants and contributions and from narcotic related forfeitures.

The **capital projects funds** account for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

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 dedicated property tax assessments and collections forwarded to the Public Employees' Retirement System ("PERS"), Meridian Community College, and Meridian Separate School District; state fines and fees collected by the City Municipal Court for the State of Mississippi; and additional amounts withheld from employees' pay for the purpose of offsetting potential large future rate increases on hospital insurance premiums. These resources are held by the City in a purely custodial capacity (assets equal liabilities). Agency funds involve only the receipt, temporary

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2014

(1) Summary of Significant Accounting Policies (Continued)

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

investment, and remittance of fiduciary resources (property collections, fines and fees, and employee withholdings) to individuals, organizations, or other governments.

The accompanying financial statements reflect the elimination of interfund activity with the exception of the charges to the City's proprietary funds. These amounts are shown on the statement of net position as internal balances.

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.

(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.

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 represented by certificates of deposits and are stated at cost, plus accrued interest.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2014

(1) Summary of Significant Accounting Policies (Continued)

(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 are 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.

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.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

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

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

The tax rate of the City is expressed in terms of mills (ten mills equal one cent). For the year ended September 30, 2014, the City's 2014 combined tax rate for general governmental services and other municipal purposes was 120.66 or \$120.66 per \$1,000 of assessed valuation, expressed as follows:

<u>Description</u>	<u>Mills</u>		<u>Increase (Decrease)</u>
	<u>2014</u>	<u>2013</u>	
General	29.72	29.34	.38
Solid waste fund	.18	.46	(.28)
Fire and police disability retirement fund (closed)	4.77	4.92	(.15)
General municipal retirement fund (closed)	3.00	3.00	-
Debt service (general bonds and interest)	13.17	13.12	.05
Meridian Separate School District	62.82	61.15	1.67
Meridian Community College	<u>7.00</u>	<u>7.00</u>	<u>-</u>
Total mills	<u>120.66</u>	<u>118.99</u>	<u>1.67</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.

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) **Assets Held for Resale**

Property acquired through tax forfeitures and property acquired for the purpose of redevelopment and sale, are recognized as assets and stated at the lower of cost or net realizable value and are offset by a nonspendable fund balance. Upon final disposition or a decline in the value of the property, gain or loss is charged or credited to operations.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

(1) Summary of Significant Accounting Policies (Continued)

(i) 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 statement of net position 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. Certain other assets are classified as restricted because their use is limited by parties external to the City, including citizens, grantors, other governments, and courts. Restrictions may also be imposed by laws through constitutional provisions or legally enforceable enabling legislation.

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 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, 2014, all accounts required under the bond resolution were fully funded as required.

(j) 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 individual cost as outlined below and an estimated useful life in excess of one year.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

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

(j) **Capital Assets (Continued)**

Capital asset thresholds are as follows:

<u>Property Class</u>	<u>Cost Threshold</u>
Land and infrastructure	No minimum cost threshold
Buildings	\$50,000
Improvements other than buildings	\$25,000
Machinery and equipment	\$5,000

Capital 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 costs.

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. The total interest expense incurred in the business-type activities during the current fiscal year was \$388,763. Of this amount, \$25 was included as part of the cost of capital assets under construction.

Capital assets of the component units are generally reported using the same policies as the City.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

(1) Summary of Significant Accounting Policies (Continued)

(k) 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.

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.

(l) Long-term Obligations/Unamortized Premiums and Discounts

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

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

(l) **Long-term Obligations/Unamortized Premiums and Discounts (Continued)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

(m) **Other Post Employment Benefits**

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

(n) **Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

Deferred gain on refunding reported in the government-wide statement of net position – a deferred gain on refunding results from the difference in the reacquisition price of refunded debt and its carrying value. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Unavailable revenue - special assessments arising under the modified accrual basis of accounting and reported only in the governmental funds balance sheet – unavailable revenues from special assessments are deferred and recognized as an inflow of resources in the period that the amount becomes available.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

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

(o) **Fund Balances/Net Position**

On the government-wide and proprietary fund statement of net position, the City reports net position in the following three categories:

Net investment in capital assets – 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 – consists of assets, less any related liabilities, restricted externally by creditors, grantors, contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – consists of net position that is not classified as net investment in capital assets or restricted.

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

On the fund financial statements, the governmental funds balance sheet reports assets in excess of liabilities as fund balances. The fund balances are segregated into the following classifications indicating the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent:

Nonspendable – the fund balance is reported as nonspendable when the resources are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted – the fund balance is reported as restricted when constraints placed on the resources are (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – the fund balance is reported as committed for amounts that can only be used for specific purposes as a result of constraints imposed by the adoption of an order by the City Council. The City Council order is the most binding formal action of the highest level of decision making authority. Committed amounts cannot be modified or uncommitted except by removing the constraints through the same formal action by City Council.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

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

(o) **Fund Balances/Net Position (Continued)**

Assigned – the fund balance is reported as assigned for resources that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Intent can be expressed by the City Council or authorized by the City Clerk and Chief Administrative Officer through the purchase order process. Unlike commitments, assignments generally only exist temporarily and do not require additional action to be taken for the removal of the assignment.

Unassigned – the unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that is not otherwise reported as nonspendable, restricted, committed, or assigned to specific purposes. This classification is also used to report any negative fund balance in other governmental funds.

When fund balance resources are available for specific purposes in more than one classification, it is the City’s policy to use the most restrictive fund balance first in the following order: restricted, committed, assigned, and then unassigned as needed.

(p) **New Accounting Pronouncements**

Effective for fiscal year 2014, the City implemented the following new standards issued by GASB:

GASB Statement No. 66, *Technical Corrections – 2012: An Amendment of GASB Statements No. 10 and No. 62*, effective for financial statement periods beginning after December 15, 2012 – the requirements of this statement resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of this statement did not have a significant impact on the City’s basic financial statements.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for financial statement periods beginning after June 15, 2013 – this statement requires that a government that extends a nonexchange financial guarantee for obligations of another entity to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The implementation of this statement did not have a significant impact on the City’s basic financial statements.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

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

(p) **New Accounting Pronouncements (Continued)**

The City is currently analyzing its accounting practices to determine the potential impact on the basic financial statements for the following GASB Statements becoming effective in future periods:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions: An Amendment of GASB Statement No 27*, effective for financial statement periods beginning after June 15, 2014 – this statement establishes accounting and financial reporting requirements for pension plans that are administered through trusts or equivalent arrangements. Governments participating in single and agent multiple employer defined benefit plans will be required to recognize a liability equal to the net pension liability.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for financial statement periods beginning after December 15, 2013 – this statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date: An Amendment of GASB Statement No. 68*, effective for financial statement periods beginning after June 15, 2014 – this statement addresses the reporting of amounts associated with contributions made to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

(q) **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 2013 financial statement amounts have been reclassified to conform with the 2014 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.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2014

(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 Position**

The governmental fund balance sheet includes a reconciliation between fund balances – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. 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:

<u>Description</u>	<u>Amount</u>
Bonds payable	\$ (37,025,000)
Premium on refunded debt issue	(525,783)
Promissory loans payable	(253,462)
Negotiable notes payable	(220,000)
Accrued interest payable	(389,135)
Capital leases payable	(315,156)
Compensated absences	(1,050,077)
Claims and judgments	(220,029)
Deferred gain on refunding	(1,506,965)
Prepaid insurance on bond issue	<u>47,502</u>
Net adjustment to reduce fund balances – total governmental funds to arrive at net position – governmental activities	\$ <u>(41,458,105)</u>

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 position”. The details of this difference are as follows:

<u>Description</u>	<u>Amount</u>
Net position of the internal service funds	\$ 266,223
Less internal payable representing charges in excess of cost to business-type activities	<u>(13,817)</u>
Net adjustment to increase fund balances – total governmental funds to arrive at net position – governmental activities	\$ <u>252,406</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

(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**

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 position 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:

<u>Description</u>	<u>Amount</u>
Capital outlay	\$ 1,607,966
Depreciation expense	<u>(5,208,160)</u>
Net adjustment to reduce net change in fund balances – total governmental funds to arrive at change in net position of governmental activities	\$ <u>(3,600,194)</u>

Another element of that reconciliation explains that “Governmental funds do not report contributed capital assets because they do not provide current financial resources. However, in the statement of activities the fair values of contributed capital assets are recorded as capital contributions”. The details of this difference are as follows:

<u>Description</u>	<u>Amount</u>
Land contributed by local business	\$ 12,740
Forfeited vehicle	5,000
Computer equipment transferred from the Water and Sewer Fund	<u>51</u>
Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net position of governmental activities	\$ <u>17,791</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2014

(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 position. Also, governmental funds report the effect of 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:

<u>Description</u>	<u>Amount</u>
Issuance of general obligation refunding bonds	\$ (8,410,000)
Issuance of general obligation water & sewer bonds	(1,200,000)
Bond premium received	(490,918)
Deferred gain on refunding	(1,516,516)
Prepayment of bond insurance	47,502
Amortization of bond premiums and deferred gain on refunding	(83,787)
Principal retirement of long-term debt	<u>13,820,102</u>
Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net position of governmental activities	\$ <u>2,166,383</u>

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:

<u>Description</u>	<u>Amount</u>
Compensated absences	\$ 153,065
Accrued interest expense	150,605
Claims and judgments	<u>(149,746)</u>
Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net position of governmental activities	\$ <u>153,924</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

(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 “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:

<u>Description</u>	<u>Amount</u>
Change in net position of the internal service funds	\$ (2,817)
Less loss from charges to business-type activities	<u>706</u>
Net adjustment to reduce net change in fund balances – total governmental funds to arrive at change in net position of governmental activities	\$ <u>(2,111)</u>

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

The proprietary fund statement of net position includes a reconciliation between net position – total enterprise funds and the net position of business-type activities as reported in the government-wide statement of net position. 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:

<u>Description</u>	<u>Amount</u>
Internal receivable representing charges in excess of cost to business-type activities:	
Prior year	\$ 14,523
Current year activities	<u>(706)</u>
Net adjustment to increase net position – total enterprise funds to arrive at net position – business-type activities	\$ <u>13,817</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

(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 2014, the original total budgeted expenditures were \$101,235,228 and were increased by amendments to \$110,727,528.

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 received (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 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 percent 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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

(3) Stewardship, Compliance and Accountability (Continued)

(a) Budgetary Information (Continued)

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.

(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>
Net change in fund balances – budgetary basis	\$ 2,564
Basis differences:	
Net accrued revenues and related receivables	(748,360)
Net accrued expenditures and related liabilities	<u>592,398</u>
Net change in fund balances – GAAP basis	\$ <u>(153,398)</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2014

(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 \$35,466,122 and the bank balance was \$35,349,722. 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 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 \$1,262,377 and the bank balance was \$1,330,874. 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>
Unrestricted certificates of deposit:		
Citizens National Bank	\$ 675,000	01/01/2015
Community Bank	<u>675,000</u>	12/30/2014
Total unrestricted	1,350,000	
Restricted certificates of deposit -		
Citizens National Bank	<u>400,000</u>	11/10/2014
Total investments	\$ <u>1,750,000</u>	

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.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

(4) Deposits and Investments (Continued)

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 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.

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

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 are 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 position for the primary government follows:

<u>Description</u>	<u>Amount</u>
Cash on hand	\$ 4,140
Cash with trustee	1,926,358
Carrying amount of deposits (including certificates of deposits)	<u>35,466,122</u>
Total cash and investments	\$ <u>37,396,620</u>
Cash and cash equivalents	\$ 16,141,128
Cash and investments – restricted	18,502,380
Investments	<u>1,350,000</u>
Total reported on the government-wide statement of net position	35,993,508
Cash and cash equivalents reported on the statement of fiduciary assets and liabilities not included on the government-wide statement of net position	<u>1,403,112</u>
Total reported	\$ <u>37,396,620</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2014

(5) Capital Assets

Primary government:

Capital asset activity for the year ended September 30, 2014, was as follows:

	<u>Balance</u> <u>October 1,</u> <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>September 30,</u> <u>2014</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,001,645	12,740	16,780	7,997,605
Right of ways	2,600	-	-	2,600
Collections - historical treasures	141,250	-	-	141,250
Construction-in-progress	<u>154,050</u>	<u>655,154</u>	<u>221,638</u>	<u>587,566</u>
Total capital assets, not being depreciated	<u>8,299,545</u>	<u>667,894</u>	<u>238,418</u>	<u>8,729,021</u>
Capital assets, being depreciated:				
Buildings	42,744,988	221,638	-	42,966,626
Improvements other than buildings	5,181,630	-	-	5,181,630
Machinery and equipment	16,379,244	962,087	205,573	17,135,758
Infrastructure	<u>109,977,430</u>	<u>-</u>	<u>-</u>	<u>109,977,430</u>
Total capital assets, being depreciated	<u>174,283,292</u>	<u>1,183,725</u>	<u>205,573</u>	<u>175,261,444</u>
Less accumulated depreciation for:				
Buildings	8,549,814	808,703	-	9,358,517
Improvements other than buildings	2,337,202	192,555	-	2,529,757
Machinery and equipment	11,393,385	1,046,828	153,868	12,286,345
Infrastructure	<u>58,605,908</u>	<u>3,160,074</u>	<u>-</u>	<u>61,765,982</u>
Total accumulated depreciation	<u>80,886,309</u>	<u>5,208,160</u>	<u>153,868</u>	<u>85,940,601</u>
Total capital assets, being depreciated, net	<u>93,396,983</u>	<u>(4,024,435)</u>	<u>51,705</u>	<u>89,320,843</u>
Total governmental activities capital assets, net	\$ <u>101,696,528</u>	<u>(3,356,541)</u>	<u>290,123</u>	<u>98,049,864</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

(5) Capital Assets (Continued)

	Balance October 1, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2014</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 247,787	-	-	247,787
Right of ways	30,610	-	-	30,610
Construction-in-progress	<u>518,932</u>	<u>42,300</u>	<u>-</u>	<u>561,232</u>
Total capital assets, not being depreciated	<u>797,329</u>	<u>42,300</u>	<u>-</u>	<u>839,629</u>
Capital assets, being depreciated:				
Buildings	126,628	-	-	126,628
Water and sewer system	100,375,862	46,849	-	100,422,711
Improvements other than buildings	98,924	-	-	98,924
Machinery and equipment	<u>4,228,937</u>	<u>490,097</u>	<u>30,447</u>	<u>4,688,587</u>
Total capital assets, being depreciated	<u>104,830,351</u>	<u>536,946</u>	<u>30,447</u>	<u>105,336,850</u>
Less accumulated depreciation for:				
Buildings	123,778	950	-	124,728
Water and sewer system	69,256,676	2,259,777	-	71,516,453
Improvements other than buildings	73,949	-	-	73,949
Machinery and equipment	<u>3,381,588</u>	<u>237,274</u>	<u>24,485</u>	<u>3,594,377</u>
Total accumulated depreciation	<u>72,835,991</u>	<u>2,498,001</u>	<u>24,485</u>	<u>75,309,507</u>
Total capital assets, being depreciated, net	<u>31,994,360</u>	<u>(1,961,055)</u>	<u>5,962</u>	<u>30,027,343</u>
Total business-type activities capital assets, net	\$ <u>32,791,689</u>	<u>(1,918,755)</u>	<u>5,962</u>	<u>30,866,972</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2014

(5) Capital Assets (Continued)

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

	<u>Amount</u>
Governmental activities:	
General government	\$ 915,265
Public safety	757,485
Public works	3,444,041
Culture and recreation	<u>91,369</u>
Total depreciation expense - governmental activities	\$ <u>5,208,160</u>
Business-type activities:	
Water and sewer department	\$ 2,483,551
Golf course	9,737
Union Station	<u>4,713</u>
Total depreciation expense - business-type activities	\$ <u>2,498,001</u>

Construction-in-progress is composed of:

Governmental activities:	
Safe routes to school project	\$ 324,414
5th Street pedestrian enhancement	120,121
Medical district traffic - engineering	96,275
Highway 39 signalization	31,591
City View software conversion	<u>15,165</u>
Total governmental activities	<u>587,566</u>
Business-type activities:	
Wastewater treatment plant air blowers and electrical upgrade	365,364
Downtown drainage improvements	194,865
Water treatment plant upgrades at B Street and North Plant	<u>1,003</u>
Total business-type activities	<u>561,232</u>
Total construction-in-progress	\$ <u>1,148,798</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

(5) Capital Assets (Continued)

Discretely presented component units:

Capital asset activity for the year ended September 30, 2014, was as follows:

	Balance October 1, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2014</u>
Meridian Airport Authority:				
Capital assets, not being depreciated:				
Land	\$ 2,427,975	-	-	2,427,975
Construction-in-progress	<u>1,983,071</u>	<u>2,192,605</u>	<u>3,152,875</u>	<u>1,022,801</u>
Total capital assets, not being depreciated	<u>4,411,046</u>	<u>2,192,605</u>	<u>3,152,875</u>	<u>3,450,776</u>
Capital assets, being depreciated:				
Buildings	11,088,823	2,829,962	-	13,918,785
Improvements other than buildings	29,425,448	1,015,011	-	30,440,459
Machinery and equipment	<u>2,822,692</u>	<u>68,371</u>	<u>646,627</u>	<u>2,244,436</u>
Total capital assets, being depreciated	<u>43,336,963</u>	<u>3,913,344</u>	<u>646,627</u>	<u>46,603,680</u>
Less accumulated depreciation for:				
Buildings	2,553,369	630,718	866,050	2,318,037
Improvements other than buildings	11,695,219	2,257,068	-	13,952,287
Machinery and equipment	<u>1,952,123</u>	<u>227,347</u>	<u>-</u>	<u>2,179,470</u>
Total accumulated depreciation	<u>16,200,711</u>	<u>3,115,133</u>	<u>866,050</u>	<u>18,449,794</u>
Total capital assets, being depreciated, net	<u>27,136,252</u>	<u>798,211</u>	<u>(219,423)</u>	<u>28,153,886</u>
Total Meridian Airport Authority	\$ <u>31,547,298</u>	<u>2,990,816</u>	<u>2,933,452</u>	<u>31,604,662</u>
Nonmajor component units:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 57,217	-	-	57,217
Less accumulated depreciation	<u>56,373</u>	<u>844</u>	<u>-</u>	<u>57,217</u>
Total nonmajor component units	\$ <u>844</u>	<u>(844)</u>	<u>-</u>	<u>-</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2014

(6) Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2014, is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 300,222
Nonmajor Governmental Funds	General Fund	2,678
Waste Collection & Disposal Fund	General Fund	4,022
Internal Service Funds	General Fund	466,544
	Water & Sewer Fund	242,357
	Waste Collection & Disposal Fund	230
	Nonmajor Enterprise Funds	<u>330</u>
Total due to/from other funds		\$ <u>1,016,383</u>

Due to primary government

Due from component units

General Fund	Meridian Airport Authority	\$ <u>1,305</u>
	Meridian Transportation Commission	\$ <u>665</u>
Internal Service Funds	Meridian Transportation Commission	\$ <u>407</u>

These balances represent temporary timing differences related to (1) routine advances to provide funds for operations and grant projects that require expenditures prior to reimbursement and (2) routine charges due to internal service funds from various City departments for service and maintenance of City vehicles, office supplies, health and life insurance claims and unemployment insurance and claims.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2014

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

Interfund transfers:

	<u>Transfers in:</u>						
	<u>General</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Water</u> <u>& Sewer</u> <u>Fund</u>	<u>Nonmajor</u> <u>Enterprise</u> <u>Funds</u>	<u>Internal</u> <u>Service</u> <u>Funds</u>	<u>Total</u> <u>transfers</u> <u>out</u>
<u>Transfers out:</u>							
General Fund	\$ -	856,040	338,858	1,126,421	345,000	26,000	2,692,319
Nonmajor							
Governmental Funds	6,506	27,522	307,763	-	-	-	341,791
Water & Sewer Fund	601,500	-	-	-	-	-	601,500
Waste Collection & Disposal Fund	<u>44,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,000</u>
Total transfers in	\$ <u>652,006</u>	<u>883,562</u>	<u>646,621</u>	<u>1,126,421</u>	<u>345,000</u>	<u>26,000</u>	3,679,610
Water & Sewer Fund*	\$ <u>51</u>						<u>51</u>
							\$ <u>3,679,661</u>

* The water & sewer fund transferred capital assets to the general fund. This transfer was recorded in the governmental activities on the government-wide statement of activities. This transfer was not recorded in the general fund statement of revenues, expenditures, and changes in fund balances because governmental funds do not report capital assets.

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.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2014

(7) **Leases**

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, 2014, follows:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Machinery and equipment	\$ 1,357,680	1,056,641
Less accumulated depreciation	<u>(651,352)</u>	<u>(544,093)</u>
Total leased equipment capitalized	\$ <u>706,328</u>	<u>512,548</u>

The future minimum lease obligations and the net present value of minimum lease commitments at September 30, 2014, follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2015	\$ 235,877	106,140
2016	71,226	106,140
2017	<u>17,807</u>	<u>26,535</u>
Total minimum lease commitments	324,910	238,815
Less amount representing imputed interest	<u>(9,754)</u>	<u>(15,619)</u>
Present value of minimum lease payments	315,156	223,196
Current portion of obligations under capital leases	<u>(224,881)</u>	<u>(95,575)</u>
Obligations under capital leases, less current installments	\$ <u>90,275</u>	<u>127,621</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

(7) **Leases (Continued)**

Operating Leases

The City leases premises for use as a law enforcement center. This lease term expires in May, 2033. The City also leases golf carts for the public golf course. This lease term expires in October, 2015. Costs for these leases totaled \$326,240 for the year ended September 30, 2014.

Meridian Airport Authority (a discretely presented component unit) leases refueling trucks for use in the operations of Meridian Aviation with monthly lease payments beginning May, 2015. This lease term expires in May, 2018.

The future minimum lease payments for the operating leases at September 30, 2014, are as follows:

<u>Year Ending September 30,</u>	<u>City of Meridian</u>	<u>Meridian Airport Authority</u>
2015	\$ 326,240	18,750
2016	306,770	45,000
2017	305,000	45,000
2018	305,000	26,250
2019	305,000	-
2020-2024	1,525,000	-
2025-2029	1,525,000	-
2030-2034	<u>1,220,000</u>	<u>-</u>
Total future minimum lease payments	\$ <u>5,818,010</u>	<u>135,000</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

(8) Long-Term Liabilities

A summary of long-term liabilities at September 30, 2014, follows:

	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities:		
Outstanding bonds:		
General government	1.9 - 5.25%	\$ 31,495,000
Special obligation bonds – parking facilities	3.3 - 5.375%	885,000
Limited obligation bonds – tax increment financing	5.0 – 8.75%	3,605,000
Special assessment debt with City commitment	4.5 - 6.7%	1,040,000
Plus unamortized premium on debt refunding		525,783
Other debt:		
Promissory loans	.25 - 3.0%	253,462
Negotiable notes	2.71%	220,000
Capital leases	2.43 - 5.87%	315,156
Compensated absences		1,050,077
Claims and judgments		<u>220,029</u>
Total governmental activities		39,609,507
Less current portion payable		<u>(3,610,955)</u>
Governmental activities, net		\$ <u>35,998,552</u>
Business-type activities:		
Water & sewer promissory loans	.5 – 4.0%	\$ 11,968,323
Plus unamortized premium on debt refunding		<u>719,824</u>
Total promissory loans		12,688,147
Capital leases	5.87%	223,196
Compensated absences		<u>170,620</u>
Total business-type activities		13,081,963
Less current portion payable		<u>(1,680,394)</u>
Business activities, net		\$ <u>11,401,569</u>
Discretely presented component units –		
Promissory loans	5.5%	\$ 2,217,976
Less current portion payable		<u>(74,400)</u>
Discretely presented component unit, net		\$ <u>2,143,576</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2014

(8) 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:

Year Ending September 30,	Governmental Activities						Total
	General Obligation Bonds	Special Obligation Bonds	Limited Obligations Bonds	Special Assessment Debt	Promissory Loans	Negotiable Notes	
2015	\$ 2,817,974	122,569	513,875	312,525	113,170	225,962	4,106,075
2016	2,936,684	123,537	515,125	313,555	85,558	-	3,974,459
2017	3,113,028	124,238	514,625	137,875	30,301	-	3,920,067
2018	3,143,667	124,669	512,375	137,645	30,301	-	3,948,657
2019	3,166,423	129,831	513,375	136,255	-	-	3,945,884
2020-2024	15,492,055	517,888	2,490,656	181,530	-	-	18,682,129
2025-2029	7,850,319	-	480,125	-	-	-	8,330,444
2030-2034	658,773	-	-	-	-	-	658,773
Total	\$ 39,178,923	1,142,732	5,540,156	1,219,385	259,330	225,962	47,566,488
Interest included in above totals	\$ 7,683,923	257,732	1,935,156	179,385	5,868	5,962	10,068,026

Year Ending September 30,	Discretely Presented	
	Business-type Activities Promissory Loans	Component Units Promissory Loans
2015	\$ 1,820,450	194,884
2016	1,894,131	194,884
2017	1,497,225	194,885
2018	1,510,625	194,885
2019	1,101,625	194,884
2020-2024	4,565,238	974,420
2025-2029	851,588	974,422
2030-2034	481,875	585,483
2035-2039	96,371	-
Total	\$ 13,819,128	3,508,747
Interest included in above totals	\$ 1,850,805	1,290,771

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2014

(8) Long-Term Liabilities (Continued)

A summary of changes in the long-term liabilities during the year ended September 30, 2014, follows:

<u>Description</u>	<u>October 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30, 2014</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation debt	\$ 31,270,000	9,610,000	9,385,000	31,495,000	1,890,000
Special obligation bonds	4,340,000	-	3,455,000	885,000	75,000
Limited obligation bonds	3,800,000	-	195,000	3,605,000	215,000
Special assessment with City commitment	1,280,000	-	240,000	1,040,000	255,000
Unamortized premiums/discounts	<u>(58,473)</u>	<u>584,256</u>	<u>-</u>	<u>525,783</u>	<u>51,094</u>
Total bonds payable	40,631,527	10,194,256	13,275,000	37,550,783	2,486,094
Promissory loans	361,147	-	107,685	253,462	109,925
Negotiable notes	440,000	-	220,000	220,000	220,000
Capital leases	532,573	-	217,417	315,156	224,881
Compensated absences	1,203,142	1,115,834	1,268,899	1,050,077	350,026
Claims and judgments	<u>70,283</u>	<u>693,242</u>	<u>543,496</u>	<u>220,029</u>	<u>220,029</u>
Governmental activities long-term liabilities	\$ <u>43,238,672</u>	<u>12,003,332</u>	<u>15,632,497</u>	<u>39,609,507</u>	<u>3,610,955</u>
Business-type activities:					
Promissory loans	\$ 14,163,323	-	2,195,000	11,968,323	1,465,000
Unamortized premiums/discounts	665,580	54,244	-	719,824	63,514
Capital leases	313,331	-	90,135	223,196	95,575
Compensated absences	<u>186,108</u>	<u>57,150</u>	<u>72,638</u>	<u>170,620</u>	<u>56,305</u>
Business-type activities long-term liabilities	\$ <u>15,328,342</u>	<u>111,394</u>	<u>2,357,773</u>	<u>13,081,963</u>	<u>1,680,394</u>
Discretely presented component units:					
Meridian Airport Authority -					
Promissory loans	\$ 716,897	-	716,897	-	-
Meridian Urban Renewal Authority -					
Promissory loans	<u>2,288,658</u>	<u>-</u>	<u>70,682</u>	<u>2,217,976</u>	<u>74,400</u>
Discretely presented component units	\$ <u>3,005,555</u>	<u>-</u>	<u>787,579</u>	<u>2,217,976</u>	<u>74,400</u>

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, 2014

(8) 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 outstanding general obligation bonds issued in prior years is \$38,710,000.

The City issued general obligation bonds during fiscal year 2014, in the amount of \$1,200,000. The proceeds from this bond issue will be used for projects at the City's freshwater and wastewater plants.

During fiscal year 2014, the City issued general obligation refunding bonds in the amount of \$8,410,000 to refund the outstanding balances on the 2003A special obligation bonds and the 2006 general obligation public improvement bonds. As a result of this refunding, the 2003A special obligation bonds were fully redeemed in the current fiscal year and the liability has been removed from the governmental activities in the statement of net assets. The 2006 general obligation public improvement bonds are considered fully defeased in substance and the liability has been removed from the governmental activities in the statement of net assets. As of September 30, 2014, the outstanding balance on the defeased bonds was \$7,035,000, to be fully redeemed in June, 2016. This refunding was undertaken to reduce the total debt service payments by \$635,981 and resulted in an economic gain of \$618,072.

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 bonds are special obligations of the City payable from revenues raised from operations of the parking facility and annual appropriations of general funds by the City for that purpose. As noted above, during fiscal year 2014, the 2003A special obligation bonds were fully redeemed in the current fiscal year and the liability has been removed from the governmental activities in the statement of net assets.

Limited Obligation Bonds

The original amount of outstanding tax increment limited obligation bonds issued by the City in prior years to provide funds for the costs of constructing certain infrastructure improvements is \$4,300,000. 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.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2014

(8) Long-Term Liabilities (Continued)

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 outstanding special assessment bonds issued in prior years is \$3,625,000.

Promissory Loans

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

In fiscal year 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 were considered fully defeased in substance, and the liability was removed from the City's financial statements. This refunding resulted in a decrease in future debt service payments of \$600,563 and resulted in an economic gain of \$516,439.

In fiscal year 2013, the City entered into a loan agreement whereby the Mississippi Development Bank issued Mississippi Development Bank Special Obligation Refunding Bonds and loaned the proceeds in the amount of \$12,415,000 to the City for the refunding of the Series 1995, 1997, and 2000 Water and Sewer Revenue Bonds and the Series 1998, 2001B and 2004 Water and Sewer Promissory Loans. As a result of this refunding, all of the refunded bonds/loans were fully redeemed in fiscal year 2013, with the exception of the 2004 Water and Sewer Promissory Loan. The Mississippi Development Bank bonds underlying this loan were considered fully defeased in substance, and the liability was removed from the City's financial statements. The outstanding balance on the defeased bonds were fully redeemed in July, 2014. This refunding resulted in a decrease in future debt service payments of \$407,116 and resulted in an economic gain of \$401,991.

In fiscal year 2011, the City entered into a \$210,000 energy conservation loan agreement with the Mississippi Development Authority to provide for the installation of various energy conservation measures during the renovation of the City Hall.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

(8) Long-Term Liabilities (Continued)

During fiscal year 2012, the City entered into an \$8,411,225 loan agreement with the Mississippi Department of Environmental Quality through the EPA Clean Water State Revolving Fund Program. The proceeds from this note are to be used for the rehabilitation of the South Wastewater Treatment Plant. The City has drawn \$1,608,323 against these loan funds as of September 30, 2014.

Negotiable Notes

During fiscal year 2010, the City issued taxable negotiable notes in the amount of \$1,100,000. The proceeds from these notes were used for the payment of pre-development expenses incurred in conjunction with the Redevelopment Agreement that was terminated in December, 2009.

Letter of Credit

The City maintains a \$600,000 unsecured irrevocable letter of credit with Citizens National Bank. This letter of credit was issued for a fee of \$7,575 in favor of Travelers Indemnity Company for support of the City's deductible for workers compensation claims. This letter of credit expires August 1, 2015, with an automatic extension for one year. As of September 30, 2014, the City had no outstanding balance on this letter of credit. The interest rate is set at 1.25 percent.

Discretely Presented Component Units:

During fiscal year 2011, the Meridian Airport Authority entered into a 3.75 percent promissory loan agreement in the amount of \$2,000,000 for construction of an aircraft maintenance hangar.

In October 2013, the Meridian Urban Renewal Authority entered issued senior taxable urban renewal revenue bonds in the amount of \$2,355,000 to fund a portion of leveraged loans made to fund the construction of the law enforcement center. This bond issue is secured by and payable solely out of revenues derived from payments received on the leveraged loans.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2014

(9) Lessor Operating Leases

The City of Meridian and Meridian Airport Authority (a discretely presented component unit) lease space to others under various lease agreements. A summary of minimum future rental income on these leases as of September 30, 2014, 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>
2015	\$ 64,407	122,617
2016	62,036	100,542
2017	55,500	100,542
2018	50,246	58,275
2019	15,832	57,375
2020-2024	37,585	157,480
2025-2029	500	36,448
2030-2034	500	24,244
2035-2039	500	17,637
2040-2044	500	17,637
2045-2049	500	14,404
2050-2054	500	-
2055-2059	500	-
2060-2064	<u>300</u>	<u>-</u>
Total minimum future rentals	\$ <u>289,406</u>	<u>707,201</u>

(10) 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 2014, from the prior year. Settled claims have not exceeded commercial coverage in any of the past several years.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

(10) Risk Management (Continued)

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, 2014 and 2013, follows:

<u>Description</u>	<u>2014</u>	<u>2013</u>
Unpaid claims, beginning of year	\$ 70,283	1,207
Incurred claims (including IBNR's)	693,242	639,407
Claim payments	<u>(543,496)</u>	<u>(570,331)</u>
Unpaid claims, end of year	\$ <u>220,029</u>	<u>70,283</u>

Effective October 1, 2004, the City contracts 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 (\$100,000 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.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2014

(10) Risk Management (Continued)

Changes in the balances of claims liabilities during the fiscal years ended September 30, 2014 and 2013 follows:

<u>Description</u>	<u>2014</u>	<u>2013</u>
Unpaid claims, beginning of year	\$ 376,623	274,088
Incurred claims (including IBNR's)	3,457,608	3,372,604
Claim payments	<u>(3,347,870)</u>	<u>(3,270,069)</u>
Unpaid claims, end of year	\$ <u>486,361</u>	<u>376,623</u>

(11) Pollution Remediation

In May, 2014, the United States Environmental Protection Agency ("EPA") cited the City for violations of the Clean Water Act ("CWA") due in large part to Sewer System Overflows ("SSOs") from the City's sanitary wastewater collection and treatment system during wet weather. The City is currently cooperating with the EPA to craft a plan of action to remedy the CWA violations and make necessary upgrades to the City's sanitary wastewater collection system. Capital expenditures and increased operational expenditures related to the sewer system are anticipated as part of that remedy. Such expenditures may require significant increases in rates for sewer system services. The final outcome of this matter cannot be determined at this time.

(12) 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.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2014

(13) Construction and Other Significant Commitments

The City has completed preliminary engineering for projects at the South Waste Water Treatment Plant, including (1) the replacement of plant air blowers and digester blowers, addition of variable frequency drives for improved air control, upgrades to the air distributions system, replacement of process pumps, and associated electrical; and (2) electrical upgrades, including the replacement of generator No. 1 and associated automatic transfer switch, replacement of motor control centers, replacement of underground conduits and wires, and new overhead and underground conduits and wires. The total estimated cost of these projects is \$8,411,225 and is being funded by a Water Pollution Control Revolving Loan Fund agreement through the Mississippi Department of Environmental Quality.

The City is completing sidewalk improvements between Meridian Public Schools and the Boys and Girls Club. The cost of this project is estimated to be \$775,833 in sidewalk improvements and \$24,793 in activities to promote pedestrian safety and reduce speeds in school zones. The total project cost of \$800,626 is funded 100 percent from a Safe Routes to School grant through the Mississippi Department of Transportation ("MDOT").

The City has received grant approval to replace sidewalks, curb cuts, and pedestrian crossings and to install decorative lighting and landscaping along 5th Street approximately between 23rd Avenue and 26th Avenue, as well as portions of 25th Avenue. The estimated construction cost of this project is \$1,000,000 and will be funded 20 percent from local funds and 80 percent from grant funds provided through MDOT.

The City has committed to a contract for storm sewer and related sanitary sewer, water and street improvements in downtown Meridian along 22nd Avenue and 5th Street. The estimated cost of this project is \$3,500,000 and will be funded 100 percent from a Katrina Supplemental Community Development Block Grant provided through the Mississippi Development Authority.

The City has committed to a contract to upgrade traffic signals along Highway 39 at its intersection with Old Country Club Road and at its intersection with Windmill Drive. The cost of this project is estimated to be \$350,000. Expenditures for traffic control devices will be funded 100% from a grant committed to be provided by MDOT. Additional construction expenditures for this project will be funded 20% from local funds and 80% from the grant committed to be provided by MDOT.

The City executed an agreement for software and implementation services for a new integrated business license and building permits management system. The cost of this project is estimated to be \$30,180. This project will be funded from local funds.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2014

(13) Construction and Other Significant Commitments (Continued)

The City has pledged to contribute \$1,000,000 over a ten-year period towards the START Campaign for the Mississippi Arts and Entertainment Center ("Center"). The Center was approved by the Mississippi State Legislature and will open during 2017 in downtown Meridian, Mississippi. The Center's purpose is to capture the essence of Mississippi's legacy in the arts and to celebrate the richness and depth of that legacy and the Mississippians who created it.

Other significant commitments include encumbrances outstanding for the general fund as follows:

<u>Description</u>	<u>Encumbrance Amount</u>
General fund assigned for various governmental services	\$ <u>1,798,428</u>

(14) 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 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.

(15) Subsequent Events

Events that occur after the statement of net position date, but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date require recognition in the financial statements. Subsequent events that provide evidence about conditions that existed after the statement of net position date require disclosure in the notes to the financial statements. Management evaluated the activity of the City through March 27, 2015, (the date the financial statements were available to be issued) and noted the following items which require disclosure in the notes to the financial statements.

In January, 2015, the City executed a Memorandum of Understanding with the Mississippi Band of Choctaw Indians ("MCBI") to provide transportation services to the citizens of Meridian, Mississippi through MCBI's Choctaw Regional Transportation ("CRT"). CRT is a hub of the EZ Tag Program which serves 15 counties, including Lauderdale County, where the City is located. Transportation services will be provided

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2014

(15) Subsequent Events (Continued)

for residents of the City for a minimum of eight hours per day, three days per week, using a flexible route based on a 24-hour notice call in period. The service will begin in March, 2015 for a twelve month period and an annual lump sum cost of \$75,000.

(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, 2014, was \$5,834,687,000. The City's payroll for employees covered by PERS for the year ended September 30, 2014, was \$15,924,379; the City's total payroll was \$16,813,800 for the year ended September 30, 2014.

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to two percent of their average compensation for each year of credited service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of credited service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the member's earnings during the four highest compensated years of credited service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. Plan 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, 2014

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

A cost-of-living adjustment payment is made to eligible retirees and beneficiaries. The cost of living adjustment is equal to three percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with three percent compounded for each fiscal year thereafter. For the year ended June 30, 2014, the total annual cost of living adjustment payments for PERS (statewide) were \$476,401,043.

Funding Policy

Members covered by PERS are required to contribute nine percent of their earned compensation toward retirement. In the year ended September 30, 2014, City employees contributed \$1,430,240. If a member covered by PERS leaves employment prior to retirement, accumulated member contributions plus interest (3.5% in 2014) are refunded to the member or designated beneficiary upon request.

The City is required by statute to contribute to PERS at an actuarially determined rate. For the years ended September 30, 2014, 2013, and 2012, the City's contribution requirements representing 12.0% (from October 1, 2011 through December 31, 2011), 12.93% (from January 1, 2012 through June 30, 2012), 14.26% (from July 1, 2012 through June 30, 2013), and 15.75% (from July 1, 2013 through September 30, 2014) of covered payroll were \$2,507,724, \$2,325,238, and \$2,072,313, respectively. The City contributed 100 percent of its requirements in each of these years.

The Meridian Airport Authority (a discretely presented component unit) contributed 100 percent of its required contributions to PERS in the years ended September 30, 2014, 2013, and 2012 of \$267,549, \$235,412, and \$192,183, respectively.

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, 2014, comprehensive annual financial report.

Municipal Retirement Systems:

Plan Description

The City also participates in the Municipal Retirement Systems ("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.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2014

(16) Pension and Retirement Plans (Continued)

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, 2014 was \$68,001; the City's total payroll for all employees was \$16,813,800. At September 30, 2014, the date of the most recent actuarial valuation, the City represented one active participating member and 194 retired participants and beneficiaries currently receiving benefits.

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 of Mississippi, Accounting Department, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

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, 2014, the City levied 7.77 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 2014, fire and police employees and municipal employees covered by MRS were required to contribute ten percent and seven percent, respectively, of covered payroll. Any increase to the base contribution rate is made in increments not to exceed one percent per year. If a member leaves covered employment, accumulated member contributions are refunded to the member upon request. Members covered by MRS do not receive interest on 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.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2014

(16) Pension and Retirement Plans (Continued)

Annual Pension Cost

The required contribution to MRS was determined as part of the actuarial valuation performed as of June 30, 2014, using the entry age actuarial cost method, the level dollar closed amortization method (with a twenty-one year remaining amortization period), and a five-year smoothed market asset valuation method. Significant actuarial assumptions include (a) an 8 percent investment rate of return (net of investment expenses) and including a price inflation rate of 3.5 percent, (b) projected annual salary increases ranging from 4.5 to 6.0 percent and including a wage inflation rate at 4.25 percent, and (c) no cost of living adjustments.

The following provides pension cost and obligation information for MRS:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual pension cost (required contribution)	\$ 1,691,697	1,752,610	1,790,112
Less required contributions made	<u>1,691,697</u>	<u>1,752,610</u>	<u>1,790,112</u>
Net pension obligation at year end	\$ <u> -</u>	<u> -</u>	<u> -</u>
Percentage of annual pension cost contributed	<u> 100%</u>	<u> 100%</u>	<u> 100%</u>

Funding Status and Funding Progress

As of June 30, 2014, the most recent actuarial valuation date, the plan was 38.2 percent funded. The actuarial accrued liability for benefits was \$25.4 million, and the actuarial value of assets was \$9.7 million, resulting in an unfunded actuarial accrued liability (“UALL”) of \$15.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$68,001, and the ratio of UAAL to covered payroll was 23,080.9 percent. Because MMRS is a closed plan with only one active employee, 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.

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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability ("AAL") - Entry Age (b)	Funded Ratio (a/b)	Unfunded AAL ("UAAL") (b-a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
6/30/2014	\$ 9,690	\$ 25,385	38.2%	\$ 15,695	68	23,080.9 %
6/30/2013	8,841	26,083	33.9%	17,242	121	14,285.7 %
9/30/2012	8,258	26,449	31.2%	18,191	171	10,638.0 %

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).

The valuation date was changed from September 30 to June 30 to match the State of Mississippi's valuation and measurement dates to prepare for the new GASB Statements Nos. 67 and 68.

For additional information regarding this schedule, refer to the separately issued Public Employees' Retirement System of Mississippi Comprehensive Annual Financial Report for 2013 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

Special Revenue Fund

The special revenue fund is used to account for revenue sources from grants and contributions, interest on investments, narcotics related forfeitures, and miscellaneous registration fees and rentals. These revenue sources are restricted to expenditures for public safety, culture and recreation, and economic development.

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 was originally used to account for construction of the water drainage project along Sowashee Creek in the City’s jurisdiction and is currently accounting for maintenance costs of the same. The financing for this project was from general obligation bonds, U. S. Army Corp of Engineers, and the Pat Harrison Waterway District.

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 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.

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

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

2009 Tax Increment Financing Bonds – This fund is used to account for the bond proceeds used to fund infrastructure improvements to the Meridian Crossroads site.

2010 Negotiable Note – This fund is used to account for the proceeds and disbursements of the taxable negotiable note used for the payment of pre-development expenses incurred in conjunction with the Threefoot Building Redevelopment Agreement that was terminated in December, 2009.

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds (Continued)

Safe Routes to School Project – This fund is used to account for grant revenues for sidewalk improvements between Carver Middle School, Harris Elementary School, and the Boys and Girls Club; plus activities to promote pedestrian safety and reduce speeds in the Carver Middle, Harris Elementary, Oakland Heights Elementary, and Crestwood Elementary school zones.

2011 General Obligation Bonds – This fund is used to account for the proceeds and disbursements of the 2011 general obligation bonds.

35th Avenue and 40th Street Bridge Replacement – This fund is used to account for the local and grant revenues used for replacement of bridges on 35th Avenue and on 40th Street over Gallagher Creek.

STP Milling, Leveling, and Overlay – This fund is used to account for the local and grant revenues used for milling, leveling and asphalt overlay of selected City routes, including drainage and sidewalk improvements as required.

2012 General Obligation Bonds – This fund is used to account for the proceeds and disbursements from the 2012 general obligation bonds.

Highland Park Gabions – This fund is used to account for the local and grant revenues used to repair gabions along Gallagher Creek in Highland Park.

Downtown Streetscape – This fund is used to account for the local and grant revenues used to replace sidewalks, curb cuts, pedestrian crossings and install decorative lighting and landscaping along 5th Street approximately between 23rd Avenue and 26th Avenue, as well as portions of 25th Avenue.

Highway 39 Signalization – This fund is used to account for the local and grant revenues used to upgrade traffic signals along Highway 39 at its intersection with Old Country Club Road and its intersection with Windmill Drive.

SCHEDULE 2

CITY OF MERIDIAN, MISSISSIPPI
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2014

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 17,101	-	17,101
Due from other funds	2,678	-	2,678
Restricted assets:			
Cash and cash equivalents	1,217,300	3,608,884	4,826,184
Intergovernmental receivables	<u>396,354</u>	<u>186,689</u>	<u>583,043</u>
Total assets	\$ <u>1,633,433</u>	<u>3,795,573</u>	<u>5,429,006</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,403	-	1,403
Due to other funds	300,222	-	300,222
Liabilities payable from restricted assets:			
Accounts payable	605,661	313,328	918,989
Unearned revenue	<u>930</u>	<u>-</u>	<u>930</u>
Total liabilities	<u>908,216</u>	<u>313,328</u>	<u>1,221,544</u>
Fund balances:			
Restricted for:			
Sowashee Creek maintenance	-	330,536	330,536
Construction/acquisition of capital assets	-	1,940,584	1,940,584
Flood damage repairs	-	76,962	76,962
Paving projects	-	1,134,163	1,134,163
Purposes of grantors/donors	349,692	-	349,692
Law enforcement	492	-	492
Committed to:			
Urban renewal and redevelopment	345,199	-	345,199
Assigned to:			
Public safety	21,289	-	21,289
Sports events	<u>8,545</u>	<u>-</u>	<u>8,545</u>
Total fund balances	<u>725,217</u>	<u>3,482,245</u>	<u>4,207,462</u>
Total liabilities and fund balances	\$ <u>1,633,433</u>	<u>3,795,573</u>	<u>5,429,006</u>

SCHEDULE 3**CITY OF MERIDIAN, MISSISSIPPI**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Fiscal Year Ended September 30, 2014

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental	\$ 758,795	296,560	1,055,355
Fines and forfeitures	1,782	-	1,782
Local contributions	8,580	-	8,580
Interest on investments	1,404	11,908	13,312
Miscellaneous	13,934	-	13,934
Total revenues	<u>784,495</u>	<u>308,468</u>	<u>1,092,963</u>
Expenditures:			
Current:			
Public safety	943,850	-	943,850
Culture and recreation	3,665	-	3,665
Economic development	230,129	-	230,129
Capital outlay	-	470,083	470,083
Total expenditures	<u>1,177,644</u>	<u>470,083</u>	<u>1,647,727</u>
Deficiency of revenues under expenditures	<u>(393,149)</u>	<u>(161,615)</u>	<u>(554,764)</u>
Other financing sources (uses):			
Transfers in	268,857	377,764	646,621
Transfers out	(6,506)	(335,285)	(341,791)
Total other financing sources (uses)	<u>262,351</u>	<u>42,479</u>	<u>304,830</u>
Net change in fund balances	(130,798)	(119,136)	(249,934)
Fund balances, October 1, 2013	<u>856,015</u>	<u>3,601,381</u>	<u>4,457,396</u>
Fund balances, September 30, 2014	<u>\$ 725,217</u>	<u>3,482,245</u>	<u>4,207,462</u>

CITY OF MERIDIAN, MISSISSIPPI

Combining Balance Sheet

Nonmajor Capital Projects Funds

September 30, 2014

	<u>Sowashee Project</u>	<u>2003 General Obligation Bonds</u>	<u>2003 Flood Damage</u>	<u>Highway 19 Drainage</u>	<u>City Hall Improvements</u>	<u>2008 General Obligation Bonds</u>	<u>2009 Tax Increment Financing Bonds</u>
<u>ASSETS</u>							
Restricted assets:							
Cash and cash equivalents	\$ 333,546	208,113	76,962	2,588	137,377	-	-
Intergovernmental receivables	-	-	-	-	-	-	-
Total assets	\$ <u>333,546</u>	<u>208,113</u>	<u>76,962</u>	<u>2,588</u>	<u>137,377</u>	<u>-</u>	<u>-</u>
 <u>LIABILITIES AND FUND BALANCES</u>							
Liabilities payable from restricted assets -							
Accounts payable	\$ <u>3,010</u>	-	-	-	-	-	-
Total liabilities	<u>3,010</u>	-	-	-	-	-	-
Fund balances:							
Restricted for:							
Sowashee Creek maintenance	330,536	-	-	-	-	-	-
Construction/acquisition of capital assets	-	208,113	-	2,588	137,377	-	-
Flood damage repairs	-	-	76,962	-	-	-	-
Paving projects	-	-	-	-	-	-	-
Total fund balances	<u>330,536</u>	<u>208,113</u>	<u>76,962</u>	<u>2,588</u>	<u>137,377</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>333,546</u>	<u>208,113</u>	<u>76,962</u>	<u>2,588</u>	<u>137,377</u>	<u>-</u>	<u>-</u>

SCHEDULE 4

<u>2010 Negotiable Note</u>	<u>Safe Routes to School Project</u>	<u>2011 General Obligation Bonds</u>	<u>35th Avenue & 40th Street Bridge Replacement</u>	<u>STP Milling, Leveling, & Overlay</u>	<u>2012 General Obligation Bonds</u>	<u>Highland Park Gabions</u>	<u>Downtown Streetscape</u>	<u>Highway 39 Signalization</u>	<u>Total Nonmajor Capital Projects Funds</u>
-	92,656	1,318,715	42,502	-	1,134,163	5,894	214,897	41,471	3,608,884
-	180,014	-	-	6,675	-	-	-	-	186,689
-	<u>272,670</u>	<u>1,318,715</u>	<u>42,502</u>	<u>6,675</u>	<u>1,134,163</u>	<u>5,894</u>	<u>214,897</u>	<u>41,471</u>	<u>3,795,573</u>
-	<u>272,670</u>	-	-	-	-	-	<u>34,780</u>	<u>2,868</u>	<u>313,328</u>
-	<u>272,670</u>	-	-	-	-	-	<u>34,780</u>	<u>2,868</u>	<u>313,328</u>
-	-	-	-	-	-	-	-	-	330,536
-	-	1,318,715	42,502	6,675	-	5,894	180,117	38,603	1,940,584
-	-	-	-	-	-	-	-	-	76,962
-	-	-	-	-	1,134,163	-	-	-	1,134,163
-	-	<u>1,318,715</u>	<u>42,502</u>	<u>6,675</u>	<u>1,134,163</u>	<u>5,894</u>	<u>180,117</u>	<u>38,603</u>	<u>3,482,245</u>
-	<u>272,670</u>	<u>1,318,715</u>	<u>42,502</u>	<u>6,675</u>	<u>1,134,163</u>	<u>5,894</u>	<u>214,897</u>	<u>41,471</u>	<u>3,795,573</u>

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended September 30, 2014

	Sowashee Project	2003 General Obligation Bonds	2003 Flood Damage	Highway 19 Drainage	City Hall Improvements	2008 General Obligation Bonds	2009 Tax Increment Financing Bonds
Revenues:							
Intergovernmental - Federal	\$ -	-	-	-	-	-	-
Interest on investments	<u>1,016</u>	<u>626</u>	<u>232</u>	<u>7</u>	<u>415</u>	<u>7</u>	<u>15</u>
Total revenues	<u>1,016</u>	<u>626</u>	<u>232</u>	<u>7</u>	<u>415</u>	<u>7</u>	<u>15</u>
Expenditures:							
Construction contracts	-	-	-	-	-	-	-
Engineering and other	<u>10,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>10,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,518)</u>	<u>626</u>	<u>232</u>	<u>7</u>	<u>415</u>	<u>7</u>	<u>15</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,293)</u>	<u>(4,690)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,293)</u>	<u>(4,690)</u>
Net change in fund balances	<u>(9,518)</u>	<u>626</u>	<u>232</u>	<u>7</u>	<u>415</u>	<u>(2,286)</u>	<u>(4,675)</u>
Fund Balances, October 1, 2013	<u>340,054</u>	<u>207,487</u>	<u>76,730</u>	<u>2,581</u>	<u>136,962</u>	<u>2,286</u>	<u>4,675</u>
Fund balances, September 30, 2014	\$ <u>330,536</u>	<u>208,113</u>	<u>76,962</u>	<u>2,588</u>	<u>137,377</u>	<u>-</u>	<u>-</u>

SCHEDULE 5

<u>2010 Negotiable Note</u>	<u>Safe Routes to School Project</u>	<u>2011 General Obligation Bonds</u>	<u>35th Avenue & 40th Street Bridge Replacement</u>	<u>STP Milling, Leveling, & Overlay</u>	<u>2012 General Obligation Bonds</u>	<u>Highland Park Gabions</u>	<u>Downtown Streetscape</u>	<u>Highway 39 Signalization</u>	<u>Total Nonmajor Capital Projects Funds</u>
-	296,560	-	-	-	-	-	-	-	296,560
61	-	4,823	128	-	4,129	18	238	193	11,908
61	296,560	4,823	128	-	4,129	18	238	193	308,468
-	263,629	-	-	-	10,189	-	-	-	273,818
-	32,931	-	-	2,469	-	-	118,741	31,590	196,265
-	296,560	-	-	2,469	10,189	-	118,741	31,590	470,083
61	-	4,823	128	(2,469)	(6,060)	18	(118,503)	(31,397)	(161,615)
-	-	-	-	9,144	-	-	298,620	70,000	377,764
(20,539)	-	(9,143)	-	-	(298,620)	-	-	-	(335,285)
(20,539)	-	(9,143)	-	9,144	(298,620)	-	298,620	70,000	42,479
(20,478)	-	(4,320)	128	6,675	(304,680)	18	180,117	38,603	(119,136)
20,478	-	1,323,035	42,374	-	1,438,843	5,876	-	-	3,601,381
-	-	1,318,715	42,502	6,675	1,134,163	5,894	180,117	38,603	3,482,245

SCHEDULE 6

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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis) Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$ 5,100,000	14,000,000	13,908,362	(91,638)
Expenditures - debt service	<u>5,100,000</u>	<u>14,000,000</u>	<u>13,721,364</u>	<u>278,636</u>
Net change in fund balances	\$ <u>-</u>	<u>-</u>	186,998	<u>186,998</u>
Fund Balance, October 1, 2013			<u>2,783,711</u>	
Fund Balance, September 30, 2014			\$ <u>2,970,709</u>	

SCHEDULE 7

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, 2014

	<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>
Revenues	\$ 820,000	820,000	1,247,478	427,478
Expenditures - Project costs	<u>3,000,000</u>	<u>3,000,000</u>	<u>1,159,071</u>	<u>1,840,929</u>
Net change in fund balances	\$ <u>(2,180,000)</u>	<u>(2,180,000)</u>	88,407	<u>2,268,407</u>
Fund balances, October 1, 2013			<u>858,256</u>	
Fund balances, September 30, 2014			\$ <u>946,663</u>	

SCHEDULE 8

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, 2014

	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	(Budgetary Basis) Amounts	Final Budget - Positive (Negative)
Revenues	\$ 112,000	112,000	578,491	466,491
Expenditures - capital outlay	<u>5,000,000</u>	<u>5,000,000</u>	<u>607,895</u>	<u>4,392,105</u>
Net change in fund balances	\$ <u>(4,888,000)</u>	<u>(4,888,000)</u>	(29,404)	<u>4,858,596</u>
Fund balance, October 1, 2013			<u>5,108,830</u>	
Fund balance, September 30, 2014			\$ <u>5,079,426</u>	

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CITY OF MERIDIAN, MISSISSIPPI
Schedule of General Fund Expenditures
By Departments and Divisions
For the Fiscal Year Ended September 30, 2014
(With Comparative Totals for the Fiscal Year Ended September 30, 2013)

	Executive, Legislative and Judicial	Finance and Records	Community Development	Fire Department	Police Department	Public Safety & Training Facility
Personnel services:						
Salaries - regular	\$ 730,868	769,436	641,628	3,827,771	3,630,086	163,002
Salaries - overtime	1,080	3,300	43	463,639	277,655	-
Salaries - temporaries	99,137	29,543	113,050	13,651	15,955	-
Fringe benefits	316,309	351,313	267,896	1,728,588	1,807,849	61,104
Total personnel services	<u>1,147,394</u>	<u>1,153,592</u>	<u>1,022,617</u>	<u>6,033,649</u>	<u>5,731,545</u>	<u>224,106</u>
Contractual services and supplies:						
Supplies - office	8,434	7,372	2,180	2,070	4,013	405
Supplies - operating	485	6,383	2,037	7,116	59,297	1,060
Supplies - household	34	10,614	1,776	10,004	4,356	1,637
Supplies - uniforms and clothing	105	-	3,373	23,193	54,622	290
Supplies - materials direct	-	-	-	-	-	-
Materials - small tools and workorders	200	1,297	1,154	6,518	526	4,487
Professional services	534,019	84,803	16,476	613	453,258	10,128
Telephone	6,739	86,991	6,058	6,616	21,760	1,822
Postage	3,572	7,635	5,108	1,580	3,065	443
Travel	13,518	4,636	5,827	10,558	7,905	1,950
Freight	-	-	-	99	-	-
Advertising and publishing	6,833	3,686	6,020	183	-	-
Printing and binding	2,632	4,496	1,098	265	1,669	-
Insurance	191,961	35,190	34,003	167,759	290,972	13,926
Utilities	3,822	1,203,654	9,952	115,948	68,585	35,681
Operating and maintenance - buildings	2,916	29,823	1,741	20,899	9,926	13,464
Operating and maintenance - grounds	50	571	-	2,141	-	5,147
Operating and maintenance - equipment	3,953	8,825	2,525	21,085	8,902	4,322
Operating and maintenance - vehicles	1,077	3,001	18,783	116,516	537,873	13,726
Operating and maintenance - computer services	10,514	70,459	28,096	64,407	97,831	18,693
Rentals	4,102	8,119	2,718	-	-	-
Judgments and claims	5,600	24,892	1,097	30,396	189,514	-
Dues and subscriptions	14,857	2,696	4,493	1,437	1,443	50
Public relations	11,060	-	-	1,354	1,630	-
Refunds	-	2,558	-	-	-	-
Job training	2,497	3,974	7,399	26,847	7,071	-
Safety	53	-	-	24,061	-	683
Hospital and medical	12,334	-	-	19,211	3,786	-
Total contractual services & supplies	<u>841,367</u>	<u>1,611,675</u>	<u>161,914</u>	<u>680,876</u>	<u>1,828,004</u>	<u>127,914</u>
Capital outlay:						
Buildings	-	-	-	-	305,000	-
Machinery and equipment	-	86,181	7,274	34,351	40,606	171
Vehicles	-	-	-	-	33,000	-
Total capital outlay	<u>-</u>	<u>86,181</u>	<u>7,274</u>	<u>34,351</u>	<u>378,606</u>	<u>171</u>
Debt service:						
Principal	-	60,487	-	156,931	-	-
Interest	-	10,739	-	7,720	-	-
Bond issuance costs	73,579	-	-	-	-	-
Total debt service	<u>73,579</u>	<u>71,226</u>	<u>-</u>	<u>164,651</u>	<u>-</u>	<u>-</u>
Transfers and other charges:						
Transfer to other funds	2,008,461	181,897	200,000	24,936	10,000	52,025
Special projects	-	45,692	81,376	12,500	12,500	266
Miscellaneous contributions	401,960	-	-	-	-	-
Costs allocated to special revenue fund grants	-	-	-	-	-	-
Other projects and charges	27,629	-	-	-	-	-
Total transfers and other charges	<u>2,438,050</u>	<u>227,589</u>	<u>281,376</u>	<u>37,436</u>	<u>22,500</u>	<u>52,291</u>
Total General Fund expenditures - 2014	4,500,390	3,150,263	1,473,181	6,950,963	7,960,655	404,482
Total General Fund expenditures - 2013	3,239,033	3,032,277	1,430,524	7,663,444	7,967,681	135,317
Increase (decrease)	\$ 1,261,357	117,986	42,657	(712,481)	(7,026)	269,165

SCHEDULE 9

<u>Public Works</u>	<u>Parks, Recreation & Cultural Affairs</u>	<u>Arts District Parking Garage</u>	<u>Totals</u>		<u>Increase (Decrease)</u>
			<u>2014</u>	<u>2013</u>	
1,797,931	746,370	-	12,307,092	12,665,743	(358,651)
69,675	26,849	-	842,241	673,153	169,088
152,017	505,149	-	928,502	552,447	376,055
<u>1,049,829</u>	<u>385,243</u>	-	<u>5,968,131</u>	<u>5,473,603</u>	<u>494,528</u>
<u>3,069,452</u>	<u>1,663,611</u>	-	<u>20,045,966</u>	<u>19,364,946</u>	<u>681,020</u>
1,897	503	-	26,874	26,275	599
58,189	102,716	2	237,285	186,885	50,400
6,132	19,952	215	54,720	56,907	(2,187)
6,251	5,580	-	93,414	85,143	8,271
145,443	16,560	-	162,003	161,658	345
6,208	5,496	-	25,886	28,976	(3,090)
3,393	50,541	-	1,153,231	1,110,294	42,937
6,264	3,752	790	140,792	146,306	(5,514)
1,829	1,680	70	24,982	22,542	2,440
4,652	268	-	49,314	59,054	(9,740)
381	-	-	480	246	234
786	-	-	17,508	14,086	3,422
-	2,547	-	12,707	15,036	(2,329)
247,269	70,757	10,519	1,062,356	1,105,414	(43,058)
55,018	214,759	31,389	1,738,808	1,602,161	136,647
133,723	27,385	11,704	251,581	234,254	17,327
37,590	44,702	-	90,201	93,291	(3,090)
76,621	41,060	1,193	168,486	193,463	(24,977)
287,633	59,416	-	1,038,025	980,161	57,864
41,823	18,782	-	350,605	360,809	(10,204)
23,750	5,119	-	43,808	52,968	(9,160)
129,358	54,335	-	435,192	455,400	(20,208)
3,066	320	-	28,362	33,060	(4,698)
976	-	-	15,020	18,657	(3,637)
-	-	-	2,558	1,558	1,000
5,047	1,525	-	54,360	45,498	8,862
10,966	3,031	-	38,794	76,007	(37,213)
250	-	-	35,581	45,827	(10,246)
<u>1,294,515</u>	<u>750,786</u>	<u>55,882</u>	<u>7,352,933</u>	<u>7,211,936</u>	<u>140,997</u>
-	15,320	-	320,320	149,832	170,488
293,485	9,748	-	471,816	229,500	242,316
247,959	23,744	-	304,703	713,533	(408,830)
<u>541,444</u>	<u>48,812</u>	-	<u>1,096,839</u>	<u>1,092,865</u>	<u>3,974</u>
-	-	-	217,418	214,982	2,436
-	-	-	18,459	20,895	(2,436)
-	-	-	73,579	-	73,579
-	-	-	309,456	235,877	73,579
70,000	145,000	-	2,692,319	1,473,915	1,218,404
-	14,673	-	167,007	388,213	(221,206)
-	10,000	-	411,960	425,931	(13,971)
-	-	-	-	(100,056)	100,056
-	-	-	27,629	23,279	4,350
<u>70,000</u>	<u>169,673</u>	-	<u>3,298,915</u>	<u>2,211,282</u>	<u>1,087,633</u>
4,975,411	2,632,882	55,882	32,104,109	30,116,906	1,987,203
4,206,297	2,364,253	78,080	30,116,906		
<u>769,114</u>	<u>268,629</u>	<u>(22,198)</u>	<u>1,987,203</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 Highland Park Carousel concessions and concession stands at the softball parks.

SCHEDULE 10

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2014

	<u>Golf Course</u>	<u>Union Station</u>	<u>Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 48,906	65,767	100,466	215,139
Receivables - miscellaneous	-	5,304	-	5,304
Inventory	18,186	-	1,862	20,048
Prepaid items	<u>621</u>	<u>1,335</u>	<u>-</u>	<u>1,956</u>
Total current assets	<u>67,713</u>	<u>72,406</u>	<u>102,328</u>	<u>242,447</u>
Capital assets:				
Buildings	126,628	-	-	126,628
Improvements other than buildings	98,924	-	-	98,924
Machinery and equipment	<u>399,916</u>	<u>60,774</u>	<u>-</u>	<u>460,690</u>
Total capital assets	625,468	60,774	-	686,242
Less accumulated depreciation	<u>(556,514)</u>	<u>(53,724)</u>	<u>-</u>	<u>(610,238)</u>
Capital assets (net of accumulated depreciation)	<u>68,954</u>	<u>7,050</u>	<u>-</u>	<u>76,004</u>
Total assets	<u>136,667</u>	<u>79,456</u>	<u>102,328</u>	<u>318,451</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	7,722	24,132	1,557	33,411
Accrued liabilities:				
Payroll	28,172	6,176	692	35,040
Sales tax	1,568	-	203	1,771
Due to other funds	263	67	-	330
Current portion of capital leases	<u>313</u>	<u>-</u>	<u>-</u>	<u>313</u>
Total current liabilities	<u>38,038</u>	<u>30,375</u>	<u>2,452</u>	<u>70,865</u>
Noncurrent liabilities -				
Capital lease payable, net of current portion	<u>418</u>	<u>-</u>	<u>-</u>	<u>418</u>
Total liabilities	<u>38,456</u>	<u>30,375</u>	<u>2,452</u>	<u>71,283</u>
<u>NET POSITION</u>				
Net investment in capital assets	68,223	7,050	-	75,273
Unrestricted	<u>29,988</u>	<u>42,031</u>	<u>99,876</u>	<u>171,895</u>
Total net position	<u>\$ 98,211</u>	<u>49,081</u>	<u>99,876</u>	<u>247,168</u>

SCHEDULE 11**CITY OF MERIDIAN, MISSISSIPPI**

Combining Statement of Revenues, Expenses, and Changes in Net Position

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2014

	<u>Golf</u>	<u>Union</u>		<u>Total</u>
	<u>Course</u>	<u>Station</u>	<u>Concessions</u>	<u>Nonmajor</u>
				<u>Enterprise</u>
				<u>Funds</u>
Operating revenues:				
Charges for sales and services:				
Memberships	\$ 44,674	-	-	44,674
Green fees	61,415	-	-	61,415
Cart rental	53,890	-	-	53,890
Concessions	83,907	-	25,870	109,777
Rental income	-	40,646	-	40,646
Miscellaneous	219	-	1,585	1,804
Total operating revenues	<u>244,105</u>	<u>40,646</u>	<u>27,455</u>	<u>312,206</u>
Operating expenses:				
Personnel services	246,726	94,948	10,860	352,534
Supplies and materials	93,065	12,561	15,557	121,183
Rent and utilities	20,088	44,354	-	64,442
Operation, maintenance, and repairs	56,979	58,482	-	115,461
Depreciation	9,737	4,713	-	14,450
Miscellaneous	8,010	19,901	1,457	29,368
Total operating expenses	<u>434,605</u>	<u>234,959</u>	<u>27,874</u>	<u>697,438</u>
Operating loss	<u>(190,500)</u>	<u>(194,313)</u>	<u>(419)</u>	<u>(385,232)</u>
Nonoperating revenues (expenses):				
Interest income	36	34	302	372
Interest expense	<u>(52)</u>	<u>-</u>	<u>-</u>	<u>(52)</u>
Total nonoperating revenues (expenses)	<u>(16)</u>	<u>34</u>	<u>302</u>	<u>320</u>
Loss before transfers	<u>(190,516)</u>	<u>(194,279)</u>	<u>(117)</u>	<u>(384,912)</u>
Capital contributions and transfers:				
Capital contributions	9,765	-	-	9,765
Transfers in	<u>145,000</u>	<u>200,000</u>	<u>-</u>	<u>345,000</u>
Total capital contributions and transfers	<u>154,765</u>	<u>200,000</u>	<u>-</u>	<u>354,765</u>
Change in net position	<u>(35,751)</u>	<u>5,721</u>	<u>(117)</u>	<u>(30,147)</u>
Net position, October 1, 2013	<u>133,962</u>	<u>43,360</u>	<u>99,993</u>	<u>277,315</u>
Net position, September 30, 2014	\$ <u>98,211</u>	<u>49,081</u>	<u>99,876</u>	<u>247,168</u>

SCHEDULE 12

CITY OF MERIDIAN, MISSISSIPPI
 Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Fiscal Year Ended September 30, 2014

	<u>Golf</u>	<u>Union</u>	<u>Concessions</u>		<u>Total</u> <u>Nonmajor</u> <u>Enterprise</u> <u>Funds</u>
Cash flows from operating activities:					
Receipts from customers and users	\$ 244,105	39,730	27,455		311,290
Payments to suppliers	(178,121)	(148,574)	(19,607)		(346,302)
Payments to employees	<u>(248,093)</u>	<u>(96,224)</u>	<u>(10,498)</u>		<u>(354,815)</u>
Net cash used in operating activities	<u>(182,109)</u>	<u>(205,068)</u>	<u>(2,650)</u>		<u>(389,827)</u>
Cash flows from noncapital financing activities -					
Transfers from other funds	<u>145,000</u>	<u>200,000</u>	<u>-</u>		<u>345,000</u>
Cash flows from capital and related financing activities:					
Principal payments - capital lease	(295)	-	-		(295)
Interest payments - capital lease	<u>(52)</u>	<u>-</u>	<u>-</u>		<u>(52)</u>
Net cash used in capital and related financing activities	<u>(347)</u>	<u>-</u>	<u>-</u>		<u>(347)</u>
Cash flows from investing activities -					
Interest received	<u>36</u>	<u>34</u>	<u>302</u>		<u>372</u>
Net decrease in cash and cash equivalents	(37,420)	(5,034)	(2,348)		(44,802)
Cash and cash equivalents, October 1, 2013	<u>86,326</u>	<u>70,801</u>	<u>102,814</u>		<u>259,941</u>
Cash and cash equivalents, September 30, 2014	\$ <u>48,906</u>	<u>65,767</u>	<u>100,466</u>		<u>215,139</u>
Reconciliation of operating loss to net cash used in operating activities:					
Operating loss	\$ (190,500)	(194,313)	(419)		(385,232)
Adjustments to reconcile operating loss to net cash used in operating activities:					
Depreciation	9,737	4,713	-		14,450
Changes in assets and liabilities:					
Accounts receivable	-	(917)	-		(917)
Inventory	12,644	-	1,268		13,912
Prepaid items	149	189	-		338
Accounts payable	(12,914)	(13,474)	(3,178)		(29,566)
Accrued liabilities	(1,458)	(1,276)	(321)		(3,055)
Due to other funds	<u>233</u>	<u>10</u>	<u>-</u>		<u>243</u>
Total adjustments	<u>8,391</u>	<u>(10,755)</u>	<u>(2,231)</u>		<u>(4,595)</u>
Net cash used in operating activities	\$ <u>(182,109)</u>	<u>(205,068)</u>	<u>(2,650)</u>		<u>(389,827)</u>
Noncash investing, capital, and financing activities -					
Noncash capital contributions -					
Capital assets transferred from the general fund	\$ <u>9,765</u>	<u>-</u>	<u>-</u>		<u>9,765</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 Position
 Internal Service Funds
 September 30, 2014

	<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>
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 131,948	30,200	2,405	5,246	169,799
Receivables - miscellaneous	-	-	7,769	-	7,769
Due from other funds:					
General fund	78,997	-	387,547	-	466,544
Water and sewer fund	28,398	-	213,958	-	242,356
Golf course fund	263	-	-	-	263
Union Station fund	68	-	-	-	68
Waste collection and disposal fund	230	-	-	-	230
Due from component unit	407	-	-	-	407
Inventory	<u>55,392</u>	<u>1,020</u>	<u>-</u>	<u>-</u>	<u>56,412</u>
Total current assets	<u>295,703</u>	<u>31,220</u>	<u>611,679</u>	<u>5,246</u>	<u>943,848</u>
<u>LIABILITIES</u>					
Current liabilities -					
Accounts payable	<u>65,695</u>	<u>251</u>	<u>611,679</u>	<u>-</u>	<u>677,625</u>
Total current liabilities	<u>65,695</u>	<u>251</u>	<u>611,679</u>	<u>-</u>	<u>677,625</u>
<u>NET POSITION</u>					
Unrestricted	\$ <u>230,008</u>	<u>30,969</u>	<u>-</u>	<u>5,246</u>	<u>266,223</u>

SCHEDULE 14**CITY OF MERIDIAN, MISSISSIPPI**

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the Fiscal Year Ended September 30, 2014

	<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>
Operating revenues:					
Charges for sales and services	\$ 502,821	3,407	-	-	506,228
Premiums	-	-	4,014,188	-	4,014,188
Reinsurance reimbursement	-	-	29,353	-	29,353
Total operating revenues	<u>502,821</u>	<u>3,407</u>	<u>4,043,541</u>	<u>-</u>	<u>4,549,769</u>
Operating expenses:					
Administration fees	-	-	584,469	-	584,469
Costs of sales and services	506,233	3,304	-	-	509,537
Claims paid	-	-	3,459,072	26,068	3,485,140
Total operating expenses	<u>506,233</u>	<u>3,304</u>	<u>4,043,541</u>	<u>26,068</u>	<u>4,579,146</u>
Operating income (loss)	(3,412)	103	-	(26,068)	(29,377)
Nonoperating revenues -					
Interest income	<u>461</u>	<u>89</u>	<u>-</u>	<u>10</u>	<u>560</u>
Income (loss) before transfers in	(2,951)	192	-	(26,058)	(28,817)
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,000</u>	<u>26,000</u>
Change in net position	(2,951)	192	-	(58)	(2,817)
Net position, October 1, 2013	<u>232,959</u>	<u>30,777</u>	<u>-</u>	<u>5,304</u>	<u>269,040</u>
Net position, September 30, 2014	<u>\$ 230,008</u>	<u>30,969</u>	<u>-</u>	<u>5,246</u>	<u>266,223</u>

SCHEDULE 15

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended September 30, 2014

	<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>
Cash flows from operating activities:					
Receipts from customers and users	\$ 480,118	3,407	4,016,586	-	4,500,111
Payments to suppliers	<u>(495,659)</u>	<u>(3,320)</u>	<u>(4,016,485)</u>	<u>(26,068)</u>	<u>(4,541,532)</u>
Net cash provided by (used in) operating activities	(15,541)	87	101	(26,068)	(41,421)
Cash flows from noncapital financing activities -					
Transfers from other funds	-	-	-	26,000	26,000
Cash flows from investing activities -					
Interest received	<u>461</u>	<u>89</u>	<u>-</u>	<u>10</u>	<u>560</u>
Net increase (decrease) in cash and cash equivalents	(15,080)	176	101	(58)	(14,861)
Cash and cash equivalents, October 1, 2013	<u>147,028</u>	<u>30,024</u>	<u>2,304</u>	<u>5,304</u>	<u>184,660</u>
Cash and cash equivalents, September 30, 2014	\$ <u>131,948</u>	<u>30,200</u>	<u>2,405</u>	<u>5,246</u>	<u>169,799</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ <u>(3,412)</u>	<u>103</u>	<u>-</u>	<u>(26,068)</u>	<u>(29,377)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in assets and liabilities:					
Receivables - miscellaneous	-	-	2,139	-	2,139
Due from other funds	(22,703)	-	(29,094)	-	(51,797)
Inventory	(952)	210	-	-	(742)
Accounts payable	<u>11,526</u>	<u>(226)</u>	<u>27,056</u>	<u>-</u>	<u>38,356</u>
Total adjustments	<u>(12,129)</u>	<u>(16)</u>	<u>101</u>	<u>-</u>	<u>(12,044)</u>
Net cash provided by (used in) operating activities	\$ <u>(15,541)</u>	<u>87</u>	<u>101</u>	<u>(26,068)</u>	<u>(41,421)</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 16

CITY OF MERIDIAN, MISSISSIPPI
 Combining Statement of Fiduciary Assets and Liabilities
 Agency Funds
 September 30, 2014

	Firemen & Policemen Disability & Relief	General Retirement	Meridian Community College	Meridian Separate School District	Hospital Insurance	State Police Fines & Fees	Meridian Separate School District Bonds & Interest	Total Agency Funds
<u>ASSETS</u>								
Cash and cash equivalents	\$ 105,864	66,565	108,090	913,019	49,192	37,413	122,969	1,403,112
Intergovernmental receivables - County	<u>10,982</u>	<u>6,896</u>	<u>15,306</u>	<u>122,491</u>	<u>-</u>	<u>-</u>	<u>17,327</u>	<u>173,002</u>
Total assets	\$ <u>116,846</u>	<u>73,461</u>	<u>123,396</u>	<u>1,035,510</u>	<u>49,192</u>	<u>37,413</u>	<u>140,296</u>	<u>1,576,114</u>
<u>LIABILITIES</u>								
Intergovernmental payables:								
Schools	\$ -	-	123,396	1,035,510	-	-	140,296	1,299,202
PERS	116,846	73,461	-	-	-	-	-	190,307
State	-	-	-	-	-	37,413	-	37,413
Employee insurance withheld	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,192</u>	<u>-</u>	<u>-</u>	<u>49,192</u>
Total liabilities	\$ <u>116,846</u>	<u>73,461</u>	<u>123,396</u>	<u>1,035,510</u>	<u>49,192</u>	<u>37,413</u>	<u>140,296</u>	<u>1,576,114</u>

CITY OF MERIDIAN, MISSISSIPPI
 Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 For the Fiscal Year Ended September 30, 2014

	<u>Balance</u> <u>October 1,</u> <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September 30,</u> <u>2014</u>
Meridian Separate School District				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 921,284	17,160,559	17,168,824	913,019
Intergovernmental - county	<u>112,339</u>	<u>122,491</u>	<u>112,339</u>	<u>122,491</u>
Total assets	\$ <u>1,033,623</u>	<u>17,283,050</u>	<u>17,281,163</u>	<u>1,035,510</u>

<u>LIABILITIES</u>				
Intergovernmental - schools	\$ <u>1,033,623</u>	<u>17,283,050</u>	<u>17,281,163</u>	<u>1,035,510</u>

Hospital Insurance				
	<u>Balance</u> <u>October 1,</u> <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September 30,</u> <u>2014</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ <u>49,014</u>	<u>3,240,351</u>	<u>3,240,173</u>	<u>49,192</u>

<u>LIABILITIES</u>				
Employee insurance withheld	\$ <u>49,014</u>	<u>3,240,351</u>	<u>3,240,173</u>	<u>49,192</u>

State Police Fines & Fees				
	<u>Balance</u> <u>October 1,</u> <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September 30,</u> <u>2014</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ <u>60,461</u>	<u>708,696</u>	<u>731,744</u>	<u>37,413</u>

<u>LIABILITIES</u>				
Intergovernmental - state	\$ <u>60,461</u>	<u>708,696</u>	<u>731,744</u>	<u>37,413</u>

Meridian Separate School District Bonds & Interest				
	<u>Balance</u> <u>October 1,</u> <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September 30,</u> <u>2014</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 98,176	2,477,766	2,452,973	122,969
Intergovernmental - county	<u>12,770</u>	<u>17,327</u>	<u>12,770</u>	<u>17,327</u>
Total assets	\$ <u>110,946</u>	<u>2,495,093</u>	<u>2,465,743</u>	<u>140,296</u>

<u>LIABILITIES</u>				
Intergovernmental - schools	\$ <u>110,946</u>	<u>2,495,093</u>	<u>2,465,743</u>	<u>140,296</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
 Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 For the Fiscal Year Ended September 30, 2014

	Balance			Balance
	October 1,	Additions	Deletions	September 30,
	<u>2013</u>			<u>2014</u>
		<u>Total Agency Funds</u>		
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,403,251	28,252,570	28,252,709	1,403,112
Intergovernmental receivables	<u>155,932</u>	<u>173,002</u>	<u>155,932</u>	<u>173,002</u>
Total assets	\$ <u>1,559,183</u>	<u>28,425,572</u>	<u>28,408,641</u>	<u>1,576,114</u>
<u>LIABILITIES</u>				
Intergovernmental payables	\$ 1,510,169	25,185,221	25,168,468	1,526,922
Employee insurance withheld	<u>49,014</u>	<u>3,240,351</u>	<u>3,240,173</u>	<u>49,192</u>
Total liabilities	\$ <u>1,559,183</u>	<u>28,425,572</u>	<u>28,408,641</u>	<u>1,576,114</u>

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NONMAJOR COMPONENT UNITS

Meridian Urban Renewal Authority – Meridian Urban Renewal Authority (“MURA”) (a discretely presented component unit) is a legally separate entity established by resolution of the City Council of the City of Meridian. MURA was established to undertake and carry out urban renewal projects within an urban renewal area which the City Council of the City of Meridian has determined to be a slum area, or a blighted area, or a combination thereof and has designated as appropriate for an urban renewal project, in accordance with an urban renewal plan adopted by the City of Meridian.

The 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 – 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.

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

SCHEDULE 18**CITY OF MERIDIAN, MISSISSIPPI**

Combining Statement of Net Position

Nonmajor Component Units

September 30, 2014

	<u>Meridian Urban Renewal Authority</u>	<u>The Meridian Transportation Commission</u>	<u>Meridian and Bonita Lakes Development Authority</u>	<u>Total Nonmajor Component Units</u>
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 80,856	-	7,373	88,229
Receivables:				
Interest	48,721	-	-	48,721
Contribution	-	19,159	-	19,159
Total current assets	129,577	19,159	7,373	156,109
MLEC leverage loans receivable	5,691,198	-	-	5,691,198
Total assets	5,820,775	19,159	7,373	5,847,307
<u>LIABILITIES</u>				
Current liabilities:				
Current portion of note payable	74,400	-	-	74,400
Accounts payable	-	33,421	-	33,421
Accrued interest	30,738	-	-	30,738
Total current liabilities	105,138	33,421	-	138,559
Noncurrent liabilities -				
Note payable, less current portion	2,143,576	-	-	2,143,576
Total liabilities	2,248,714	33,421	-	2,282,135
<u>NET POSITION</u>				
Unrestricted (deficit)	3,572,061	(14,262)	7,373	3,565,172
Total net position	\$ 3,572,061	(14,262)	7,373	3,565,172

CITY OF MERIDIAN, MISSISSIPPI
 Combining Statement of Activities
 Nonmajor Component Units
 For the Fiscal Year Ended September 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Meridian Urban Renewal Authority</u>	<u>The Meridian Transportation Commission</u>	<u>Meridian and Bonita Lakes Development Authority</u>	<u>Total Nonmajor Component Units</u>
Nonmajor component units:								
Meridian Urban Renewal Authority	\$ 141,562	194,866	-	-	53,304	-	-	53,304
The Meridian Transportation Commission	9,879	-	19,159	-	-	9,280	-	9,280
Meridian and Bonita Lakes Development Authority	2,434	-	4,314	-	-	-	1,880	1,880
Total nonmajor component units	\$ <u>153,875</u>	<u>194,866</u>	<u>23,473</u>	<u>-</u>	53,304	9,280	1,880	64,464
General revenues -								
Interest income					48	-	1	49
Change in net position					53,352	9,280	1,881	64,513
Net position (deficit), October 1, 2013					<u>3,518,709</u>	<u>(23,542)</u>	<u>5,492</u>	<u>3,500,659</u>
Net position (deficit), September 30, 2014					\$ <u>3,572,061</u>	<u>(14,262)</u>	<u>7,373</u>	<u>3,565,172</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, 2014

	<u>Assessed Value</u>	<u>Millage</u>	<u>Ad Valorem Taxes</u>
City of Meridian:			
Realty	\$ 223,321,759	50.84	\$ 11,353,678
Personal property - other than auto	51,815,882	50.84	2,634,319
Public utilities	24,907,911	50.84	1,266,318
Personal autos - 2012 rates	12,365	50.84	629
Personal autos - 2013 rates	3,214,482	50.84	163,424
Personal autos - 2014 rates	<u>29,795,808</u>	50.84	<u>1,514,819</u>
Total City of Meridian valuation	\$ <u>333,068,207</u>		16,933,187
Less homestead exemption allowed			<u>(939,505)</u>
Total City ad valorem taxes			15,993,682
Adjustments to original tax roll:			
Lauderdale County tax collector refund		\$ (13,203)	
Realty		(47,555)	
Personal		131,942	
Homestead exemption		<u>(9,317)</u>	61,867
Add (deduct):			
Actual homestead reimbursement		569,755	
Motor vehicle rent tax		89,049	
Payments in lieu of taxes		132,547	
Prior year tax collections (refunds)		(87,589)	
Mobile homes		6,014	
Aircraft		<u>9,693</u>	719,469
Total City to account for			<u>16,775,018</u>
Separate School District:			
Realty	\$ 219,648,422	69.82	15,335,853
Personal property - other than auto	55,641,973	69.82	3,884,923
Public utilities	36,970,448	69.82	2,581,277
Personal autos - 2012 rates	12,365	67.31	832
Personal autos - 2013 rates	3,065,815	68.15	208,935
Personal autos - 2014 rates	<u>28,113,456</u>	69.82	<u>1,962,881</u>
Total Separate School District valuation	\$ <u>343,452,479</u>		23,974,701
Less homestead exemption allowed			<u>(1,779,333)</u>
Total Separate School District ad valorem taxes			22,195,368
Adjustments to original tax roll:			
Lauderdale County tax collector refund		(9,648)	
Realty		(57,195)	
Personal		181,199	
Homestead exemption		<u>(8,977)</u>	105,379
Add (deduct):			
Prior year tax collections (refunds)		(122,193)	
Mobile homes		17,067	<u>(105,126)</u>
Total Separate School District to account for			<u>22,195,621</u>
Total City of Meridian and Separate School District to account for			\$ <u>38,970,639</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
 Schedule Reconciling Original Ad Valorem
 Tax Rolls to Fund Collections
 For the Fiscal Year Ended September 30, 2014

	<u>Taxes</u>	<u>Homestead Reimbursement</u>	<u>Total</u>
Accounted for as follows:			
General Fund	\$ 9,246,039	335,084	9,581,123
General Fund - Pilot	132,547	-	132,547
General Bond and Interest	4,072,581	147,594	4,220,175
School Bond and Interest	2,477,767	-	2,477,767
Police and Fire Disability	1,475,261	53,457	1,528,718
General Retirement	927,710	33,621	961,331
School Fund	<u>19,215,900</u>	<u>-</u>	<u>19,215,900</u>
Total accounted for	\$ <u>37,547,805</u>	<u>569,756</u>	38,117,561
Balance represented by:			
Real property held from tax sale			311,282
Unpaid personal property			232,823
Sold to state			109,064
Tax collector's commission			192,576
Held by tax collector			<u>7,333</u>
Total ad valorem taxes		\$	<u>38,970,639</u>

SCHEDULE 21

CITY OF MERIDIAN, MISSISSIPPI

Schedule of Investments

September 30, 2014

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
General fund - unrestricted:				
Certificate of deposit	07/03/14	01/01/15	0.35%	\$ 675,000
Certificate of deposit	07/03/14	12/30/14	0.35%	<u>675,000</u>
 Total general fund investments - unrestricted				\$ <u>1,350,000</u>
Debt service fund - restricted -				
Certificate of deposit	11/10/13	11/10/14	0.45%	<u>\$ 400,000</u>

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2014

<u>Name</u>	<u>Position</u>	<u>Insurance Company</u>	<u>Bond</u>
Percy Bland, III	Mayor	Travelers	\$ 100,000 *
George M Thomas	Councilman	CNA Surety	100,000
K. Dustin Markham	Councilman	CNA Surety	100,000
Barbara Henson	Councilwoman	CNA Surety	100,000
Kim Houston	Councilwoman	CNA Surety	100,000
Randy Hammon	Councilman	CNA Surety	100,000
Mike McGrevey	Chief Administrative Officer	CNA Surety	50,000
Leigh Barber	Assistant Director, Finance & Records/Deputy City Clerk	Ohio Casualty Insurance Company	50,000
Benny Dubose	Police Chief	CNA Surety	50,000
Hugh Smith	Public Works Director	CNA Surety	50,000
Blanket Policy	All city employees	Travelers	100,000

* Bond coverage for the City's Mayor represents coverage under the blanket bond for all City employees.

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CITY OF MERIDIAN, MISSISSIPPI
 Schedule of Changes in Long-Term Debt
 For the Fiscal Year Ended September 30, 2014

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance October 1, 2013</u>	<u>Principal Payments</u>	<u>New Issues</u>	<u>Balance September 30, 2014</u>
Governmental activities:							
Public Improvement of 1999	04/01/1999	4.10-5.70%	\$ 1,150,000	105,000	105,000	-	-
Public Improvement of 2006	06/01/2006	4.00-5.50%	10,000,000	7,465,000	7,465,000	-	-
Water and Sewer Improvement of 2007	04/01/2007	3.75-5.25%	3,600,000	2,830,000	150,000	-	2,680,000
Public Improvement of 2008	04/22/2008	2.60-3.65%	1,000,000	730,000	60,000	-	670,000
Public Improvement of 2009	06/01/2009	3.00-4.00%	10,000,000	8,670,000	375,000	-	8,295,000
Refunding Bonds of 2011	06/30/2011	2.00-2.50%	3,960,000	2,770,000	620,000	-	2,150,000
Public Improvement of 2011	03/01/2011	3.10-4.40%	4,500,000	4,200,000	160,000	-	4,040,000
Public Improvement of 2012	04/12/2012	1.90-2.70%	4,500,000	4,500,000	345,000	-	4,155,000
Water and Sewer Improvement of 2013	03/05/2014	2.20%	1,200,000	-	105,000	1,200,000	1,095,000
Refunding Bonds of 2014	08/14/2014	2.0-3.0%	8,410,000	-	-	8,410,000	8,410,000
Total general obligations bonds			<u>48,320,000</u>	<u>31,270,000</u>	<u>9,385,000</u>	<u>9,610,000</u>	<u>31,495,000</u>
Special Obligation Bonds 2003A	07/01/2003	2.75-4.50%	5,500,000	3,380,000	3,380,000	-	-
Special Obligation Bonds 2003B	07/01/2003	3.30-5.375%	1,500,000	960,000	75,000	-	885,000
Total special obligation bonds			<u>7,000,000</u>	<u>4,340,000</u>	<u>3,455,000</u>	-	<u>885,000</u>
Limited Obligation Tax Increment Bonds	12/17/2009	8.75%	4,000,000	3,560,000	175,000	-	3,385,000
Limited Obligation Tax Increment Bonds	03/01/2010	5.00%	300,000	240,000	20,000	-	220,000
Total tax increment bonds			<u>4,300,000</u>	<u>3,800,000</u>	<u>195,000</u>	-	<u>3,605,000</u>
Capital improvements loan	06/01/2001	3.00%	1,000,000	210,773	77,760	-	133,013
Energy Conservation Loan	03/01/2011	0.25%	210,000	150,374	29,925	-	120,449
Total promissory loans			<u>1,210,000</u>	<u>361,147</u>	<u>107,685</u>	-	<u>253,462</u>
Taxable Negotiable Notes	02/18/2010	2.71%	1,100,000	440,000	220,000	-	220,000
Total taxable negotiable notes			<u>1,100,000</u>	<u>440,000</u>	<u>220,000</u>	-	<u>220,000</u>
Special Assessment Public Improvement	06/01/1996	4.70-6.70%	2,000,000	465,000	145,000	-	320,000
Special Assessment Public Improvement	06/01/2000	5.20-6.25%	1,125,000	550,000	65,000	-	485,000
Special Assessment Public Imp 2001	08/01/2001	4.50-6.00%	500,000	265,000	30,000	-	235,000
Total special assessment			<u>3,625,000</u>	<u>1,280,000</u>	<u>240,000</u>	-	<u>1,040,000</u>
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	709,066	214,897	60,486	-	154,411
Oshkosh Capital lease - pumper truck	12/21/2012	2.43%	475,614	317,676	156,931	-	160,745
Total capital leases			<u>1,184,680</u>	<u>532,573</u>	<u>217,417</u>	-	<u>315,156</u>
Total governmental activities			\$ 66,739,680	42,023,720	13,820,102	9,610,000	37,813,618
Business-type activities:							
Water and sewer promissory loan	07/01/2003	2.60-3.25%	\$ 7,590,000	810,000	810,000	-	-
Water and sewer promissory loan	01/31/2013	0.50-4.0%	12,415,000	11,745,000	1,385,000	-	10,360,000
EPA Clean Water State Revolving Fund Loan	10/01/2010	1.75%	8,411,225	1,608,323	-	-	1,608,323
Total promissory loans			<u>28,416,225</u>	<u>14,163,323</u>	<u>2,195,000</u>	-	<u>11,968,323</u>
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	1,053,181	312,305	89,840	-	222,465
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	3,460	1,026	295	-	731
Total capital leases			<u>1,056,641</u>	<u>313,331</u>	<u>90,135</u>	-	<u>223,196</u>
Total business-type activities			\$ 29,472,866	14,476,654	2,285,135	-	12,191,519

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Long-Term Debt Maturities
September 30, 2014

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance September 30, 2014</u>	<u>2015</u>
<u>Governmental activities:</u>					
Water and Sewer Improvement of 2007	04/01/2007	3.75-5.25%	\$ 3,600,000	2,680,000	155,000
Public Improvement of 2008	04/22/2008	2.60-3.65%	1,000,000	670,000	65,000
Public Improvement of 2009	06/01/2009	3.00-4.00%	10,000,000	8,295,000	400,000
Refunding Bonds of 2011	06/30/2011	2.00-2.50%	3,960,000	2,150,000	640,000
Public Improvement of 2011	03/01/2011	3.10-4.40%	4,500,000	4,040,000	165,000
Public Improvement of 2012	04/12/2012	1.90-2.70%	4,500,000	4,155,000	355,000
Water and Sewer Improvement of 2013	03/05/2014	2.20%	1,200,000	1,095,000	110,000
Refunding Bonds of 2014	08/14/2014	2.0-3.0%	8,410,000	8,410,000	-
Total general obligations bonds			<u>37,170,000</u>	<u>31,495,000</u>	<u>1,890,000</u>
Special Obligation Bonds 2003B	07/01/2003	3.30-5.375%	1,500,000	885,000	75,000
Total special obligation bonds			<u>1,500,000</u>	<u>885,000</u>	<u>75,000</u>
Limited Obligation Tax Increment Bonds	12/17/2009	8.75%	4,000,000	3,385,000	190,000
Limited Obligation Tax Increment Bonds	03/01/2010	5.00%	300,000	220,000	25,000
Total tax increment bonds			<u>4,300,000</u>	<u>3,605,000</u>	<u>215,000</u>
Capital improvements loan	06/01/2001	3.00%	1,000,000	133,013	79,925
Energy Conservation Loan	03/01/2011	0.25%	210,000	120,449	30,000
Total promissory loans			<u>1,210,000</u>	<u>253,462</u>	<u>109,925</u>
Taxable Negotiable Notes	02/18/2010	2.71%	1,100,000	220,000	220,000
Total taxable negotiable notes			<u>1,100,000</u>	<u>220,000</u>	<u>220,000</u>
Special Assessment Public Improvement	06/01/1996	4.70-6.70%	2,000,000	320,000	155,000
Special Assessment Public Improvement	06/01/2000	5.20-6.25%	1,125,000	485,000	70,000
Special Assessment Public Imp 2001	08/01/2001	4.50-6.00%	500,000	235,000	30,000
Total special assessment			<u>3,625,000</u>	<u>1,040,000</u>	<u>255,000</u>
CitiCapital Lease - energy saving equipment	05/21/2002	5.87%	709,066	154,411	64,136
Oshkosh Capital lease - pumper truck	12/21/2012	2.43%	475,614	160,745	160,745
Total capital leases			<u>1,184,680</u>	<u>315,156</u>	<u>224,881</u>
Total governmental activities			\$ <u>50,089,680</u>	<u>37,813,618</u>	<u>2,989,806</u>
<u>Business-type activities:</u>					
Water and sewer promissory loan	01/31/2013	0.50-4.0%	\$ 12,415,000	10,360,000	1,465,000
EPA Clean Water State Revolving Fund Loan	10/01/2010	1.75%	8,411,225	1,608,323	-
Total promissory loans			<u>20,826,225</u>	<u>11,968,323</u>	<u>1,465,000</u>
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	1,053,181	222,465	95,262
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	3,460	731	313
Total capital leases			<u>1,056,641</u>	<u>223,196</u>	<u>95,575</u>
Total business-type activities			\$ <u>21,882,866</u>	<u>12,191,519</u>	<u>1,560,575</u>

Maturities for the Years Ending September 30,

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020- 2024</u>	<u>2025- 2029</u>	<u>2030- 2034</u>	<u>2035- 2039</u>
165,000	170,000	180,000	185,000	1,060,000	765,000	-	-
65,000	70,000	70,000	75,000	325,000	-	-	-
410,000	425,000	445,000	470,000	2,715,000	3,430,000	-	-
490,000	500,000	520,000	-	-	-	-	-
175,000	180,000	190,000	195,000	1,120,000	1,380,000	635,000	-
365,000	380,000	395,000	405,000	2,255,000	-	-	-
110,000	115,000	120,000	120,000	520,000	-	-	-
230,000	400,000	410,000	970,000	4,920,000	1,480,000	-	-
<u>2,010,000</u>	<u>2,240,000</u>	<u>2,330,000</u>	<u>2,420,000</u>	<u>12,915,000</u>	<u>7,055,000</u>	<u>635,000</u>	<u>-</u>
80,000	85,000	90,000	100,000	455,000	-	-	-
<u>80,000</u>	<u>85,000</u>	<u>90,000</u>	<u>100,000</u>	<u>455,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
210,000	230,000	250,000	270,000	1,775,000	460,000	-	-
25,000	25,000	25,000	30,000	90,000	-	-	-
<u>235,000</u>	<u>255,000</u>	<u>275,000</u>	<u>300,000</u>	<u>1,865,000</u>	<u>460,000</u>	<u>-</u>	<u>-</u>
53,088	-	-	-	-	-	-	-
30,074	30,150	30,225	-	-	-	-	-
<u>83,162</u>	<u>30,150</u>	<u>30,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
165,000	-	-	-	-	-	-	-
75,000	80,000	80,000	85,000	95,000	-	-	-
30,000	30,000	35,000	35,000	75,000	-	-	-
<u>270,000</u>	<u>110,000</u>	<u>115,000</u>	<u>120,000</u>	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
68,007	22,268	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>68,007</u>	<u>22,268</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,746,169</u>	<u>2,742,418</u>	<u>2,840,225</u>	<u>2,940,000</u>	<u>15,405,000</u>	<u>7,515,000</u>	<u>635,000</u>	<u>-</u>
1,525,000	1,165,000	1,225,000	865,000	3,760,000	355,000	-	-
51,471	69,687	70,916	72,167	380,390	415,146	453,079	95,467
<u>1,576,471</u>	<u>1,234,687</u>	<u>1,295,916</u>	<u>937,167</u>	<u>4,140,390</u>	<u>770,146</u>	<u>453,079</u>	<u>95,467</u>
101,011	26,192	-	-	-	-	-	-
332	86	-	-	-	-	-	-
<u>101,343</u>	<u>26,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,677,814</u>	<u>1,260,965</u>	<u>1,295,916</u>	<u>937,167</u>	<u>4,140,390</u>	<u>770,146</u>	<u>453,079</u>	<u>95,467</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.

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Financial trends information.....	145 - 152
<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 information	153 - 156
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt capacity information.....	157 - 161
<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 and economic information.....	162 - 163
<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.....	164 - 166
<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 Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities:										
Net investment in capital assets	\$ 45,997	\$ 48,025	\$ 48,799	\$ 50,692	\$ 75,492	\$ 72,823	\$ 74,694	\$ 75,049	\$ 69,358	\$ 68,410
Restricted	4,009	5,626	6,881	5,810	6,429	6,985	6,519	5,755	3,538	3,572
Unrestricted	<u>5,635</u>	<u>7,197</u>	<u>3,920</u>	<u>4,076</u>	<u>3,700</u>	<u>4,198</u>	<u>2,324</u>	<u>3,721</u>	<u>5,118</u>	<u>4,398</u>
Total governmental activities net position	<u>\$ 55,641</u>	<u>\$ 60,848</u>	<u>\$ 59,600</u>	<u>\$ 60,578</u>	<u>\$ 85,621</u>	<u>\$ 84,006</u>	<u>\$ 83,537</u>	<u>\$ 84,525</u>	<u>\$ 78,014</u>	<u>\$ 76,380</u>
Business-type activities:										
Net investment in capital assets	\$ 19,003	\$ 19,534	\$ 18,938	\$ 17,684	\$ 19,326	\$ 19,767	\$ 19,795	\$ 20,841	\$ 18,824	\$ 20,214
Restricted	4,467	4,021	7,509	7,717	5,441	4,354	5,151	5,657	6,619	7,076
Unrestricted	<u>3,779</u>	<u>3,440</u>	<u>3,354</u>	<u>3,167</u>	<u>2,253</u>	<u>2,682</u>	<u>3,825</u>	<u>4,179</u>	<u>6,528</u>	<u>8,350</u>
Total business-type activities net position	<u>\$ 27,249</u>	<u>\$ 26,995</u>	<u>\$ 29,801</u>	<u>\$ 28,568</u>	<u>\$ 27,020</u>	<u>\$ 26,803</u>	<u>\$ 28,771</u>	<u>\$ 30,677</u>	<u>\$ 31,971</u>	<u>\$ 35,640</u>
Primary government:										
Net investment in capital assets	\$ 65,000	\$ 67,559	\$ 67,737	\$ 68,376	\$ 94,818	\$ 92,590	\$ 94,489	\$ 95,890	\$ 88,182	\$ 88,624
Restricted	8,476	9,647	14,390	13,527	11,870	11,339	11,670	11,412	10,157	10,648
Unrestricted	<u>9,414</u>	<u>10,637</u>	<u>7,274</u>	<u>7,243</u>	<u>5,953</u>	<u>6,880</u>	<u>6,149</u>	<u>7,900</u>	<u>11,646</u>	<u>12,748</u>
Total primary government net position	<u>\$ 82,890</u>	<u>\$ 87,843</u>	<u>\$ 89,401</u>	<u>\$ 89,146</u>	<u>\$112,641</u>	<u>\$110,809</u>	<u>\$112,308</u>	<u>\$115,202</u>	<u>\$109,985</u>	<u>\$112,020</u>

Source: Audit Reports - Statement of Net Position

Note: Fiscal year 2012 was restated for the effects of the GASB Statement 65 early implementation in fiscal year 2013.

CITY OF MERIDIAN, MISSISSIPPI
 Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 5,778	\$ 6,288	\$ 6,526	\$ 7,211	\$ 7,017	\$ 8,825	\$ 6,907	\$ 6,852	\$ 7,385	\$ 7,899
Public safety	14,875	16,074	15,037	15,017	16,010	16,238	15,528	15,584	16,486	16,394
Public works	6,777	6,741	6,896	6,573	7,482	8,198	7,896	7,695	12,022	7,864
Culture and recreation	1,975	2,008	2,156	2,390	2,307	2,284	3,223	2,051	2,250	2,509
Economic development	121	105	98	134	22	2,976	124	169	2,115	21
Interest on long-term debt	1,443	1,333	1,918	1,772	1,615	2,071	2,061	1,908	1,835	1,706
Total governmental activities expenses	30,969	32,549	32,631	33,097	34,453	40,592	35,739	34,259	42,093	36,393
Business-type activities:										
Water and sewer	10,879	11,577	12,218	12,078	12,557	12,161	11,742	11,765	11,788	10,625
Waste collection and disposal	2,234	2,332	2,380	2,401	2,526	2,466	1,825	1,876	1,905	1,881
Golf course	407	394	400	419	418	397	446	466	423	435
Union Station	307	335	323	331	388	352	364	353	366	235
Concessions	41	37	26	32	29	29	28	27	27	28
Total business-type activities expenses	13,868	14,675	15,347	15,261	15,918	15,405	14,405	14,487	14,509	13,204
Total primary government expenses	\$ 44,837	\$ 47,224	\$ 47,978	\$ 48,358	\$ 50,371	\$ 55,997	\$ 50,144	\$ 48,746	\$ 56,602	\$ 49,597
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 788	\$ 1,063	\$ 587	\$ 640	\$ 581	\$ 355	\$ 501	\$ 412	\$ 705	\$ 336
Public safety	2,164	2,484	2,856	1,730	1,590	1,220	1,037	1,039	950	860
Culture and recreation	135	162	164	180	173	376	182	327	136	166
Operating grants and contributions	3,257	3,229	2,194	1,379	1,572	1,645	608	515	1,261	992
Capital grants and contributions	581	2,169	250	500	1,497	3,699	1,654	1,786	265	314
Total governmental activities program revenues	6,925	9,107	6,051	4,429	5,413	7,295	3,982	4,079	3,317	2,668
Business-type activities:										
Charges for services:										
Water and sewer	10,902	11,036	10,907	11,125	11,715	12,145	12,404	13,187	13,553	13,699
Waste collection and disposal	1,569	1,564	1,560	1,570	1,611	1,870	1,828	1,871	1,838	1,887
Golf course	310	343	324	318	284	271	249	296	271	244
Union Station	97	117	114	103	80	84	81	64	42	41
Concessions	43	36	35	43	44	46	42	35	38	27
Operating grants and contributions	8	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,644	494	740	87	65	-	328	1,314	148	47
Total business-type activities program revenues	14,573	13,590	13,680	13,246	13,799	14,416	14,932	16,767	15,890	15,945
Total primary government program revenues	\$ 21,498	\$ 22,697	\$ 19,731	\$ 17,675	\$ 19,212	\$ 21,711	\$ 18,914	\$ 20,846	\$ 19,207	\$ 18,613

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
 Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (expense)/revenue										
Governmental activities	\$ (24,044)	\$ (23,442)	\$ (26,580)	\$ (28,668)	\$ (29,040)	\$ (33,297)	\$ (31,757)	\$ (30,180)	\$ (38,776)	\$ (33,725)
Business-type activities	705	(1,085)	(1,667)	(2,015)	(2,119)	(989)	527	2,280	1,381	2,741
Total primary government net (expense)/revenue	\$ (23,339)	\$ (24,527)	\$ (28,247)	\$ (30,683)	\$ (31,159)	\$ (34,286)	\$ (31,230)	\$ (27,900)	\$ (37,395)	\$ (30,984)
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Property taxes	\$ 10,162	\$ 10,121	\$ 10,098	\$ 10,826	\$ 12,085	\$ 14,173	\$ 14,722	\$ 14,439	\$ 13,767	\$ 14,232
Sales taxes	12,715	14,170	13,574	14,166	13,744	13,502	13,708	14,082	14,682	14,901
Franchise taxes	1,990	2,381	2,587	2,568	2,744	2,647	2,529	2,462	2,643	2,955
County road taxes	798	971	1,040	1,042	1,194	1,224	982	781	752	678
Motor fuel taxes	19	19	19	19	19	19	19	20	20	20
Unrestricted grants and contributions	64	69	65	70	74	73	70	75	77	78
Unrestricted investment earnings	259	564	1,131	628	146	196	194	123	79	63
Special item - annexed property	-	-	-	-	23,549	-	-	-	-	-
Transfers	375	353	(3,182)	327	528	(152)	(936)	66	245	(836)
Total governmental activities general revenues and other changes in net position	26,382	28,648	25,332	29,646	54,083	31,682	31,288	32,048	32,265	32,091
Business-type activities:										
Property taxes	740	975	811	810	999	506	400	40	71	49
Unrestricted investment earnings	152	210	480	299	100	114	105	103	86	43
Transfers	(375)	(353)	3,182	(327)	(528)	152	936	(66)	(245)	836
Total business-type activities general revenues and other changes in net position	517	832	4,473	782	571	772	1,441	77	(88)	928
Total primary government general revenues and other changes in net position	\$ 26,899	\$ 29,480	\$ 29,805	\$ 30,428	\$ 54,654	\$ 32,454	\$ 32,729	\$ 32,125	\$ 32,177	\$ 33,019
Change in net position										
Governmental activities	\$ 2,338	\$ 5,206	\$ (1,248)	\$ 978	\$ 25,043	\$ (1,615)	\$ (469)	\$ 1,868	\$ (6,511)	\$ (1,634)
Business-type activities	1,222	(253)	2,806	(1,233)	(1,548)	(217)	1,968	2,357	1,293	3,669
Total primary government change in net position	\$ 3,560	\$ 4,953	\$ 1,558	\$ (255)	\$ 23,495	\$ (1,832)	\$ 1,499	\$ 4,225	\$ (5,218)	\$ 2,035

Source: Audit Reports - Statement of Activities

Note: Fiscal year 2012 was restated for the effects of the GASB Statement 65 early implementation in fiscal year 2013.

SCHEDULE 27

CITY OF MERIDIAN, MISSISSIPPI
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>County Road Tax</u>	<u>Motor Fuel Tax</u>	<u>Total</u>
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
2009	12,085	13,744	2,744	1,194	19	29,786
2010	14,173	13,502	2,647	1,224	19	31,565
2011	14,722	13,708	2,529	982	19	31,960
2012	14,439	14,082	2,462	781	20	31,784
2013	13,767	14,682	2,643	752	20	31,864
2014	14,232	14,901	2,955	678	20	32,786

Source: Audit Reports - Statement of Activities

SCHEDULE 28

CITY OF MERIDIAN, MISSISSIPPI
 Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (amounts expressed in thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General fund:										
Nonspendable	\$ 90	\$ 99	\$ 1,297	\$ 1,297	\$ 1,469	\$ 1,454	\$ 1,571	\$ 1,594	\$ 1,678	\$ 1,597
Committed	100	-	486	515	339	220	151	2	12	-
Assigned	655	1,069	141	742	677	1,011	1,204	1,931	1,889	1,799
Unassigned	<u>5,638</u>	<u>6,301</u>	<u>6,753</u>	<u>5,618</u>	<u>4,275</u>	<u>5,684</u>	<u>6,433</u>	<u>7,582</u>	<u>8,341</u>	<u>8,371</u>
Total general fund	<u>\$ 6,483</u>	<u>\$ 7,469</u>	<u>\$ 8,677</u>	<u>\$ 8,172</u>	<u>\$ 6,760</u>	<u>\$ 8,369</u>	<u>\$ 9,359</u>	<u>\$ 11,109</u>	<u>\$ 11,920</u>	<u>\$ 11,767</u>
All other governmental funds:										
Nonspendable	\$ -	\$ 1,198	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	5,842	15,278	14,947	11,544	16,857	12,992	11,194	13,457	6,875	6,788
Committed	-	-	-	-	-	347	344	345	345	345
Assigned	<u>16</u>	<u>16</u>	<u>17</u>	<u>16</u>	<u>12</u>	<u>24</u>	<u>16</u>	<u>30</u>	<u>21</u>	<u>30</u>
Total all other governmental funds	<u>\$ 5,858</u>	<u>\$ 16,492</u>	<u>\$ 14,964</u>	<u>\$ 11,560</u>	<u>\$ 16,869</u>	<u>\$ 13,363</u>	<u>\$ 11,554</u>	<u>\$ 13,832</u>	<u>\$ 7,241</u>	<u>\$ 7,163</u>

Source: Audit Reports - Governmental Funds Balance Sheet

Note: Fiscal years 2005 through 2010 have been reclassified with the implementation of GASB Statement 54 in fiscal year 2011.

Fiscal year 2012 was restated for the effects of the GASB Statement 65 early implementation in fiscal year 2013.

CITY OF MERIDIAN, MISSISSIPPI
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (amounts expressed in thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues:										
Taxes	\$ 23,534	\$ 25,121	\$ 24,562	\$ 25,889	\$ 26,859	\$ 28,716	\$ 29,113	\$ 29,196	\$ 28,999	\$ 29,579
Franchise	1,990	2,381	2,587	2,568	2,744	2,647	2,529	2,462	2,644	2,955
Licenses and permits	302	305	373	386	256	301	271	251	251	296
Intergovernmental	3,746	4,913	2,203	1,514	1,951	3,888	2,257	1,513	1,588	1,354
Charges for services	135	162	164	180	173	375	182	157	136	166
Fines and forfeitures	2,164	2,484	2,855	1,730	1,580	1,219	1,037	1,039	950	860
Special assessments	96	79	75	86	67	74	72	74	69	72
Payments in lieu of taxes	83	80	77	66	67	68	152	156	100	150
Local contributions	155	555	307	434	98	461	55	-	7	12
Investment earnings	259	564	1,131	628	146	196	193	123	79	63
Interest costs and damages	95	91	92	99	117	132	169	141	126	104
Miscellaneous	499	758	234	302	389	85	268	301	573	63
Total revenues	<u>33,058</u>	<u>37,493</u>	<u>34,660</u>	<u>33,882</u>	<u>34,447</u>	<u>38,162</u>	<u>36,298</u>	<u>35,413</u>	<u>35,522</u>	<u>35,674</u>
Expenditures:										
General government	5,440	5,843	6,033	6,760	6,836	7,634	6,711	6,200	6,407	6,617
Public safety	14,767	16,420	15,684	14,731	16,117	14,732	15,144	15,352	16,811	16,008
Public works	3,956	4,223	4,425	4,146	4,671	4,441	4,422	4,195	4,206	4,933
Culture and recreation	1,963	2,027	2,065	2,484	2,639	3,406	2,673	2,186	2,175	2,492
Economic development	411	105	98	134	118	3,201	158	231	2,127	230
Other	127	268	150	56	42	11	19	23	23	-
Capital outlay	4,529	4,647	2,772	5,868	5,860	6,071	5,657	2,221	4,357	470
Debt service:										
Principal	3,059	2,356	3,019	3,467	3,062	3,498	3,687	3,682	4,020	3,675
Interest	1,506	1,354	1,736	1,790	1,555	1,982	2,043	1,995	1,885	1,773
Bond issuance costs	-	186	86	36	165	304	240	110	-	328
Total expenditures	<u>35,758</u>	<u>37,429</u>	<u>36,068</u>	<u>39,472</u>	<u>41,065</u>	<u>45,280</u>	<u>40,754</u>	<u>36,195</u>	<u>42,011</u>	<u>36,526</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,700)</u>	<u>64</u>	<u>(1,408)</u>	<u>(5,590)</u>	<u>(6,618)</u>	<u>(7,118)</u>	<u>(4,456)</u>	<u>(782)</u>	<u>(6,489)</u>	<u>(852)</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)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Other financing sources (uses):										
Transfers in	\$ 1,929	\$ 2,960	\$ 4,531	\$ 9,599	\$ 10,304	\$ 6,017	\$ 2,448	\$ 2,236	\$ 3,583	\$ 2,182
Transfers out	(1,576)	(2,629)	(7,733)	(9,283)	(9,789)	(6,197)	(3,447)	(2,234)	(3,350)	(3,034)
Bonds issued	-	10,000	3,600	1,000	10,000	4,300	8,460	4,500	-	9,610
Negotiable notes issued	-	1,225	-	-	-	1,100	-	210	-	-
Capital leases	312	-	690	365	-	-	-	-	476	-
Premium on refunding bonds issued	-	-	-	-	-	-	71	-	-	491
Principal retirement from refunding bond proceeds	-	-	-	-	-	-	(3,895)	-	-	(3,110)
Payment to bond escrow agent	-	-	-	-	-	-	-	-	-	(5,518)
Total other financing source (uses)	<u>665</u>	<u>11,556</u>	<u>1,088</u>	<u>1,681</u>	<u>10,515</u>	<u>5,220</u>	<u>3,637</u>	<u>4,712</u>	<u>709</u>	<u>621</u>
Net change in fund balance	<u>\$ (2,035)</u>	<u>\$ 11,620</u>	<u>\$ (320)</u>	<u>\$ (3,909)</u>	<u>\$ 3,897</u>	<u>\$ (1,898)</u>	<u>\$ (819)</u>	<u>\$ 3,930</u>	<u>\$ (5,780)</u>	<u>\$ (231)</u>
Debt service as a percentage of noncapital expenditures	<u>14.8%</u>	<u>11.6%</u>	<u>15.0%</u>	<u>16.0%</u>	<u>13.7%</u>	<u>14.5%</u>	<u>16.5%</u>	<u>17.2%</u>	<u>14.4%</u>	<u>15.6%</u>

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

Note: Fiscal year 2012 was restated for the effects of the GASB Statement 65 early implementation in fiscal year 2013.

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

<u>Fiscal</u> <u>Year</u>	<u>Property</u> <u>Tax</u>	<u>Sales</u> <u>Tax¹</u>	<u>Franchise</u> <u>Tax</u>	<u>County</u> <u>Road</u> <u>Tax</u>	<u>Motor</u> <u>Fuel</u> <u>Tax</u>	<u>Total</u>
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
2009	11,902	13,744	2,744	1,194	19	29,603
2010	13,971	13,502	2,647	1,224	19	31,363
2011	14,404	13,708	2,529	982	19	31,642
2012	14,313	14,082	2,462	781	20	31,658
2013	13,545	14,682	2,644	752	20	31,643
2014	13,980	14,901	2,955	678	20	32,534

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

¹Sales tax is not an "own-source revenue" of the City. Sales taxes are levied by the State of Mississippi at a rate of seven 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.

CITY OF MERIDIAN, MISSISSIPPI
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Fiscal Year Ended <u>September 30,</u>	<u>Real Property</u>		<u>Personal Property</u>		<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Motor Vehicles</u>	<u>Other</u>					
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%
2009	76,714	154,532	32,355	49,060	5,131	307,530	50.84	2,002,797	15.36%
2010	87,063	170,953	31,722	56,584	4,120	342,202	50.84	2,234,043	15.32%
2011	87,731	171,111	30,877	53,247	3,973	338,993	50.84	2,221,081	15.26%
2012	86,209	171,700	31,118	53,388	6,845	335,570	50.84	2,195,722	15.28%
2013	83,798	169,181	31,818	52,750	6,725	330,822	50.84	2,161,650	15.30%
2014	84,862	171,468	33,023	51,816	8,101	333,068	50.84	2,177,062	15.30%

Source: Lauderdale County real and personal property tax rolls.

Note: During 2008, all property in Lauderdale County was reappraised and resulted in an increase in assessed values.
 During 2009, the City annexed approximately 9 square miles into the City which resulted in an increase in assessed values.

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							
						Lauderdale County			Meridian Separate School District				
	Operating Millage	Debt Service Millage	Special 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	Total Millage
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
2009	25.71	12.38	8.75	4.00	50.84	39.66	10.95	50.61	49.89	6.09	55.98	7.00	164.43
2010	29.92	11.88	7.44	1.60	50.84	39.36	7.47	46.83	51.42	5.81	57.23	7.00	161.90
2011	29.65	12.41	7.48	1.30	50.84	41.66	9.12	50.78	54.84	5.67	60.51	7.00	169.13
2012	28.72	13.24	7.93	0.95	50.84	41.66	9.12	50.78	54.84	5.47	60.31	7.00	168.93
2013	29.34	13.12	7.92	0.46	50.84	41.66	9.12	50.78	54.84	6.31	61.15	7.00	169.77
2014	29.72	13.17	7.77	0.18	50.84	41.66	9.12	50.78	54.84	7.98	62.82	7.00	171.44

Source: Office of the City Clerk.

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

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

<u>Taxpayer</u>	<u>2014</u>			<u>2005</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	\$ 13,889	1	4.17%	\$ 10,686	1	4.18%
Bonita Lakes Mall/Bonita Properties, Inc./CBL	8,090	2	2.43%	7,886	3	3.09%
Wal-Mart Supercenters	7,805	3	2.34%	4,566	4	1.79%
AT&T	5,086	4	1.53%	8,075	2	3.16%
Anderson Regional Medical Center	4,520	5	1.36%	2,365	6	0.93%
Avery Dennison Corporation	4,220	6	1.27%	---	---	---
Meridian Crossroads	2,983	7	0.90%	---	---	---
Norfolk Southern Railway Company	2,679	8	0.80%	1,784	8	0.70%
Atmos Energy Corporation	2,596	9	0.78%	1,669	9	0.65%
Rush Health Systems	2,163	10	0.65%	1,417	10	0.55%
Meridian HMA/Riley Hospital	---	---	---	4,279	5	1.68%
Peavey Electronics Corporation	---	---	---	2,074	7	0.81%
Totals	<u>\$ 54,031</u>		<u>16.23%</u>	<u>\$ 44,801</u>		<u>17.54%</u>

Source: Lauderdale County real and personal property tax rolls.

SCHEDULE 34

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

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 12,613	\$ 12,482	98.96%	\$ 70	\$ 12,552	99.52%
2006	12,962	12,835	99.02%	42	12,877	99.34%
2007	12,850	12,745	99.18%	30	12,775	99.42%
2008	13,570	13,505	99.52%	54	13,559	99.92%
2009	15,634	15,462	98.90%	76	15,538	99.39%
2010	16,960	16,824	99.20%	43	16,867	99.45%
2011	16,956	16,766	98.88%	71	16,837	99.30%
2012	16,938	16,540	97.65%	(46)	16,494	97.38%
2013	16,111	15,971	99.13%	26	15,997	99.29%
2014	16,704	16,424	98.32%	-	16,424	98.32%

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

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			Unamortized Premiums (Discounts) ¹	Total Primary Government	Percentage of Personal Income ²	Per Capita ¹
	General Obligation Bonds	Special Assessment Bonds	Limited Obligation Bonds	Special Obligation Bonds	Promissory Loans	Taxable Negotiable Notes	Capital Leases	Water & Sewer Revenue Bonds	Water & Sewer Promissory Loans	Capital Leases				
2005	\$ 9,955	\$ 4,020	\$ 4,545	\$ 6,565	\$ 756	\$ -	\$ 945	\$ 13,655	\$ 17,084	\$ 913	\$ (750)	\$ 57,688	5.55%	\$ 1,450
2006	19,070	3,780	3,765	6,335	694	1,225	785	12,490	16,088	837	(667)	64,402	5.87%	1,629
2007	21,415	3,520	2,960	6,085	631	1,005	1,309	11,260	15,051	896	(587)	63,545	5.65%	1,605
2008	20,985	3,245	2,135	5,835	566	774	1,283	9,955	13,973	785	(507)	59,029	4.93%	1,492
2009	29,555	2,955	1,770	5,565	500	529	887	8,575	12,858	673	(426)	63,441	5.41%	1,598
2010	27,750	2,650	5,680	5,280	431	1,372	500	6,090	11,697	554	(346)	61,658	5.03%	1,498
2011	31,170	1,720	5,100	4,985	359	880	326	5,420	10,520	479	(406)	60,553	4.77%	1,472
2012	33,520	1,505	4,475	4,670	467	660	272	4,705	10,913	398	(81)	61,504	4.49%	1,504
2013	31,270	1,280	3,800	4,340	361	440	533	-	14,163	313	607	57,107	3.98%	1,396
2014	31,495	1,040	3,605	885	253	220	315	-	11,968	223	1,246	51,250	3.57%	1,252

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
 Fiscal year 2012 was restated for the effects of the GASB Statement 65 early implementation in fiscal year 2013.

¹For fiscal years 2005 to 2011, prior to implementation of GASB 65 unamortized bond issuance costs on refunding debt are included in this amount.

²See the Schedule of Demographic and Economic Statistics for personal income and population data.

SCHEDULE 36

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

Fiscal Year	General Obligation Bonds	Less: Amounts			Total	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
		Unamortized Premiums (Discounts)	Available in Debt Service Fund				
2005	\$ 9,955	\$ -	\$ 345	\$ 9,610	0.58%	\$ 241	
2006	19,070	-	473	18,597	1.12%	470	
2007	21,415	-	554	20,861	1.25%	527	
2008	20,985	-	589	20,396	1.23%	515	
2009	29,555	-	720	28,835	1.44%	726	
2010	27,750	-	695	27,055	1.21%	658	
2011	31,170	69	855	30,384	1.37%	738	
2012	33,520	58	899	32,679	1.49%	799	
2013	31,270	48	852	30,466	1.41%	745	
2014	31,495	526	701	31,320	1.44%	765	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Fiscal year 2012 was restated for the effects of the GASB Statement 65 early implementation in fiscal year 2013.

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

²See the Schedule of Demographic and Economic Statistics for population data.

CITY OF MERIDIAN, MISSISSIPPI
 Direct and Overlapping Governmental Activities Debt
 As of September 30, 2014
 (amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County	\$ 37,585	50.32%	\$ 18,913
Debt repaid with property taxes: School	<u>16,323</u>	91.90%	<u>15,001</u>
Subtotal, overlapping debt	53,908		33,914
City of Meridian direct debt	<u>38,339</u>	100.00%	<u>38,339</u>
Total direct and overlapping debt	<u>\$ 92,247</u>		<u>\$ 72,253</u>

Source: Office of the 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.

¹The 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.

CITY OF MERIDIAN, MISSISSIPPI
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (amounts expressed in thousands)

	Fiscal year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt Limit	\$ 38,739	\$ 39,211	\$ 39,208	\$ 39,125	\$ 46,899	\$ 51,948	\$ 51,445	\$ 51,362	\$ 50,632	\$ 51,175
Total net debt applicable to limit	<u>9,610</u>	<u>18,597</u>	<u>20,861</u>	<u>20,396</u>	<u>28,835</u>	<u>27,055</u>	<u>30,315</u>	<u>32,621</u>	<u>30,418</u>	<u>30,794</u>
Legal debt margin	<u>\$ 29,129</u>	<u>\$ 20,614</u>	<u>\$ 18,347</u>	<u>\$ 18,729</u>	<u>\$ 18,064</u>	<u>\$ 24,893</u>	<u>\$ 21,130</u>	<u>\$ 18,741</u>	<u>\$ 20,214</u>	<u>\$ 20,381</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>24.81%</u>	<u>47.43%</u>	<u>53.21%</u>	<u>52.13%</u>	<u>61.48%</u>	<u>52.08%</u>	<u>58.93%</u>	<u>63.51%</u>	<u>60.08%</u>	<u>60.17%</u>

Legal Debt Margin Calculation for Fiscal Year 2014:

Assessed value	\$ 333,068
Add back: exempt real property	<u>8,101</u>
Total assessed value	<u>\$ 341,169</u>
Debt limit (15% of total assessed value)	<u>\$ 51,175</u>
Debt applicable to limit:	
General obligation bonds	31,495
Less: Amount set aside for repayment of general obligation debt	<u>(701)</u>
Total net debt applicable to limit	<u>30,794</u>
Legal debt margin	<u>\$ 20,381</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 39

CITY OF MERIDIAN, MISSISSIPPI
Pledged-Revenue Bond Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Water & Sewer Charges and Other</u>	<u>Less: Operating Expenses¹</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2005	\$ 10,902	\$ 5,690	\$ 5,212	\$ 2,020	\$ 1,516	\$ 3,536	147.40%
2006	11,036	6,416	4,620	2,125	1,399	3,524	131.10%
2007	10,907	7,016	3,891	2,230	1,298	3,528	110.29%
2008	11,125	6,976	4,149	2,345	1,193	3,538	117.27%
2009	11,715	7,510	4,205	2,455	1,072	3,527	119.22%
2010	12,145	7,239	4,906	3,605	963	4,568	107.40%
2011	12,404	7,017	5,387	1,840	789	2,629	204.91%
2012	13,187	7,544	5,643	1,930	706	2,636	214.07%
2013	13,553	7,569	5,984	2,042	652	2,694	222.12%
2014	13,699	7,647	6,052	2,195	437	2,632	229.94%

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

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

¹Total operating expenses exclusive of depreciation and amortization expense.

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

<u>Fiscal Year</u>	<u>Population</u>¹	<u>Personal Income (amounts expressed in thousands)</u>²	<u>Per Capita Personal Income</u>²	<u>Median Age</u>³	<u>School Enrollment</u>⁴	<u>Unemployment Rate</u>⁵
2005	39,795	\$ 2,755,378	\$ 26,108	35.6	6,449	8.6%
2006	39,541	2,929,104	27,745	35.9	6,722	7.8%
2007	39,596	3,015,930	28,415	36.5	6,630	8.6%
2008	39,572	3,233,755	30,270	36.6	6,612	9.1%
2009	39,695	3,172,001	29,515	36.2	6,461	12.7%
2010	41,148	3,200,882	29,764	35.7	6,418	14.8%
2011	41,146	3,319,247	30,873	34.9	6,250	14.6%
2012	40,894	3,591,963	33,515	34.8	6,209	12.6%
2013	40,921	3,747,649	35,037	33.9	6,168	11.9%
2014	40,921	3,747,649	35,037	33.9	5,880	10.0%

Sources: ¹U.S. Census Bureau, 2010-2013 Estimates of the Resident Population for Incorporated Places at www.census.gov.

²U.S. Department of Commerce, Bureau of Economic Analysis website at www.bea.gov.

Per capita personal income estimates reflect population estimates available as of November, 2014.

³U.S. Census Bureau, 2011-2013 American Community Survey 3-Year Estimates at www.census.gov.

⁴Meridian Separate School District.

⁵Mississippi Department of Employment Security "Annual Labor Force Report" at www.mdes.ms.gov.

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



CITY OF MERIDIAN, MISSISSIPPI
 Principal Employers
 Current and Nine Years Ago

<u>Taxpayer</u>	<u>2014</u>			<u>2005</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	2,610	1	17.32%	1,123	3	7.48%
East Mississippi State Hospital	1,500	2	9.95%	1,150	2	7.66%
Anderson Regional Medical Center	1,275	3	8.46%	1,065	4	7.09%
Mississippi Air National Guard	1,100	4	7.30%	389	9	2.59%
Meridian Public Schools	1,000	5	6.64%	987	5	6.57%
Walmart Supercenters	626	6	4.15%	370	10	2.46%
City of Meridian	426	7	2.83%	510	7	3.40%
Alliance Health Center	385	8	2.55%	---	---	---
Structural Steel Services	350	9	2.32%	---	---	---
Meridian Community College	327	10	2.17%	471	8	3.14%
Peavey Electronics Corporation	---	---	---	1,500	1	9.99%
Avery Dennison	---	---	---	800	6	5.33%
Totals	<u>9,599</u>		<u>63.69%</u>	<u>8,365</u>		<u>55.71%</u>

Source: East Mississippi Business Development Corporation

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

Function	Full-time Equivalent Employees as of September 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	46	47	49	54	49	50	46	59	47	48
Public safety:										
Police:										
Officers	104	106	112	105	111	108	109	108	100	92
Civilians	18	18	14	18	19	15	15	19	17	13
Fire:										
Firefighters and officers	103	104	106	98	101	108	112	114	106	103
Civilians	9	10	8	9	9	11	10	11	9	7
Highways and streets	70	75	70	72	72	60	65	57	56	55
Sanitation	1	1	1	1	1	1	1	1	1	1
Culture and recreation	52	45	49	49	49	56	42	42	40	39
Water	52	50	44	50	48	47	48	48	45	39
Sewer	44	44	45	45	46	44	42	39	36	31
Golf course	3	3	3	3	3	5	7	8	8	10
Union Station	2	2	2	2	2	2	2	2	2	2
Municipal Garage	15	14	11	14	14	13	11	11	11	10
Homeland Security	6	7	6	5	5	5	4	5	4	4
Community Development	20	21	20	19	19	19	16	16	18	18
Totals	545	547	540	544	548	544	530	540	500	472

Source: City's payroll department.

CITY OF MERIDIAN, MISSISSIPPI
 Operating Indicators by Function
 Last Ten Fiscal Years

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police:										
Physical arrests	4,568	4,376	4,289	4,785	4,967	4,952	5,089	6,254	5,847	3,917
Parking violations	7,544	7,717	6,481	5,565	6,088	5,329	4,347	3,699	3,186	2,027
Traffic violations	13,049	14,766	10,763	12,663	10,816	8,676	12,089	9,533	9,163	8,801
Fire:										
Number calls answered	2,743	3,273	3,209	3,357	1,666	1,636	2,070	1,550	1,621	1,596
Inspections	3,051	3,734	3,673	2,907	2,814	1,375	1,810	2,053	1,414	2,365
Highways and streets:										
Street resurfacing (miles)	35	-	1	-	-	-	-	4	19	19
Potholes repaired ¹	355	260	277	351	352	271	394	1,003	936	1,191
Culture and recreation:										
Meridian Activity Center/Velma Young Park/Highland Park classes	1,075	1,096	1,175	1,194	1,215	1,290	1,255	1,248	1,594	1,624
Water:										
New connections	71	112	93	88	45	30	50	28	46	88
Water leak repairs	1,286	948	1,130	823	1,190	1,291	1,344	1,196	644	640
Average daily consumption (millions of gallons)	4.802	4.495	5.079	5.221	4.447	4.211	5.033	5.066	5.236	5.453
Wastewater:										
Average daily sewerage treatment (millions of gallons)	11.570	10.800	6.350	9.230	5.730	7.100	6.390	7.060	8.380	6.130

Source: Various City departments.

¹For fiscal year 2012, the City calculated the number of potholes repaired based on an average number of potholes repaired in a week. The number of potholes repaired for fiscal years 2004 through 2011 is based on the number of service orders issued for pothole repair.

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

<u>Function</u>	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	43	71	67	77	73	84	84	88	86	93
Fire stations	7	7	7	8	8	8	7	8	8	8
Highways and streets:										
Streets (miles)	306.83	306.83	306.83	307.50	330.35	330.35	330.35	330.35	330.35	330.35
Streetlights	6,298	6,351	6,400	6,411	6,570	6,589	6,603	6,639	6,693	6,729
Traffic signals	120	121	121	120	120	120	117	117	117	117
Culture and recreation:										
Parks acreage	443	443	443	443	443	443	443	443	443	443
Parks	17	17	17	17	17	17	17	17	17	17
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	18	18	18	18	18	18	18	16	16	16
Community centers	3	3	3	3	3	3	3	3	3	3
Softball/Baseball fields	18	18	18	18	18	18	18	18	18	18
Soccer fields	12	12	12	12	14	14	14	14	14	14
Golf course	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	428	428	428	428	429	429	430	430	430	430
Fire hydrants	3,820	3,832	2,105	2,113	2,131	2,136	2,141	2,180	2,180	2,181
Maximum daily capacity (thousands of gallons)	14,500	14,500	14,500	14,500	14,500	14,500	14,500	13,952	13,952	13,952
Sewer:										
Sanitary sewers (miles)	442	442	444	444	445	445	445	445	445	445
Storm sewers (miles)	200	200	200	225	225	225	225	225	225	225
Maximum daily treatment capacity (thousands of gallons)	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000

Source: Various City departments.

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, 2014

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number/ Federal Contract</u>	<u>Program or Award Amount</u>	<u>Accrued (Unearned) Revenue 9/30/2013</u>	<u>Federal Receipts</u>	<u>Federal Share Disbursements/ Expenditures</u>	<u>Accrued (Unearned) Revenue 9/30/2014</u>	<u>Cumulative Federal Receipts</u>	<u>Cumulative Federal Share Disbursements/ Expenditures</u>	<u>Fund Type</u>
U. S. Department of Housing & Urban Development										
Pass-through Mississippi Development Authority:										
Katrina CDBG Downtown Drainage Improvements	14.228	R-110-258-02-GZ	\$ 2,700,000	\$ 147,750	\$ 147,750	\$ 47,115	\$ 47,115	\$ 147,750	\$ 194,865	Enterprise fund
Velma Young Community Center Improvements	14.228	1131-14-258-PF-01	600,000	-	-	-	-	-	-	Capital project
Total U.S. Department of Housing & Urban Development				<u>147,750</u>	<u>147,750</u>	<u>47,115</u>	<u>47,115</u>	<u>147,750</u>	<u>194,865</u>	
U. S. Department of Justice										
Direct program -										
ARRA-COPS Hiring Recovery Program	16.710	2009RKWX0503	581,680	<u>93,610</u>	<u>177,287</u>	<u>83,677</u>	-	<u>408,909</u>	<u>408,909</u>	Special revenue
Pass-through Mississippi Department of Public Safety:										
MS Stop Violence Against Women Program	16.013	12SL2221	32,347	4,793	30,143	25,350	-	32,347	32,347	Special revenue
MS Stop Violence Against Women Program	16.013	13SL2221	33,361	-	-	6,367	6,367	-	6,367	Special revenue
Bulletproof Vests Partnership	16.607	2012BUBX12063189	4,225	-	2,464	4,144	1,680	2,464	4,144	Special revenue
Bulletproof Vests Partnership	16.607	2013BUBX13068660	7,235	-	-	-	-	-	-	Special revenue
Bulletproof Vests Partnership	16.607	2014BUBX14074534	8,685	-	-	-	-	-	-	Special revenue
Total pass-through programs				<u>4,793</u>	<u>32,607</u>	<u>35,861</u>	<u>8,047</u>	<u>34,811</u>	<u>42,858</u>	
JAG Program cluster:										
Direct programs:										
Edward Byrne Memorial Justice Assistance	16.738	2009-DJ-BX-0058	53,020	(2,161)	-	2,161	-	53,020	53,020	Special revenue
Edward Byrne Memorial Justice Assistance	16.738	2010-DJ-BX-0589	47,613	(1,386)	178	1,564	-	47,613	47,613	Special revenue
Edward Byrne Memorial Justice Assistance	16.738	2012-DJ-BX-0964	33,867	-	20,320	19,390	(930)	33,867	32,937	Special revenue
Edward Byrne Memorial Justice Assistance	16.738	2013-DJ-BX-0919	33,999	-	-	-	-	-	-	Special revenue
Edward Byrne Memorial Justice Assistance	16.738	2014-DJ-BX-0655	35,750	-	-	-	-	-	-	Special revenue
Total JAG Program cluster				<u>(3,547)</u>	<u>20,498</u>	<u>23,115</u>	<u>(930)</u>	<u>134,500</u>	<u>133,570</u>	
Total U.S. Department of Justice				<u>94,856</u>	<u>230,392</u>	<u>142,653</u>	<u>7,117</u>	<u>578,220</u>	<u>585,337</u>	
U. S. Department of Transportation										
Pass-through Mississippi Department of Public Safety:										
Occupant Protection Seatbelt Enforcement	20.600	12-OP-222-1	15,000	(10,108)	-	10,108	-	12,719	12,719	Special revenue
Occupant Protection Seatbelt Enforcement	20.600	13-OP-222-1	25,000	13,034	13,034	-	-	19,674	19,674	Special revenue
Police Traffic Services	20.600	14-PT-222-1	34,330	-	3,665	7,382	3,717	3,665	7,382	Special revenue
Meridian DUI Enforcement Program	20.607	12-TA-222-1	95,000	(44,590)	-	44,590	-	75,534	75,534	Special revenue
DUI Enforcement	20.601	13-K8-222-1	101,372	44,817 ¹	44,817	-	-	89,916	89,916 ¹	Special revenue
DUI Enforcement	20.616	14-MD-222-1	143,736	-	33,883	35,118	1,235	33,883	35,118	Special revenue
Pass-through MS Department of Transportation:										
Safe Routes to School Project	20.205	SRSP-0320-00(024)	800,626	38,467	155,014	296,560	180,013	155,014	335,027	Capital project
Replacement of Bridges on 35th Ave. and 40th St.	20.205	STP-0320-00(025)	549,600	-	-	-	-	-	-	Capital project
Milling, Leveling, and Overlay of Various City Routes	20.205	STP-0320-00(026)	1,084,560	40,526 ¹	33,851	-	6,675	1,026,377	1,033,052 ¹	Capital project
Downtown (5th Street) Streetscape	20.205	STP-7234-00(001)	1,000,000	- ²	-	-	-	-	- ²	Capital project
Highway 39 Signals	20.205	STP-0074-00(020)	350,000	-	-	-	-	-	-	Capital project
Total U.S. Department of Transportation				<u>82,146</u>	<u>284,264</u>	<u>393,758</u>	<u>191,640</u>	<u>1,416,782</u>	<u>1,608,422</u>	

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CITY OF MERIDIAN, MISSISSIPPI
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended September 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number/ Federal Contract	Program or Award Amount	Accrued (Unearned) Revenue 9/30/2013	Federal Receipts	Federal Share Disbursements/ Expenditures	Accrued (Unearned) Revenue 9/30/2014	Cumulative Federal Receipts	Cumulative Federal Share Disbursements/ Expenditures	Fund Type
U. S. Department of Homeland Security										
Direct program -										
Assistance to Firefighters	97.044	EMW-2012-FO-03117	\$ 163,350	\$ -	\$ 162,414	\$ 162,414	\$ -	\$ 162,414	\$ 162,414	Special revenue
Pass-through Mississippi Department of Public Safety:										
Hurricane Ivan Clean Up	97.036	FEMA-1550-MS-DR	661,805	157,631	-	-	157,631	504,174	661,805	Special revenue
Hurricane Katrina	97.036	FEMA-1604-MS-DR	2,933,340	33,535	33,535	-	-	2,933,340	2,933,340	Special revenue
Hazard Mitigation Grant - Fire Station No. 9 Warning Siren	97.039	FEMA-1972-0011	16,979	-	16,841	16,841	-	16,841	16,841	Special revenue
Homeland Security - CERT Class & Kit Resupplies	97.053	12CC258	2,749	-	-	2,749	2,749	-	-	Special revenue
Interoperable Emergency Communication	97.055	8IC258T	103,637	(707)	-	707	-	97,563	97,563	Special revenue
Homeland Security - Task Force Funds	97.073	S8HS258T	253,633	(126)	-	126	-	149,367	149,367	Special revenue
Homeland Security - Task Force Funds	97.073	09HS258T	61,900	(1,484)	-	1,484	-	53,726	53,726	Special revenue
Homeland Security - Task Force Funds	97.073	11HS258T	6,833	(47)	-	47	-	2,738	2,738	Special revenue
Homeland Security - Training Center	97.073	11HS258	100,000	-	11,460	11,460	-	98,158	98,158	Special revenue
Homeland Security - Training	97.073	12HS258	75,000	5,497	75,000	69,503	-	75,000	75,000	Special revenue
Homeland Security - Training	97.073	13HS258	75,000	-	-	6,005	6,005	-	6,005	Special revenue
Homeland Security - Training	97.073	A11HS258T	143,500	-	-	143,500	143,500	-	143,500	Special revenue
Homeland Security - Swift Water Rescue Training	97.073	M11HS258T	37,935	-	-	37,935	37,935	-	37,935	Special revenue
Homeland Security - NSAR Training Materials	97.073	S12HS258	20,000	-	-	4,976	4,976	-	4,976	Special revenue
Homeland Security - Equipment	97.073	13HS258T	8,000	-	-	-	-	-	-	Special revenue
Total U.S. Department of Homeland Security				<u>194,299</u>	<u>299,250</u>	<u>457,747</u>	<u>352,796</u>	<u>4,093,321</u>	<u>4,446,117</u>	
Total federal financial assistance				<u>\$ 519,051</u>	<u>\$ 961,656</u>	<u>\$ 1,041,273</u>	<u>\$ 598,668</u>	<u>\$ 6,236,073</u>	<u>\$ 6,834,741</u>	

¹ The beginning accrued revenue and cumulative Federal share disbursements/expenditures for this grant have been adjusted to reflect all grant-related expenditures that have been requested and received for reimbursement.

² The beginning accrued revenue and cumulative Federal share disbursements/expenditures for this grant have been adjusted to reflect only construction-related expenditures that will be requested and received for reimbursement.

See the accompanying notes to the schedule of expenditures of federal awards.

CITY OF MERIDIAN, MISSISSIPPI
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2014

(1) **Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Meridian, Mississippi ("City") 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, 2014

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 Percy Bland, III and
Honorable Members of the City Council
City of Meridian, Mississippi:**

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 27, 2015. Our report includes a reference to other auditors who audited the financial statements of the Meridian Airport Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Honorable Mayor Percy Bland, III and
Honorable Members of the City Council
City of Meridian, Mississippi
Page two

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated March 27, 2015.

Purpose of this Report

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

Bregede, Sanders & O'Neil, Ltd.

Jackson, Mississippi
March 27, 2015

BREAZEALE, SAUNDERS & O'NEIL, LTD.CERTIFIED PUBLIC ACCOUNTANTS

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

**The Honorable Mayor Percy Bland, III and
Honorable Members of the City Council
City of Meridian, Mississippi:**

Report on Compliance for Each Major Federal Program

We have audited City of Meridian, Mississippi's ("City") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2014. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The City's financial statements include the operations of the Meridian Airport Authority ("MAA"), which expended \$1,816,056 in federal awards which are not included in the schedule during the year ended September 30, 2014. Our audit described below did not include the operations of MAA because they engaged other auditors to perform an audit in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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

**The Honorable Mayor Percy Bland, III and
Honorable Members of the City Council
City of Meridian, Mississippi
Page two**

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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention of those charged with governance.

The Honorable Mayor Percy Bland, III and
Honorable Members of the City Council
City of Meridian, Mississippi
Page three

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Bregence, Sanders & O'Neil, Ltd.

Jackson, Mississippi
March 27, 2015

CITY OF MERIDIAN, MISSISSIPPI
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended September 30, 2014

Section I - Summary of Audit Results

Financial Statements

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

Federal Awards

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

Identification of major program tested:

CFDA Number

Name of Federal Program or Cluster

20.205

Highway Planning and Construction

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

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2014

Section II - Findings - Financial Statement Audit

No significant deficiencies, 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.

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

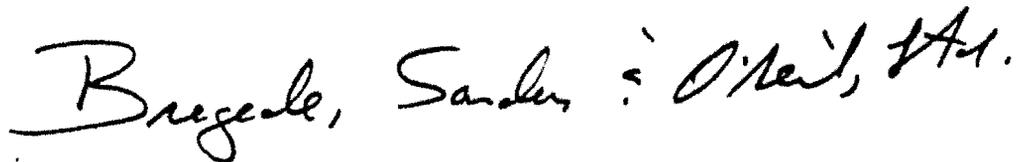
**The Honorable Mayor Percy Bland, III and
Honorable Members of the City Council
City of Meridian, Mississippi:**

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 27, 2015. Our report includes a reference to other auditors who audited the financial statements of the Meridian Airport Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 City's basic 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.



Jackson, Mississippi
March 27, 2015

