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# CITY OF MERIDIAN, MISSISSIPPI

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2018



Prepared by:  
Department of Finance and Records  
Brandye S. Latimer, Director



**CITY OF MERIDIAN, MISSISSIPPI**  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended September 30, 2018

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INTRODUCTORY SECTION



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April 29, 2019

**CITY OF MERIDIAN**

**Mayor:**  
PERCY BLAND, III  
(P) 601.485.1927  
(F) 601.485.1911

**Councilmembers:**  
GEORGE M THOMAS  
Ward 1

TYRONE JOHNSON  
Ward 2

FANNIE M. JOHNSON  
Ward 3

KIM HOUSTON  
Ward 4

WESTON R. LINDEMANN  
Ward 5

**COUNCIL CLERK:**  
(P) 601.485.1959  
(F) 601.485.1913

**CITY DEPARTMENTS:**

**Chief Administrative Officer:**  
(P) 601.485.1929  
(F) 601.485.1911

**Community Development:**  
(P) 601.485.1910  
(F) 601.484.6813

**Finance and Records:**  
(P) 601.485.1946  
(F) 601.485.1979

**Fire:**  
(P) 601.485.1822  
(F) 601.485.1035

**Homeland Security:**  
(P) 601.484.6890  
(F) 601.484.6895

**Parks and Recreation:**  
(P) 601.485.1802  
(F) 601.485.1851

**Police:**  
(P) 601.485.1841  
(F) 601.484.6832

**Public Works:**  
(P) 601.485.1920  
(F) 601.485.1864

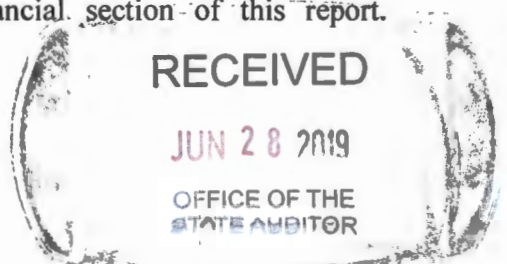
601 23rd Avenue  
Post Office Box 1430  
Meridian, MS 39302-1430  
www.meridianms.org

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, 2018.

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, 2018, 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, 2018, 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 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.

In April 2018, the Mississippi Arts and Entertainment Experience (“MAX”) opened in downtown Meridian featuring the influence of Mississippians in the arts and entertainment industry. The MAX features interactive displays, community activities and traveling exhibits. Plans are also underway to build the Mississippi Children’s Museum – Meridian, which will also add to the City’s cultural tourism.

Meridian is the sixth largest city in the state of Mississippi and 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 Chicago O'Hare and Dallas/Fort Worth International Airports 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 G.V. “Sonny” Montgomery National Guard Complex, which is home to the 186th Air Refueling Wing, 153rd Air Refueling Squadron, 238th Air Support Operation Squadron, and 248th Air Traffic Control Squadron.

The City’s Public Safety and Training Facility (“the Facility”) is situated on approximately 99 acres providing multi-discipline training for over 50 agencies throughout the State of Mississippi. The Facility has capabilities for live fire burning in a three-story drill tower and live fire shooting on 5 separate ranges and a shoot house. Additionally, the Facility offers specialized training areas for: driving, confined space and collapse structure training, obstacle courses, land navigation and tracking, and passenger train rescue. Since 2013, the Public Safety and Training Facility has been a primary training site for the National Association of Search and Rescue within the City of Meridian, conducting over 10 classes per year in various levels of search and rescue. The Facility is a partner with Meridian Community College in this area's Level 2 law enforcement academy through the Mississippi Police Minimum Board of Standards and Training and a member of the Mississippi Task Forces of 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, public safety and infrastructure improvements. Emphasis is placed on long term financing and grant procurement to address capital needs of the water and sewer system and public works infrastructure.

**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, 2017. This is the twenty-second consecutive year that the City has achieved this prestigious award.

**CITY OF MERIDIAN, MISSISSIPPI**  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended September 30, 2018

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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

  
Brandye Latimer  
CFO/City Clerk



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Meridian  
Mississippi**

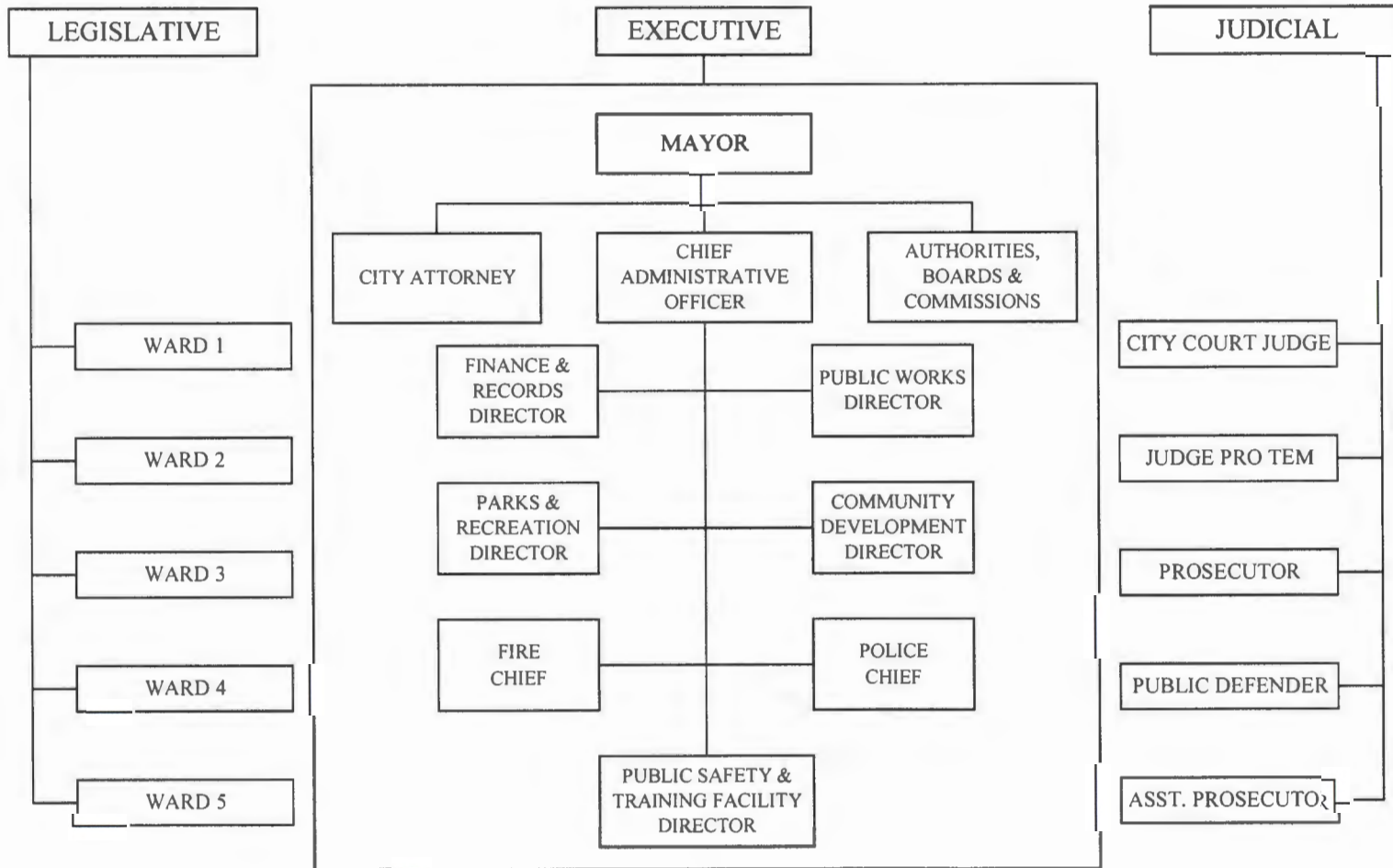
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO

**CITY OF MERIDIAN, MISSISSIPPI**  
**Organizational Structure**  
**September 30, 2018**





**CITY OF MERIDIAN, MISSISSIPPI**  
Listing of City Officials  
September 30, 2018

**Elected Officials**

Mayor .....	Percy Bland, III
Council Member - Ward 1 .....	George M Thomas
Council Member - Ward 2 .....	Tyrone Johnson
Council Member - Ward 3 .....	Fannie Johnson
Council Member - Ward 4 .....	Kimberly Houston
Council Member - Ward 5 .....	Weston Lindemann

**Appointed Officials**

Chief Administrative Officer .....	Richie McAlister
Finance & Records Director/City Clerk .....	Brandye Latimer
Public Works Director .....	Hugh Smith
Parks & Recreation Director .....	Vacant
Community Development Director .....	Laura Carmichael
Fire Chief .....	Ricky Leister
Police Chief .....	Benny Dubose
Public Safety & Training Facility Director .....	Douglas Stephens
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, 2018, 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***

The 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 85.64 percent, 87.26 percent, and 98.70 percent, respectively, of the assets, net position, and program revenues of the discretely presented component units. Those statements were audited by other auditors whose report 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 Honorable Mayor Percy Bland, III and  
Honorable Members of the City Council  
City of Meridian, Mississippi  
Page two**

the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and special revenue 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 27 and the pension required supplementary information on pages 114 through 119 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also 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 April 29, 2019, 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  
April 29, 2019

*By: [Signature] Sanders ; O'Neil, et al.*

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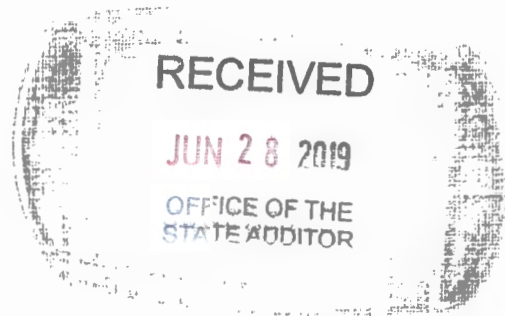
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**CITY OF MERIDIAN, MISSISSIPPI**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended September 30, 2018**

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INTRODUCTORY SECTION



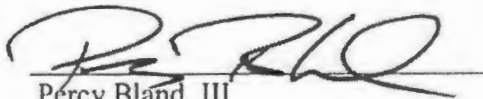
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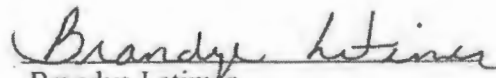
In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

  
Brandye Latimer  
CFO/City Clerk



Government Finance Officers Association

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

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**City of Meridian  
Mississippi**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

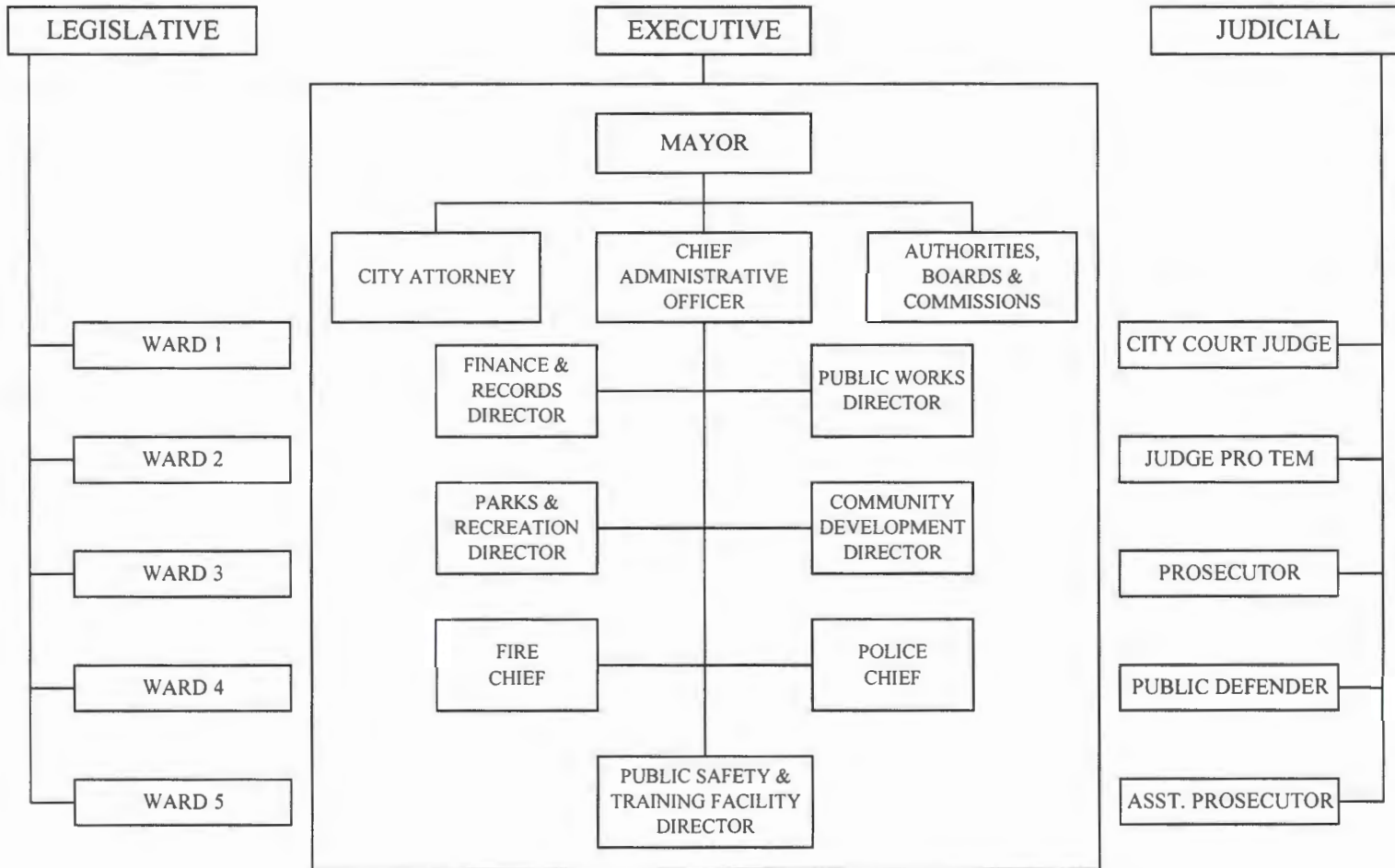
**September 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



**CITY OF MERIDIAN, MISSISSIPPI**  
**Organizational Structure**  
**September 30, 2018**





**CITY OF MERIDIAN, MISSISSIPPI**  
Listing of City Officials  
September 30, 2018

**Elected Officials**

Mayor .....	Percy Bland, III
Council Member - Ward 1 .....	George M Thomas
Council Member - Ward 2 .....	Tyrone Johnson
Council Member - Ward 3 .....	Fannie Johnson
Council Member - Ward 4 .....	Kimberly Houston
Council Member - Ward 5 .....	Weston Lindemann

**Appointed Officials**

Chief Administrative Officer .....	Richie McAlister
Finance & Records Director/City Clerk .....	Brandye Latimer
Public Works Director .....	Hugh Smith
Parks & Recreation Director .....	Vacant
Community Development Director .....	Laura Carmichael
Fire Chief .....	Ricky Leister
Police Chief .....	Benny Dubose
Public Safety & Training Facility Director .....	Douglas Stephens
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, 2018, 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***

The 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 85.64 percent, 87.26 percent, and 98.70 percent, respectively, of the assets, net position, and program revenues of the discretely presented component units. Those statements were audited by other auditors whose report 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 Honorable Mayor Percy Bland, III and  
Honorable Members of the City Council  
City of Meridian, Mississippi  
Page two**

the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and special revenue 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 27 and the pension required supplementary information on pages 114 through 119 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also 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 April 29, 2019, 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  
April 29, 2019

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CITY OF MERIDIAN, MISSISSIPPI  
Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2018

RECEIVED

JUN 28 2019

OFFICE OF THE  
STATE AUDITOR

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, 2018. 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 and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$44,783 (*net position*). Of this amount, the \$(59,241) *deficit unrestricted net position* is largely due to the City's \$56,870 net pension liability recognized as a result of the fiscal year 2015 implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions: An Amendment of GASB Statement No. 27*.
- The City's total net position decreased by \$10,957. This decrease in net position is represents the disbursements to the Mississippi Arts and Entertainment Center for construction.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,378, a decrease of \$10,940 in comparison with the prior year. Approximately 22.5 percent of this total amount, \$3,691, 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 \$3,691 or 11.8 percent of total general fund expenditures.
- The City's total debt increased by \$1,382 (1.8 percent) during the current fiscal year. The increase is due to (1) a \$8,024 refunding bond issue for the redemption of the 2007 General Obligation Water and Sewer Bonds and the 2009 General Obligation Bonds (2) \$53 proceeds drawn on the EPA Water Pollution Control Revolving Loan Fund Program for the rehabilitation of the South Wastewater Treatment Plant, (3) \$473 proceeds drawn on the EPA Drinking Water Systems Improvements Revolving Loan Fund Program for water treatment plant filter basin repairs and (4) \$7,251, in capital leases for an advanced water metering system and lighting upgrades in various City buildings. This was offset by the payment and redemption of \$14,419 in outstanding 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, and (3) 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. Complete financial statements, including the management's discussion and analysis, for each of the individual component units may be obtained at the entities' administrative offices as referenced in note 1 (a).

The government-wide financial statements can be found on pages 30 - 33 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, debt service fund, special revenue fund, and the 2017 General Obligation Bonds fund, which are considered to be major funds. Data from the other 15 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 and special revenue fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 34 - 43 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 44 - 49 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 50 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 53 - 111 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 defined benefit pension plans. This required supplementary information can be found on pages 113 - 119 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 121 - 149 of this report.

**Government-wide Financial Analysis**

The following table presents the City's net positions at September 30, 2018 compared to September 30, 2017.

**City of Meridian's Net Position**

<b><u>Description</u></b>	<b><u>Governmental Activities</u></b>		<b><u>Business-type Activities</u></b>		<b><u>Total</u></b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Current and other assets	\$ 20,053	37,554	26,432	26,147	46,485	63,701
Capital assets, net	<u>96,381</u>	<u>97,784</u>	<u>42,770</u>	<u>37,158</u>	<u>139,151</u>	<u>134,942</u>
Total assets	<u>116,434</u>	<u>135,338</u>	<u>69,202</u>	<u>63,305</u>	<u>185,636</u>	<u>198,643</u>
Deferred outflows of resources	<u>4,858</u>	<u>5,585</u>	<u>1,006</u>	<u>878</u>	<u>5,864</u>	<u>6,463</u>
Long-term liabilities outstanding	107,315	111,668	30,757	24,744	138,072	136,412
Other liabilities	<u>3,517</u>	<u>9,914</u>	<u>2,412</u>	<u>2,368</u>	<u>5,929</u>	<u>12,282</u>
Total liabilities	<u>110,832</u>	<u>121,582</u>	<u>33,169</u>	<u>27,112</u>	<u>144,001</u>	<u>148,694</u>
Deferred inflows of resources	<u>2,335</u>	<u>553</u>	<u>381</u>	<u>119</u>	<u>2,716</u>	<u>672</u>
Net position:						
Net investment in capital assets	65,119	72,890	22,621	21,492	87,740	94,382
Restricted	8,295	10,914	7,989	9,869	16,284	20,783
Unrestricted (deficit)	<u>(65,289)</u>	<u>(65,016)</u>	<u>6,048</u>	<u>5,591</u>	<u>(59,241)</u>	<u>(59,425)</u>
<b>Total net position</b>	<b><u>\$ 8,125</u></b>	<b><u>18,788</u></b>	<b><u>36,658</u></b>	<b><u>36,952</u></b>	<b><u>44,783</u></b>	<b><u>55,740</u></b>

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 and deferred outflows exceeded liabilities and deferred inflows by \$44,783 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (196 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.

An additional portion of the City's net position (36 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(59,241) in *deficit unrestricted net position* is largely due to the City's \$56,870 net pension liability discussed in note 10.

At the end of the current fiscal year, the City was able to report positive balances in total net position, both for the City as a whole, as well as for its separate governmental activities. The City's business-type activities also reported a positive total net position as a whole. The same situation held true for the prior fiscal year.

There was a decrease of \$1,880 in restricted net position reported in connection with the City's business-type activities. This is a result of a \$1,238 decrease in funds available for debt service and a \$643 decrease in funds authorized for capital projects in the water and sewer fund.

The City's net position decreased \$10,957 during the current fiscal year. This decrease in net position is largely attributable to the governmental activities.

The following table presents the City's a summary of the changes in net position for the fiscal year ended September 30, 2018 compared to the fiscal year ended September 30, 2017.

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

<u>Description</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2,248	2,422	15,520	14,585	17,768	17,007
Operating grants and contributions	639	887	-	-	639	887
Capital grants and contributions	1,521	2,958	-	-	1,521	2,958
General revenues:						
Property taxes	15,838	15,492	48	65	15,886	15,557
Other taxes	19,972	19,390	-	-	19,972	19,390
Grants and contributions not restricted to specific programs	160	74	-	-	160	74
Unrestricted investment earnings	81	113	130	117	211	230
Total revenues	<u>40,459</u>	<u>41,336</u>	<u>15,698</u>	<u>14,767</u>	<u>56,157</u>	<u>56,103</u>

<u>Description</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Expenses:</b>						
General government	\$ 8,659	10,681	-	-	8,659	10,681
Public safety	18,608	19,137	-	-	18,608	19,137
Public works	10,555	12,861	-	-	10,555	12,861
Culture and recreation	12,838	13,062	-	-	12,838	13,062
Economic development	25	24	-	-	25	24
Interest on long-term debt	2,024	1,867	-	-	2,024	1,867
Sanitation	-	-	2,289	2,206	2,289	2,206
Water and sewer	-	-	11,444	11,290	11,444	11,290
Golf Course, Union Station and Concessions	-	-	672	825	672	825
Total expenses	<u>52,709</u>	<u>57,632</u>	<u>14,405</u>	<u>14,321</u>	<u>67,114</u>	<u>71,953</u>
<b>Excess (deficiency) of revenues over (under) expenses before transfers</b>	(12,250)	(16,296)	1,293	446	(10,957)	(15,850)
Transfers	<u>1,587</u>	<u>3,214</u>	<u>(1,587)</u>	<u>(3,214)</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	(10,663)	(13,082)	(294)	(2,768)	(10,957)	(15,850)
<b>Net position - beginning</b>	<u>18,788</u>	<u>31,870</u>	<u>36,952</u>	<u>39,720</u>	<u>55,740</u>	<u>71,590</u>
<b>Net position - ending</b>	\$ <u>8,125</u>	<u>18,788</u>	<u>36,658</u>	<u>36,952</u>	<u>44,783</u>	<u>55,740</u>

**Governmental activities.** Governmental activities decreased the City's net position by \$10,663. Key elements of these changes in net position are as follows:

- Property tax revenues increased \$346 or two percent in 2018 compared to 2017. This increase in property tax receipts is primarily due to a 1.65 mills or twelve percent increase in the 2018 debt service millage rate.
- Charges for services decreased \$174 or seven percent in 2018 compared to 2017. This was mostly due to a \$297 decrease in public safety charges for services offset by a \$115 increase in general government charges for services.
- Operating grants and contributions decreased \$248 or 28 percent in 2018 compared to 2017. This decrease was due to a \$254 decrease in operating grants for public safety.
- Capital grants and contributions decreased \$1,437 or 49 percent in 2018 compared to 2017. This was largely due to a \$1,194 decrease in capital grants for public works.
- Other taxes (which include sales taxes) increased \$582 or three percent.

- Total revenues decreased \$877 or two percent. This was mainly due to a \$1,437 decrease in capital grants and contributions, offset by a \$582 increase in other tax revenues.
- Total expenses decreased \$4,923 or nine percent. This was primarily due to a \$2,022 decrease in general government expenditures and a \$2,306 decrease in public works expenditures.

**Business-type activities.** Business-type activities decreased the City's net position by \$294. This is primarily due to an \$83 increase in sanitation expenditures and a \$154 increase water and sewer expenditures.

### 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 \$16,378, a decrease of \$10,940 in comparison with the prior year. Of this total, \$11,283 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 \$541 is considered *nonspendable* because it has been used for inventory and land held for resale. A total of \$653 has been assigned, meaning there are limitations resulting from its intended use. A total of \$210 has been *committed* through formal action of the City Council for construction or acquisition of capital assets. The remaining \$3,691 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 \$3,691, while total fund balance was \$4,698. 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 11.8 percent of total general fund expenditures, while total fund balance represents 15 percent of that same amount. The fund balance of the City's general fund decreased by \$635 during the current fiscal year. This was primarily due to a \$376 increase debt service principal retirement and a \$170 increase in transfer to other funds .

The debt service fund has a total fund balance of \$5,007, all of which is restricted for the payment of debt service. The net increase of \$802 during the current year in the debt service fund is a result of the timing of payment due dates of long-term debt.

The special revenue fund's total fund balance is \$3,773 at the end of the current fiscal year. \$3,377 of the special revenue fund is restricted. The remaining \$396 fund balance of the special revenue fund is committed, assigned or nonspendable. The special revenue fund's fund balance increased \$765 during the current fiscal year. This increase is largely due to a \$551 increase in sales tax revenues.



The 2017 General Obligation Bonds fund has a total fund balance of \$1,037, all of which is restricted for the construction, equipping, and furnishing of the Mississippi Arts and Entertainment Center. The fund balance of the 2017 General Obligation Bonds fund decreased \$10,186 during the current fiscal year. This decrease represents expenditures for the Mississippi Arts and Entertainment Center.

**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 \$7,199, and those for the waste collection and disposal fund amounted to a deficit of \$423. The total decrease in net position for the waste collection and disposal fund is \$446 and the water and sewer fund net position increased by \$167.

**General Fund Budgetary Highlights**

There was a decrease of \$145 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	\$ (123)
Finance and records	80
Parks and recreation	(75)
Police	(77)
Public safety & training facility	<u>50</u>
<b>Total</b>	<b>\$ <u>(145)</u></b>

Actual revenues were under the final amended budget by \$1,424.

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	\$ 508
Finance and records	84
Community development	520
Parks and recreation	328
Public works	329
Police	1,271
Fire	533
Public safety & training facility	91
Arts district parking garage	<u>12</u>
<b>Total</b>	<b>\$ <u>3,676</u></b>



## 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, 2018, amounts to \$139,152 (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:

- Began installation of the advanced water metering system and energy efficient lighting in City buildings.
- Continued engineering services for pedestrian improvements along Highway 80.
- Completed the repair and replacement of a collapsed drainage structure located within a City drainage easement on North Frontage Road.
- Completed the 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 8,197	8,197	250	250	8,447	8,447
Right of ways	3	3	105	105	108	108
Collections – historical treasures	141	141	-	-	141	141
Building and system	31,927	32,768	32,143	26,587	64,070	59,355
Improvements other than buildings	2,219	2,344	178	184	2,397	2,528
Machinery and equipment	8,370	8,482	2,688	2,523	11,058	11,005
Infrastructure	44,852	42,490	-	-	44,852	42,490
Construction in progress	<u>673</u>	<u>3,359</u>	<u>7,406</u>	<u>7,509</u>	<u>8,079</u>	<u>10,868</u>
<b>Total</b>	\$ <u>96,382</u>	<u>97,784</u>	<u>42,770</u>	<u>37,158</u>	<u>139,152</u>	<u>134,942</u>

Additional information on the City's capital assets can be found in note 5 on pages 77 - 80 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$52,482. Of this amount, \$49,012 comprises debt backed by the full faith and credit of the City, \$555 is special obligation bonds, \$2,625 is tax increment financing bonds and \$290 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 \$4,183 (7 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General obligation bonds	\$ 49,012	52,715	-	-	49,012	52,715
Special obligation bonds	555	645	-	-	555	645
Limited obligation tax increment financing bonds	2,625	2,900	-	-	2,625	2,900
Special assessment debt with governmental commitment	<u>290</u>	<u>405</u>	<u>-</u>	<u>-</u>	<u>290</u>	<u>405</u>
<b>Total</b>	<b>\$ <u>52,482</u></b>	<b><u>56,665</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>52,482</u></b>	<b><u>56,665</u></b>

The City's general obligation bonds received an "A2" rating from Moody's Investors Service in October, 2018 and maintains 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 \$52,862 which is significantly in excess of the City's net outstanding general obligation debt of \$27,805 applicable to the debt limitation.

The City issued Series 2017 General Obligation Bonds for the construction, equipping and furnishing of the Mississippi Arts and Entertainment Center under the State of Mississippi 2005 House Bill 1770. Under this bill, the \$20,000 bonds are not applicable to the debt limitation.

Additional information on the City's long-term debt can be found in note 8 on pages 85 - 91 of this report.

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

- The unemployment rate for the City is currently 4.8 percent, which is equal to the rate of 4.8 percent a year ago. The statewide average is 4.8 percent as compared to the national average of 4.1 percent.
- The revitalization of the City continued with the issuance of 475 building permits with a construction value of \$23 million.
- Inflationary trends in the City are slightly lower than the national average. The change in CPI in the past year for the City was an increase of 1.1 percent versus the national average which increased 1.5 percent.
- Sales tax collections year-to-date in fiscal year 2019 are up 1.6 percent from the previous fiscal year. During the first six months of fiscal year 2019, the City has received \$6,903 in sales tax collections, compared to \$6,797 received during the same period of fiscal year 2018.

All of these factors were considered in preparing the City's budget for the 2019 fiscal year.

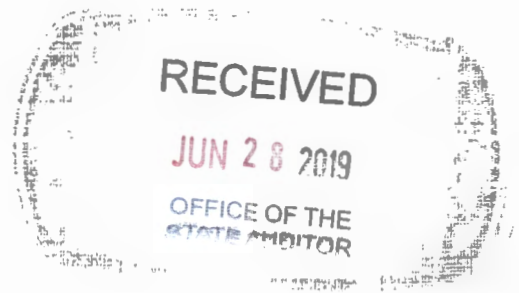
During the current fiscal year, unassigned fund balance in the general fund decreased to \$3,691. The City did not appropriate this amount for spending in the 2019 fiscal year budget.

## **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.

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BASIC FINANCIAL STATEMENTS



**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Net Position  
September 30, 2018

<u>ASSETS</u>	Primary Government			<u>Component Units</u>
	Governmental	Business-type	Total	
	<u>Activities</u>	<u>Activities</u>		
Cash and cash equivalents	\$ 3,937,852	11,938,005	15,875,857	1,627,737
Receivables, net:				
Taxes	1,172,480	-	1,172,480	-
Accounts	763,739	2,290,945	3,054,684	1,361,869
Special assessments	288,526	-	288,526	-
Intergovernmental	227,266	219,150	446,416	77,273
Interest	194	-	194	48,721
Miscellaneous	13,323	63	13,386	-
Due from component units	4,820	-	4,820	-
Internal balances	340,203	(340,203)	-	-
Inventory	49,373	678,318	727,691	584,613
Prepaid items	472,961	111,591	584,552	62,085
Temporarily restricted assets:				
Cash and investments	12,402,257	11,533,881	23,936,138	172,041
Taxes receivable	242,707	-	242,707	-
Intergovernmental receivables	48,964	-	48,964	-
Leverage loans receivable	-	-	-	5,691,198
Land held for resale	88,192	-	88,192	-
Capital assets not being depreciated:				
Land	8,197,365	249,787	8,447,152	2,468,621
Right of ways	2,600	105,143	107,743	-
Collections - historical treasures	141,250	-	141,250	-
Construction in progress	672,913	7,405,662	8,078,575	2,571,886
Capital assets net of accumulated depreciation:				
Buildings	31,926,791	-	31,926,791	12,866,613
Water and sewer system	-	32,143,257	32,143,257	-
Improvements other than buildings	2,219,245	177,842	2,397,087	12,708,854
Machinery and equipment	8,369,798	2,688,662	11,058,460	131,671
Infrastructure	44,851,555	-	44,851,555	-
<b>Total assets</b>	<b>116,434,374</b>	<b>69,202,103</b>	<b>185,636,477</b>	<b>40,373,182</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Deferred loss on refundings	580,360	-	580,360	-
Deferred outflows related to net pension liability	4,277,448	1,005,877	5,283,325	28,460
<b>Total deferred outflows of resources</b>	<b>4,857,808</b>	<b>1,005,877</b>	<b>5,863,685</b>	<b>28,460</b>

(Continued)



## CITY OF MERIDIAN, MISSISSIPPI

## Statement of Net Position

September 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b><u>LIABILITIES</u></b>				
Accounts payable and other current liabilities	\$ 1,407,510	903,875	2,311,385	846,579
Accrued interest	487,692	-	487,692	-
Accrued salaries	331,212	67,683	398,895	-
Accrued sales tax	-	9,870	9,870	-
Liabilities payable from restricted assets	1,291,021	1,429,919	2,720,940	-
Unearned revenue	-	-	-	3,948
Noncurrent liabilities:				
Due within one year:				
Bonds, loans and leases payable	5,073,914	608,726	5,682,640	185,530
Bonds and loans payable from restricted assets	-	928,514	928,514	-
Compensated absences	326,647	44,675	371,322	-
Claims and judgments	690,764	-	690,764	-
Due in more than one year:				
Bonds, loans and leases payable	51,984,394	20,800,194	72,784,588	2,530,910
Compensated absences	653,293	90,705	743,998	211,855
Net pension liability	48,585,772	8,284,532	56,870,304	6,320,529
<b>Total liabilities</b>	<b>110,832,219</b>	<b>33,168,693</b>	<b>144,000,912</b>	<b>10,099,351</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Deferred gain on refundings	-	20,972	20,972	-
Deferred inflows related to net pension liability	2,334,551	360,664	2,695,215	135,073
<b>Total deferred inflows of resources</b>	<b>2,334,551</b>	<b>381,636</b>	<b>2,716,187</b>	<b>135,073</b>
<b><u>NET POSITION</u></b>				
Net investment in capital assets	65,118,629	22,621,575	87,740,204	29,925,805
Restricted for:				
Debt service	7,185,332	7,464,689	14,650,021	-
Sowashee Creek maintenance	286,674	-	286,674	-
Construction/acquisition of capital assets	35,756	523,565	559,321	172,041
Mississippi Arts and Entertainment				
Center construction	57,672	-	57,672	-
Damage repairs and stabilization	18,800	-	18,800	-
Purposes of grantors/donors	391,501	-	391,501	-
Law enforcement	319,553	-	319,553	-
Unrestricted (deficit)	(65,288,505)	6,047,822	(59,240,683)	69,372
<b>Total net position</b>	<b>\$ 8,125,412</b>	<b>36,657,651</b>	<b>44,783,063</b>	<b>30,167,218</b>

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, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 8,658,925	494,881	-	-
Public safety	18,608,156	1,596,797	476,812	-
Public works	10,554,745	-	-	1,520,912
Culture and recreation	12,837,915	156,689	162,168	-
Economic development	25,532	-	-	-
Interest on long-term debt	<u>2,023,955</u>	-	-	-
Total governmental activities	<u>52,709,228</u>	<u>2,248,367</u>	<u>638,980</u>	<u>1,520,912</u>
Business-type activities:				
Water and sewer	11,443,516	13,505,449	-	-
Waste collection and disposal	2,288,792	1,794,707	-	-
Golf course	306,310	148,114	-	-
Union Station	348,403	56,522	-	-
Concessions	<u>18,191</u>	<u>14,789</u>	-	-
Total business-type activities	<u>14,405,212</u>	<u>15,519,581</u>	-	-
<b>Total primary government</b>	<b>\$ <u>67,114,440</u></b>	<b><u>17,767,948</u></b>	<b><u>638,980</u></b>	<b><u>1,520,912</u></b>
<b>Component units:</b>				
Meridian Airport Authority	\$ 14,707,383	12,694,356	78,123	2,057,342
Nonmajor component units	<u>122,870</u>	<u>194,867</u>	-	-
<b>Total component units</b>	<b>\$ <u>14,830,253</u></b>	<b><u>12,889,223</u></b>	<b><u>78,123</u></b>	<b><u>2,057,342</u></b>

**General revenues:**

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

**Transfers**

**Total general revenues and transfers**

**Change in net position**

**Net position, October 1, 2017**

**Net position, September 30, 2018**

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

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

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
(8,164,044)	-	(8,164,044)	-
(16,534,547)	-	(16,534,547)	-
(9,033,833)	-	(9,033,833)	-
(12,519,058)	-	(12,519,058)	-
(25,532)	-	(25,532)	-
<u>(2,023,955)</u>	<u>-</u>	<u>(2,023,955)</u>	<u>-</u>
<u>(48,300,969)</u>	<u>-</u>	<u>(48,300,969)</u>	<u>-</u>
-	2,061,933	2,061,933	-
-	(494,085)	(494,085)	-
-	(158,196)	(158,196)	-
-	(291,881)	(291,881)	-
-	(3,402)	(3,402)	-
<u>-</u>	<u>1,114,369</u>	<u>1,114,369</u>	<u>-</u>
<u>(48,300,969)</u>	<u>1,114,369</u>	<u>(47,186,600)</u>	<u>-</u>
-	-	-	122,438
-	-	-	71,997
<u>-</u>	<u>-</u>	<u>-</u>	<u>194,435</u>
15,837,527	47,523	15,885,050	-
16,550,062	-	16,550,062	-
2,678,296	-	2,678,296	-
717,099	-	717,099	-
26,864	-	26,864	-
160,045	-	160,045	-
81,480	130,333	211,813	2,810
<u>1,586,965</u>	<u>(1,586,965)</u>	<u>-</u>	<u>-</u>
<u>37,638,338</u>	<u>(1,409,109)</u>	<u>36,229,229</u>	<u>2,810</u>
(10,662,631)	(294,740)	(10,957,371)	197,245
<u>18,788,043</u>	<u>36,952,391</u>	<u>55,740,434</u>	<u>29,969,973</u>
\$ <u>8,125,412</u>	<u>36,657,651</u>	<u>44,783,063</u>	<u>30,167,218</u>

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**CITY OF MERIDIAN, MISSISSIPPI**  
 Balance Sheet  
 Governmental Funds  
 September 30, 2018

<u>ASSETS</u>	<u>General</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>2017 General Obligation Bonds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 3,046,790	-	3,250	-	-	3,050,040
Receivables, net:						
Taxes	1,172,480	-	-	-	-	1,172,480
Accounts	763,739	-	-	-	-	763,739
Intergovernmental	227,266	-	-	-	-	227,266
Interest	-	194	-	-	-	194
Miscellaneous	12,793	-	25	-	-	12,818
Due from other funds	250,634	-	11,000	-	433,854	695,488
Due from component units	4,820	-	-	-	-	4,820
Prepaid items	278,109	-	174,600	-	-	452,709
Land held for resale	88,192	-	-	-	-	88,192
Restricted assets:						
Cash and cash equivalents	325,646	4,580,489	4,059,258	1,036,673	2,000,191	12,002,257
Investments	-	400,000	-	-	-	400,000
Receivables, net:						
Taxes	-	30,259	212,448	-	-	242,707
Special assessments receivable	-	288,526	-	-	-	288,526
Intergovernmental receivables	-	-	48,964	-	-	48,964
<b>Total assets</b>	<b>\$ <u>6,170,469</u></b>	<b><u>5,299,468</u></b>	<b><u>4,509,545</u></b>	<b><u>1,036,673</u></b>	<b><u>2,434,045</u></b>	<b><u>19,450,200</u></b>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI  
Balance Sheet  
Governmental Funds  
September 30, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>2017 General Obligation Bonds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>						
<b>Liabilities:</b>						
Accounts payable	\$ 760,007	-	8,671	-	-	768,678
Accrued salaries	331,212	-	-	-	-	331,212
Due to other funds	55,207	-	6,660	-	331,021	392,888
Liabilities payable from restricted assets:						
Accounts payable	-	3,724	691,327	-	240,735	935,786
Deposits payable	325,646	-	-	-	-	325,646
Unearned revenue	-	-	29,589	-	-	29,589
<b>Total liabilities</b>	<u>1,472,072</u>	<u>3,724</u>	<u>736,247</u>	<u>-</u>	<u>571,756</u>	<u>2,783,799</u>
<b>Deferred inflows of resources -</b>						
Unavailable revenue - special assessments	-	288,526	-	-	-	288,526
<b>Fund balances:</b>						
Nonspendable:						
Prepaid items	278,109	-	174,600	-	-	452,709
Land held for resale	88,192	-	-	-	-	88,192
Restricted for:						
Debt service	-	5,007,218	2,665,806	-	-	7,673,024
Purposes of grantors/donors	-	-	391,501	-	-	391,501
Law enforcement	-	-	319,553	-	-	319,553
Mississippi Arts and Entertainment Center construction	-	-	-	1,036,673	-	1,036,673
Sowashee Creek maintenance	-	-	-	-	286,674	286,674
Construction/acquisition of capital assets	-	-	-	-	139,207	139,207
Damage repairs and stabilization	-	-	-	-	18,800	18,800
Paving and sidewalk projects	-	-	-	-	1,417,608	1,417,608
Committed to -						
Urban renewal and redevelopment	-	-	210,354	-	-	210,354
Assigned to:						
General government activities	576,088	-	-	-	-	576,088
Public safety	14,680	-	2,850	-	-	17,530
Public works	47,860	-	-	-	-	47,860
Sports events and other recreation	2,027	-	8,634	-	-	10,661
Unassigned	<u>3,691,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,691,441</u>
<b>Total fund balances</b>	<u>4,698,397</u>	<u>5,007,218</u>	<u>3,773,298</u>	<u>1,036,673</u>	<u>1,862,289</u>	<u>16,377,875</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 6,170,469</u>	<u>5,299,468</u>	<u>4,509,545</u>	<u>1,036,673</u>	<u>2,434,045</u>	<u>19,450,200</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, 2018

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

<b>Fund balances - total governmental funds</b>	\$	16,377,875
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		96,381,517
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.		288,526
Long-term liabilities, including related deferred outflows and deferred inflows, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.		(105,258,967)
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 \$20,202).		<u>336,461</u>
<b>Net position of governmental activities</b>	\$	<u>8,125,412</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, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>2017 General Obligation Bonds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>						
Taxes:						
Property	\$ 9,938,764	5,560,263	-	-	-	15,499,027
Sales	13,975,337	-	2,574,725	-	-	16,550,062
Franchise	2,678,296	-	-	-	-	2,678,296
County road	717,099	-	-	-	-	717,099
Motor fuel	26,864	-	-	-	-	26,864
Licenses and permits	243,955	-	-	-	-	243,955
Intergovernmental	309,929	-	241,868	-	1,520,912	2,072,709
Charges for services	156,689	-	-	-	-	156,689
Fines and forfeitures	920,073	-	676,724	-	-	1,596,797
Special assessments	-	67,589	-	-	-	67,589
Payments in lieu of taxes	206,766	-	-	-	-	206,766
Local contributions	-	-	162,228	-	-	162,228
Interest on investments	35,109	11,936	10,181	17,076	7,178	81,480
Interest costs and damages	139,923	-	-	-	-	139,923
Miscellaneous	249,615	-	10,087	-	-	259,702
Total revenues	<u>29,598,419</u>	<u>5,639,788</u>	<u>3,675,813</u>	<u>17,076</u>	<u>1,528,090</u>	<u>40,459,186</u>
<b>Expenditures:</b>						
Current:						
General government	7,168,551	-	-	-	-	7,168,551
Public safety	15,769,967	-	1,136,855	-	-	16,906,822
Public works	5,385,597	-	-	-	-	5,385,597
Culture and recreation	2,286,086	-	123,644	10,203,314	-	12,613,044
Economic development	-	-	172,601	-	-	172,601
Capital outlay	-	-	-	-	3,937,380	3,937,380
Debt service:						
Principal retirement	530,136	4,132,226	630,000	-	-	5,292,362
Interest and fiscal charges	55,250	1,118,436	855,544	-	-	2,029,230
Bond issuance costs	-	230,348	-	-	-	230,348
Total expenditures	<u>31,195,587</u>	<u>5,481,010</u>	<u>2,918,644</u>	<u>10,203,314</u>	<u>3,937,380</u>	<u>53,735,935</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,597,168)</u>	<u>158,778</u>	<u>757,169</u>	<u>(10,186,238)</u>	<u>(2,409,290)</u>	<u>(13,276,749)</u>
<b>Other financing sources (uses):</b>						
Transfers in	1,851,500	412,120	7,662	-	181,773	2,453,055
Transfers out	(902,315)	-	-	-	-	(902,315)
Capital lease	13,680	-	-	-	541,311	554,991
General obligation refunding bonds issued	-	8,024,000	-	-	-	8,024,000
Payment to refunded bond escrow agent	-	(7,793,264)	-	-	-	(7,793,264)
Total other financing sources (uses)	<u>962,865</u>	<u>642,856</u>	<u>7,662</u>	<u>-</u>	<u>723,084</u>	<u>2,336,467</u>
<b>Net change in fund balances</b>	(634,303)	801,634	764,831	(10,186,238)	(1,686,206)	(10,940,282)
<b>Fund balances, October 1, 2017</b>	<u>5,332,700</u>	<u>4,205,584</u>	<u>3,008,467</u>	<u>11,222,911</u>	<u>3,548,495</u>	<u>27,318,157</u>
<b>Fund balances, September 30, 2018</b>	\$ <u>4,698,397</u>	<u>5,007,218</u>	<u>3,773,298</u>	<u>1,036,673</u>	<u>1,862,289</u>	<u>16,377,875</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, 2018**

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

<b>Net change in fund balances - total governmental funds</b>	<b>\$ (10,940,282)</b>
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,385,091)
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.	(19,113)
Governmental funds do not report contributions of capital assets to or from enterprise funds because they do not require the use of or provide current financial resources. However, in the statement of activities the net carrying amount of these contributions are recorded as transfers.	1,225
Special assessment revenues related to prior periods reported as revenues in the governmental funds are not reported as revenues in the statement of activities.	(75,778)
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.	4,539,088
Governmental funds report pension plan payments as expenditures as paid, whereas these amounts along with other changes in the net pension liability are deferred and amortized in the statement of activities.	(2,725,790)
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.	(8,651)
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 loss of the internal service funds are reported with governmental activities (net of amount allocated to business-type activities of \$23,278).	<u>(48,239)</u>
<b>Change in net position of governmental activities</b>	<b>\$ <u>(10,662,631)</u></b>

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

**CITY OF MERIDIAN, MISSISSIPPI**  
 General Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual (Budgetary Basis)  
 For the Fiscal Year Ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>(Negative)</u>
<b>Revenues:</b>				
Taxes:				
Ad valorem	\$ 10,037,248	10,037,248	10,060,582	23,334
Sales	14,400,000	14,200,000	13,706,675	(493,325)
County road	700,000	700,000	717,760	17,760
Gasoline	30,000	30,000	26,864	(3,136)
Payment in lieu of taxes	175,000	175,000	190,589	15,589
Intergovernmental:				
Alcoholic beverage	50,000	50,000	53,850	3,850
State Fire Insurance Fund	265,000	265,000	234,885	(30,115)
Municipal aid	20,000	20,000	20,520	520
Franchise:				
Mississippi Power Company	2,200,000	2,200,000	1,967,739	(232,261)
Atmos Energy	130,000	130,000	151,359	21,359
Comcast Cable Company	450,000	450,000	414,466	(35,534)
East Mississippi Electric Power Assn.	50,000	50,000	53,527	3,527
Contact Network, Inc.	-	-	4,898	4,898
Telepak Networks, Inc.	-	-	37,910	37,910
Fines and forfeitures	1,000,000	1,000,000	920,073	(79,927)
Licenses and permits:				
Privilege license	140,000	140,000	117,187	(22,813)
Building and allied permits	125,000	125,000	126,768	1,768
Charges for services:				
Garbage collection	2,126,750	2,126,750	1,785,647	(341,103)
Recreation	125,000	125,000	87,689	(37,311)
Enterprise Funds	1,895,500	1,895,500	1,851,500	(44,000)
Training fees	100,000	100,000	46,362	(53,638)
Miscellaneous	325,000	330,000	122,590	(207,410)
Interest on investments	50,100	50,100	36,805	(13,295)
Interest costs and damages	100,000	100,000	139,357	39,357
<b>Total revenues</b>	<u>34,494,598</u>	<u>34,299,598</u>	<u>32,875,602</u>	<u>(1,423,996)</u>
<b>Expenditures:</b>				
General government:				
Personnel services	1,415,605	1,442,366	1,393,618	48,748
Supplies and expenses	854,216	854,216	800,408	53,808
Transfers and other charges	<u>1,517,416</u>	<u>1,367,576</u>	<u>962,400</u>	<u>405,176</u>
<b>Total general government</b>	<u>3,787,237</u>	<u>3,664,158</u>	<u>3,156,426</u>	<u>507,732</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, 2018

	<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>		
<b>Expenditures (continued):</b>				
Finance and records:				
Personnel services	\$ 1,334,038	1,211,438	1,161,006	50,432
Supplies and expenses	1,598,672	1,796,272	1,762,619	33,653
Capital outlay	-	5,000	4,713	287
Transfers and other charges	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Total finance and records	<u>2,967,710</u>	<u>3,047,710</u>	<u>2,963,338</u>	<u>84,372</u>
Community development:				
Personnel services	1,438,671	1,438,671	1,008,762	429,909
Supplies and expenses	262,116	262,116	224,377	37,739
Capital outlay	9,024	9,024	9,024	-
Transfers and other charges	<u>354,733</u>	<u>354,733</u>	<u>302,569</u>	<u>52,164</u>
Total community development	<u>2,064,544</u>	<u>2,064,544</u>	<u>1,544,732</u>	<u>519,812</u>
Parks and recreation:				
Personnel services	1,594,388	1,594,388	1,574,360	20,028
Supplies and expenses	988,907	913,907	665,234	248,673
Capital outlay	93,000	93,000	33,862	59,138
Transfers and other charges	<u>165,000</u>	<u>165,000</u>	<u>165,000</u>	<u>-</u>
Total parks and recreation	<u>2,841,295</u>	<u>2,766,295</u>	<u>2,438,456</u>	<u>327,839</u>
Public works:				
Personnel services	4,023,354	4,023,354	3,854,959	168,395
Supplies and expenses	1,276,730	1,426,730	1,369,075	57,655
Capital outlay	320,875	270,875	197,004	73,871
Transfers and other charges	<u>2,045,000</u>	<u>1,945,000</u>	<u>1,915,539</u>	<u>29,461</u>
Total public works	<u>7,665,959</u>	<u>7,665,959</u>	<u>7,336,577</u>	<u>329,382</u>
Police:				
Personnel services	7,928,203	7,851,282	6,780,941	1,070,341
Supplies and expenses	1,832,250	1,832,250	1,712,846	119,404
Capital outlay	431,100	431,100	374,861	56,239
Transfers and other charges	<u>37,500</u>	<u>37,500</u>	<u>12,500</u>	<u>25,000</u>
Total police	<u>10,229,053</u>	<u>10,152,132</u>	<u>8,881,148</u>	<u>1,270,984</u>
Fire:				
Personnel services	6,235,107	6,235,107	5,870,994	364,113
Supplies and expenses	867,590	867,590	761,357	106,233
Capital outlay	387,976	385,314	326,711	58,603
Transfers and other charges	<u>21,500</u>	<u>24,162</u>	<u>20,162</u>	<u>4,000</u>
Total fire	<u>7,512,173</u>	<u>7,512,173</u>	<u>6,979,224</u>	<u>532,949</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>Expenditures (continued):</b>				
Public Safety & Training Facility:				
Personnel services	\$ 243,086	293,246	227,889	65,357
Supplies and expenses	<u>164,330</u>	<u>164,330</u>	<u>138,437</u>	<u>25,893</u>
Total public safety & training facility	<u>407,416</u>	<u>457,576</u>	<u>366,326</u>	<u>91,250</u>
Arts District Parking Garage - Supplies and expenses	<u>58,500</u>	<u>58,500</u>	<u>46,447</u>	<u>12,053</u>
<b>Total expenditures</b>	<u>37,533,887</u>	<u>37,389,047</u>	<u>33,712,674</u>	<u>3,676,373</u>
<b>Net change in fund balances</b>	\$ <u>(3,039,289)</u>	<u>(3,089,449)</u>	<u>(837,072)</u>	<u>2,252,377</u>
<b>Fund balances, October 1, 2017</b>			<u>5,332,700</u>	
<b>Fund balances, September 30, 2018</b>			\$ <u>4,495,628</u>	

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

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**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, 2018

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis) Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$ 2,520,000	2,525,000	3,700,950	1,175,950
<b>Expenditures -</b>				
Project costs	<u>2,720,000</u>	<u>2,725,000</u>	<u>3,045,089</u>	<u>(320,089)</u>
<b>Net change in fund balances</b>	\$ <u>(200,000)</u>	<u>(200,000)</u>	655,861	<u>855,861</u>
<b>Fund balances, October 1, 2017</b>			<u>3,008,467</u>	
<b>Fund balances, September 30, 2018</b>			\$ <u>3,664,328</u>	

## CITY OF MERIDIAN, MISSISSIPPI

## Statement of Net Position

## Proprietary Funds

September 30, 2018

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water</u>	<u>Waste</u>	<u>Nonmajor</u>	<u>Total</u>	<u>Activities -</u>
	<u>&amp; Sewer</u>	<u>Collection</u>	<u>Enterprise</u>	<u>Enterprise</u>	<u>Internal</u>
		<u>&amp; Disposal</u>	<u>Funds</u>	<u>Funds</u>	<u>Service</u>
					<u>Funds</u>
<b><u>ASSETS</u></b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 11,859,971	37	77,997	11,938,005	887,812
Restricted cash and cash equivalents:					
Customer deposits	1,121,333	-	-	1,121,333	-
Revenue bond construction funds	923,917	-	-	923,917	-
Other construction funds	833,802	-	-	833,802	-
Revenue bond debt service account	8,496,345	-	-	8,496,345	-
Receivables:					
Accounts	2,535,398	173,549	-	2,708,947	-
Less allowance for uncollectibles	(418,002)	-	-	(418,002)	-
Intergovernmental	219,150	-	-	219,150	-
Miscellaneous	-	-	63	63	505
Due from other funds	81,515	4,113	-	85,628	57,805
Inventory	670,349	-	7,969	678,318	49,373
Prepaid items	59,159	-	52,432	111,591	-
<u>Total current assets</u>	<u>26,382,937</u>	<u>177,699</u>	<u>138,461</u>	<u>26,699,097</u>	<u>995,495</u>
<b>Noncurrent assets:</b>					
Restricted cash and cash equivalents:					
Revenue bond contingent account	79,242	-	-	79,242	-
Revenue bond depreciation account	79,242	-	-	79,242	-
<u>Total restricted cash, cash</u>	<u>158,484</u>	<u>-</u>	<u>-</u>	<u>158,484</u>	<u>-</u>
<u>equivalents and investments</u>					
Capital assets:					
Land	249,787	-	-	249,787	-
Right of ways	105,143	-	-	105,143	-
Buildings	-	-	126,628	126,628	-
Water and sewer system	112,899,053	-	-	112,899,053	-
Improvements other than buildings	-	-	438,053	438,053	-
Machinery and equipment	6,754,213	36,659	380,500	7,171,372	-
Construction in progress	7,405,662	-	-	7,405,662	-
<u>Total capital assets</u>	<u>127,413,858</u>	<u>36,659</u>	<u>945,181</u>	<u>128,395,698</u>	<u>-</u>
Less accumulated depreciation	(84,935,387)	(8,248)	(681,710)	(85,625,345)	-
Capital assets (net of					
accumulated depreciation)	42,478,471	28,411	263,471	42,770,353	-
<u>Total noncurrent assets</u>	<u>42,636,955</u>	<u>28,411</u>	<u>263,471</u>	<u>42,928,837</u>	<u>-</u>
<u>Total assets</u>	<u>69,019,892</u>	<u>206,110</u>	<u>401,932</u>	<u>69,627,934</u>	<u>995,495</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>					
Deferred outflows related to net pension liability	937,648	17,246	50,983	1,005,877	-

(Continued)

**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Net Position  
Proprietary Funds  
September 30, 2018

	<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>&amp; Sewer</u>	<u>Collection</u>	<u>Enterprise</u>	<u>Enterprise</u>	<u>Service</u>
	<u>Funds</u>	<u>&amp; Disposal</u>	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>
<b><u>LIABILITIES</u></b>					
<b>Current liabilities:</b>					
Accounts payable	\$ 508,536	369,008	26,331	903,875	638,832
Promissory loans	601,715	7,011	-	608,726	-
Liabilities payable from restricted assets:					
Customer deposits	1,121,333	-	-	1,121,333	-
Accounts payable	46,960	-	-	46,960	-
Promissory loans	928,514	-	-	928,514	-
Interest payable	261,626	-	-	261,626	-
Accrued liabilities:					
Payroll	56,394	299	10,990	67,683	-
Compensated absences	44,675	-	-	44,675	-
Sales tax	8,599	-	1,271	9,870	-
Due to other funds	198,294	101,166	146,573	446,033	-
<b>Total current liabilities</b>	<u>3,776,646</u>	<u>477,484</u>	<u>185,165</u>	<u>4,439,295</u>	<u>638,832</u>
<b>Noncurrent liabilities:</b>					
Compensated absences	90,705	-	-	90,705	-
Promissory loans (plus unamortized premium of \$402,254)	14,082,405	22,316	-	14,104,721	-
Capital lease payable	6,695,473	-	-	6,695,473	-
Net pension liability	7,548,211	143,626	592,695	8,284,532	-
<b>Total noncurrent liabilities</b>	<u>28,416,794</u>	<u>165,942</u>	<u>592,695</u>	<u>29,175,431</u>	<u>-</u>
<b>Total liabilities</b>	<u>32,193,440</u>	<u>643,426</u>	<u>777,860</u>	<u>33,614,726</u>	<u>638,832</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Deferred gain on refundings	20,972	-	-	20,972	-
Deferred inflows related to net pension liability	197,119	3,768	159,777	360,664	-
<b>Total deferred inflows of resources</b>	<u>218,091</u>	<u>3,768</u>	<u>159,777</u>	<u>381,636</u>	<u>-</u>
<b><u>NET POSITION</u></b>					
Net investment in capital assets	22,359,020	(916)	263,471	22,621,575	-
Restricted for:					
Debt service	7,464,689	-	-	7,464,689	-
Capital projects	523,565	-	-	523,565	-
Unrestricted (deficit)	7,198,735	(422,922)	(748,193)	6,027,620	356,663
<b>Total net position (deficit)</b>	<u>\$ 37,546,009</u>	<u>(423,838)</u>	<u>(484,722)</u>	<u>36,637,449</u>	<u>356,663</u>
<b>Reconciliation to government-wide statement of net position:</b>					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				20,202	
<b>Net position of business-type activities</b>				<u>\$ 36,657,651</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, 2018**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Water &amp; Sewer</b>	<b>Waste Collection &amp; Disposal</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Activities - Internal Service Funds</b>
<b>Operating revenues:</b>					
Charges for sales and services:					
Water sales	\$ 6,963,516	-	-	6,963,516	-
Sewer charges	5,990,955	-	-	5,990,955	-
Tap fees	27,329	-	-	27,329	-
Garbage collection fees	-	1,721,453	-	1,721,453	-
Out-of-county tonnage	-	73,254	-	73,254	-
Memberships	-	-	48,749	48,749	-
Green fees	-	-	44,108	44,108	-
Cart rental	-	-	32,127	32,127	-
Concessions	-	-	37,634	37,634	-
Internal service charges	-	-	-	-	4,164,753
Rental income	-	-	56,522	56,522	-
Miscellaneous	523,649	-	285	523,934	-
<b>Total operating revenues</b>	<b>13,505,449</b>	<b>1,794,707</b>	<b>219,425</b>	<b>15,519,581</b>	<b>4,164,753</b>
<b>Operating expenses:</b>					
Personnel services	4,281,398	59,855	286,103	4,627,356	-
Supplies and materials	549,106	979	41,634	591,719	522,449
Rent and utilities	1,214,044	699	93,079	1,307,822	-
Operation, maintenance, and repairs	628,691	438	88,787	717,916	-
Garbage disposal services	-	2,216,990	-	2,216,990	-
Depreciation and amortization	2,841,992	6,598	28,591	2,877,181	-
Claims paid	-	-	-	-	3,739,193
Miscellaneous	1,623,020	2,749	134,710	1,760,479	-
<b>Total operating expenses</b>	<b>11,138,251</b>	<b>2,288,308</b>	<b>672,904</b>	<b>14,099,463</b>	<b>4,261,642</b>
<b>Operating income (loss)</b>	<b>2,367,198</b>	<b>(493,601)</b>	<b>(453,479)</b>	<b>1,420,118</b>	<b>(96,889)</b>
<b>Nonoperating revenues (expenses):</b>					
Ad valorem taxes	-	47,523	-	47,523	-
Interest income	129,944	163	226	130,333	3,827
Interest expense	(295,442)	(484)	-	(295,926)	-
Transfer of capital assets to governmental funds	(1,225)	-	-	(1,225)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(166,723)</b>	<b>47,202</b>	<b>226</b>	<b>(119,295)</b>	<b>3,827</b>
<b>Income (loss) before transfers</b>	<b>2,200,475</b>	<b>(446,399)</b>	<b>(453,253)</b>	<b>1,300,823</b>	<b>(93,062)</b>
<b>Transfers:</b>					
Transfers in	-	-	447,533	447,533	35,000
Transfers out	(2,033,273)	-	-	(2,033,273)	-
<b>Total transfers</b>	<b>(2,033,273)</b>	<b>-</b>	<b>447,533</b>	<b>(1,585,740)</b>	<b>35,000</b>
<b>Change in net position</b>	<b>167,202</b>	<b>(446,399)</b>	<b>(5,720)</b>	<b>(284,917)</b>	<b>(58,062)</b>
<b>Net position (deficit), October 1, 2017</b>	<b>37,378,807</b>	<b>22,561</b>	<b>(479,002)</b>	<b>414,725</b>	<b>414,725</b>
<b>Net position (deficit), September 30, 2018</b>	<b>\$ 37,546,009</b>	<b>(423,838)</b>	<b>(484,722)</b>	<b>356,663</b>	<b>356,663</b>

**Reconciliation to government-wide statement of activities:**

Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds

(9,823)

**Change in net position of business-type activities**

**\$ (294,740)**

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

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**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2018

	<u>Business-type Activities - Enterprise Funds</u>				<b>Governmental</b>
	<u>Water &amp; Sewer</u>	<u>Waste Collection &amp; Disposal</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<b>Activities - Internal Service Funds</b>
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 13,591,892	1,856,806	219,559	15,668,257	-
Receipts from internal users	-	-	-	-	4,172,362
Payments to suppliers	(4,114,177)	(2,096,314)	(392,315)	(6,602,806)	(4,303,124)
Payments to employees	(3,012,270)	(46,244)	(249,203)	(3,307,717)	-
Payments for internal services	(675,996)	(6,994)	(32,375)	(715,365)	-
<b>Net cash provided by (used in) operating activities</b>	<u>5,789,449</u>	<u>(292,746)</u>	<u>(454,334)</u>	<u>5,042,369</u>	<u>(130,762)</u>
<b>Cash flows from noncapital financing activities:</b>					
Ad valorem taxes received	-	47,523	-	47,523	-
Transfers from other funds	-	-	447,533	447,533	35,000
Transfers to other funds	(2,033,273)	-	-	(2,033,273)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>(2,033,273)</u>	<u>47,523</u>	<u>447,533</u>	<u>(1,538,217)</u>	<u>35,000</u>
<b>Cash flows from capital and related financing activities:</b>					
Funds received from revolving loan grant	7,177,749	-	-	7,177,749	-
Funds received from promissory loans	307,291	-	-	307,291	-
Acquisition and construction of capital assets	(1,795,586)	-	-	(1,795,586)	-
Payments on long-term debt:					
Promissory notes	(1,644,377)	(7,332)	-	(1,651,709)	-
Interest paid on debt	(81,129)	(484)	-	(81,613)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>3,963,948</u>	<u>(7,816)</u>	<u>-</u>	<u>3,956,132</u>	<u>-</u>
<b>Cash flows from investing activities -</b>					
Interest received	<u>63,571</u>	<u>163</u>	<u>226</u>	<u>63,960</u>	<u>3,827</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	7,783,695	(252,876)	(6,575)	7,524,244	(91,935)
<b>Cash and cash equivalents, October 1, 2017 (including \$11,440,150 in restricted accounts)</b>	<u>15,610,157</u>	<u>252,913</u>	<u>84,572</u>	<u>15,947,642</u>	<u>979,747</u>
<b>Cash and cash equivalents, September 30, 2018 (including \$11,533,881 in restricted accounts)</b>	\$ <u>23,393,852</u>	<u>37</u>	<u>77,997</u>	<u>23,471,886</u>	<u>887,812</u>

(Continued)



**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2018

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Water &amp; Sewer</b>	<b>Waste Collection &amp; Disposal</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Activities - Internal Service Funds</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ 2,367,198	(493,601)	(453,479)	1,420,118	(96,889)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,841,992	6,598	28,591	2,877,181	-
Changes in assets and liabilities:					
Accounts receivable	(315,669)	56,983	136	(258,550)	-
Receivables - miscellaneous	-	-	-	-	(505)
Due from other funds	356,462	5,116	-	361,578	8,114
Inventory	62,903	-	(252)	62,651	(4,925)
Prepaid items	4,373	-	(389)	3,984	-
Deferred outflows related to net pension liability	(163,371)	(2,366)	37,984	(127,753)	-
Accounts payable	(197,724)	24,458	854	(172,412)	(36,557)
Accrued liabilities	(56,728)	(5,615)	(4,191)	(66,534)	-
Customer deposits	45,648	-	-	45,648	-
Due to other funds	33,895	101,083	(34,115)	100,863	-
Deferred inflows related to net pension liability	112,853	2,148	(179,527)	(64,526)	-
Net pension liability	697,617	12,450	150,054	860,121	-
Total adjustments	<u>3,422,251</u>	<u>200,855</u>	<u>(855)</u>	<u>3,622,251</u>	<u>(33,873)</u>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ <u>5,789,449</u></b>	<b><u>(292,746)</u></b>	<b><u>(454,334)</u></b>	<b><u>5,042,369</u></b>	<b><u>(130,762)</u></b>
<b>Noncash investing, capital, and financing activities:</b>					
Amortization of debt premium/discount	\$ <u>(63,514)</u>	<u>-</u>	<u>-</u>	<u>(63,514)</u>	<u>-</u>
Amortization of gain/loss on debt refunding	\$ <u>(2,859)</u>	<u>-</u>	<u>-</u>	<u>(2,859)</u>	<u>-</u>
Capital assets transferred to governmental funds	\$ <u>(1,225)</u>	<u>-</u>	<u>-</u>	<u>(1,225)</u>	<u>-</u>
Capital assets acquired through capital lease	\$ <u>6,695,473</u>	<u>-</u>	<u>-</u>	<u>6,695,473</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, 2018**

	<b><u>Agency Funds</u></b>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 1,584,563
Intergovernmental receivables - County	<u>154,697</u>
<b>Total assets</b>	<b>\$ <u>1,739,260</u></b>
<b><u>LIABILITIES</u></b>	
Intergovernmental payables:	
Schools	\$ 1,562,294
PERS	144,983
State	<u>31,983</u>
<b>Total liabilities</b>	<b>\$ <u>1,739,260</u></b>

*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, 2018

	<u>Meridian Airport Authority</u>	<u>Nonmajor Component Units</u>	<u>Total Component Units</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 1,568,196	59,541	1,627,737
Receivables:			
Accounts	1,361,869	-	1,361,869
Intergovernmental -			
Federal	77,273	-	77,273
Interest	-	48,721	48,721
Inventory	584,613	-	584,613
Prepaid items	62,085	-	62,085
Restricted assets - cash	172,041	-	172,041
MLEC leverage loans receivable	-	5,691,198	5,691,198
Capital assets not being depreciated:			
Land	2,468,621	-	2,468,621
Construction in progress	2,571,886	-	2,571,886
Capital assets (net of accumulated depreciation):			
Buildings	12,866,613	-	12,866,613
Improvements other than buildings	12,708,854	-	12,708,854
Machinery and equipment	131,671	-	131,671
	<u>34,573,722</u>	<u>5,799,460</u>	<u>40,373,182</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred outflows related to net pension liability	<u>28,460</u>	<u>-</u>	<u>28,460</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	717,890	34,401	752,291
Accrued liabilities	68,237	26,051	94,288
Unearned revenue	3,948	-	3,948
Noncurrent liabilities:			
Due within one year -			
Note payable	92,962	92,568	185,530
Due in more than one year:			
Note payable	728,878	1,802,032	2,530,910
Compensated absences	211,855	-	211,855
Net pension liability	<u>6,320,529</u>	<u>-</u>	<u>6,320,529</u>
	<u>8,144,299</u>	<u>1,955,052</u>	<u>10,099,351</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred inflows related to net pension liability	<u>135,073</u>	<u>-</u>	<u>135,073</u>
<b><u>NET POSITION</u></b>			
Invested in capital assets, net of related debt	29,925,805	-	29,925,805
Restricted for capital projects	172,041	-	172,041
Unrestricted (deficit)	<u>(3,775,036)</u>	<u>3,844,408</u>	<u>69,372</u>
	<u>\$ 26,322,810</u>	<u>3,844,408</u>	<u>30,167,218</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, 2018

<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>
<b>Component units:</b>							
Meridian Airport Authority	\$ 14,707,383	12,694,356	78,123	2,057,342	122,438	-	122,438
Nonmajor component units	<u>122,870</u>	<u>194,867</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,997</u>	<u>71,997</u>
<b>Total component units</b>	\$ <u>14,830,253</u>	<u>12,889,223</u>	<u>78,123</u>	<u>2,057,342</u>	122,438	71,997	194,435
<b>General revenues -</b>							
Interest income					<u>2,677</u>	<u>133</u>	<u>2,810</u>
<b>Change in net position</b>							
					125,115	72,130	197,245
<b>Net position, October 1, 2017</b>					<u>26,197,695</u>	<u>3,772,278</u>	<u>29,969,973</u>
<b>Net position, September 30, 2018</b>					\$ <u>26,322,810</u>	<u>3,844,408</u>	<u>30,167,218</u>

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

(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.

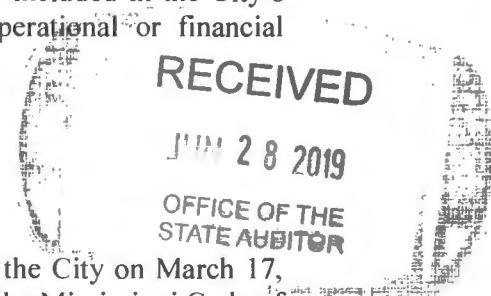
Government Accounting Standards Board (“GASB”) has set forth criteria to be considered in determining financial accountability. “Financial accountability” is the benchmark for determining which organizations are component units of a primary government. Financial accountability exists when an organization 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 has a five-member Board appointed by the City’s Mayor and approved by the



**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

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

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.

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.

MAA has a September 30 year end, 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  
2811A U.S. Highway 11 South  
Meridian, Mississippi

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



**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

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

Meridian and Bonita Lakes  
Development Authority  
723 23<sup>rd</sup> 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
- 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

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

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

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.

(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

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

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

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.

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

The **special revenue fund** accounts for specific revenue sources that are legally restricted to expenditures for public safety, culture and recreation, and economic development. Revenue sources for this fund are provided mainly from grants and contributions, a special 2% prepared food and beverage sales tax, and from narcotic related forfeitures.

The **2017 General Obligation Bonds capital project fund** accounts for the proceeds and disbursements of the 2017 general obligation bonds to be used for the construction, equipping, and furnishing of the Mississippi Arts and Entertainment Center.

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

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

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 **capital projects funds** account for the acquisition and construction of the City's major capital facilities and improvements, 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 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; and state fines and fees collected by the City Municipal Court for the State of Mississippi. These resources are held by the City in a purely custodial capacity (assets equal liabilities). Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources (property collections and fines and fees) 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



**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

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

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.

(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.

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

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

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.

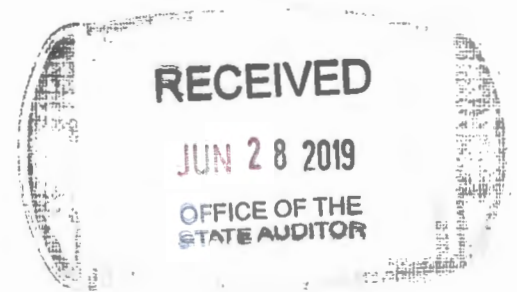
The City recognizes tax revenues upon collection from the county tax collector. In addition, the City makes an accrual for amounts collected by the county tax collector as of September 30 and remitted to the City within 30 days after year-end.

The tax rate of the City is expressed in terms of mills (ten mills equal one cent). For the year ended September 30, 2018, the City's 2018 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>2018</u>	<u>2017</u>	
General	29.75	29.75	-
Solid waste fund	.18	.18	-
Fire and police disability retirement fund (closed)	3.52	5.17	(1.65)
General municipal retirement fund (closed)	1.44	1.44	-
Debt service (general bonds and interest)	15.95	14.30	1.65
Meridian Separate School District	62.82	62.82	-
Meridian Community College	<u>7.00</u>	<u>7.00</u>	-
<b>Total mills</b>	<u>120.66</u>	<u>120.66</u>	-



**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018



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

(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 using the consumption method.

(h) **Land Held for Resale**

Property acquired through tax forfeitures 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.

(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

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

**(i) Restricted Assets (Continued)**

and transfers required and allowed by the bond resolution are to be used solely for purposes pertaining to the system. As of September 30, 2018, 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.

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, works of art, historical treasures, and similar assets are recorded at their acquisition value at the time of acquisition. Capital assets transferred between funds are reported by the recipient fund at their depreciated historical cost at the time of transfer.

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 \$488,241. Of this amount, \$192,315 was included as part of the cost of capital assets under construction.

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

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

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

(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

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

(k) **Compensated Absences (Continued)**

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.

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 reports 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 the following items that qualify for reporting in this category:

**Deferred loss on refunding** reported in the government-wide statement of net position – a deferred loss 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.



**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

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

**Deferred outflows related to net pension liability** reported in the government-wide statement of net position and the proprietary funds statement of net position – the City has four pension related items that qualify for reporting in this category – see note 10 for further details.

In addition to liabilities, the statement of net position reports 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 and the proprietary funds 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.

**Deferred inflows related to net pension liability** reported in the government-wide statement of net position and the proprietary funds statement of net position – the City’s change in proportionate share of the net pension liability is reported in this category – see note 10 for further details.

**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.

(o) **Pensions**

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

(p) **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:

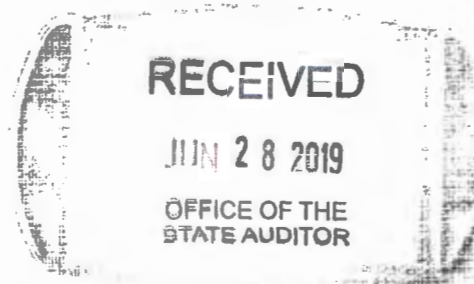
**Nonspendable** – the fund balance is reported as nonspendable when the resources are either not in spendable form or are legally or contractually required to be maintained intact.

**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 a formal action by the City Council. The City Council is the highest level of decision-making authority and issues equally binding orders, ordinances, and resolutions. City Council orders establish a fund balance commitment by authorizing contracts or allocating funds to specific projects.



**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018



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

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

Committed amounts cannot be modified or uncommitted except by removing the constraints through the same formal action by City Council.

**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.

(q) **New Accounting Pronouncements**

Effective for fiscal year 2018, the City implemented the following new standards issued by GASB:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for financial statement periods beginning after June 15, 2017. This Statement addresses accounting and financial reporting requirements for other postemployment benefits (“OPEB”) that are provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The implementation of this Statement did not have a material impact on the City’s basic financial statements.

GASB Statement No. 85, *Omnibus 2017*, effective for financial statement periods beginning after June 15, 2017. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

(q) **New Accounting Pronouncements (Continued)**

to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The implementation of this Statement did not have a material impact on the City's basic financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, effective for financial statement periods beginning after June 15, 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of this Statement did not have a material impact on the City's basic financial statements.

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. 83, *Certain Asset Retirement Obligations*, effective for financial reporting periods beginning after June 15, 2018.
- GASB Statement No. 84, *Fiduciary Activities*, effective for financial reporting periods beginning after December 15, 2018.
- GASB Statement No. 87, *Leases*, effective for financial reporting periods beginning after December 15, 2019.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for financial reporting periods beginning after June 15, 2018.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for financial reporting periods beginning after December 15, 2019.
- GASB Statement No. 90, *Major Equity Interests – an amendment of GASB Statements No. 14 and 61*, effective for financial reporting periods beginning after December 15, 2018.

(r) **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,

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

(r) **Financial Statement Format (Continued)**

certain 2017 financial statement amounts have been reclassified to conform with the 2018 financial statement presentation. Such reclassifications had no material effect on the City’s financial position, changes in financial position, or cash flows.

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

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

(a) **Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net 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 related deferred outflows and deferred inflows, 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	\$ (52,482,000)
Premium on refunded debt issue	(1,828,609)
Promissory loans payable	(2,168,881)
Accrued interest payable	(487,692)
Capital leases payable	(578,818)
Compensated absences	(979,940)
Claims and judgments	(690,764)
Net pension liability	(48,585,772)
Deferred inflows/outflows related to net pension liability	1,942,897
Deferred loss on refunding	580,360
Prepaid insurance on bond issue	<u>20,252</u>
 <b>Net adjustment to reduce fund balances – total governmental funds to arrive at net position – governmental activities</b>	 <b><u>\$ (105,258,967)</u></b>



**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

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

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

<u>Description</u>	<u>Amount</u>
Net position of the internal service funds	\$ 356,663
Less internal payable representing charges in excess of cost to business-type activities	<u>(20,202)</u>
<b>Net adjustment to increase fund balances – total governmental funds to arrive at net position – governmental activities</b>	<b>\$ <u>336,461</u></b>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and change in net 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	\$ 3,848,360
Depreciation expense	<u>(5,233,451)</u>
<b>Net adjustment to reduce net change in fund balances – total governmental funds to arrive at change in net position of governmental activities</b>	<b>\$ <u>(1,385,091)</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

(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>
Principal retirement of long-term debt	\$ 12,767,362
Deferred loss on refunding	318,264
Amortization of bond premiums, prepaid insurance, and deferred loss on refunding	32,453
Issuance of general obligation refunding bonds	(8,024,000)
Capital lease financing	<u>(554,991)</u>
<b>Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net position of governmental activities</b>	<b>\$ <u>4,539,088</u></b>

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	\$ 134,380
Accrued interest expense	(33,214)
Claims and judgments	<u>(109,817)</u>
<b>Net adjustment to reduce net change in fund balances – total governmental funds to arrive at change in net position of governmental activities</b>	<b>\$ <u>(8,651)</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

(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	\$ (58,062)
Loss from charges to business-type activities	<u>9,823</u>
<b>Net adjustment to reduce net change in fund balances – total governmental funds to arrive at change in net position of governmental activities</b>	<b>\$ <u>(48,239)</u></b>

(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	\$ 30,025
Current year activities	<u>(9,823)</u>
<b>Net adjustment to increase net position – total enterprise funds to arrive at net position – business-type activities</b>	<b>\$ <u>20,202</u></b>



**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

**(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 2018, the original total budgeted expenditures were \$111,156,748 and were increased by amendments to \$119,011,908.

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

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

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>	<u>Special Revenue Fund</u>
Net change in fund balances – budgetary basis	\$ (837,072)	655,861
Basis differences:		
Net accrued revenues and related receivables	(1,719,030)	(17,475)
Net accrued expenditures and related liabilities	<u>1,921,799</u>	<u>126,445</u>
<b>Net change in fund balances – GAAP basis</b>	<b>\$ <u>(634,303)</u></b>	<b><u>764,831</u></b>

**(c) Excess of Expenditures over Appropriations**

For the year ended September 30, 2018, expenditures exceeded appropriations in the special revenue fund by \$320,089. The excess expenditures were funded by greater than expected revenues in the special revenue fund.

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

(d) **Deficit Net Position**

The Waste Collection and Disposal fund (a major enterprise fund) had a deficit net position at September 30, 2018, of \$423,838. This deficit will be remedied by residential and commercial rate increases in subsequent years.

The Golf Course fund (a nonmajor enterprise fund) had a deficit net position at September 30, 2018, of \$291,342. This deficit will be remedied by transfers from the General Fund in subsequent years.

Union Station (a nonmajor enterprise fund) had a deficit net position at September 30, 2018, of \$226,695. This deficit will be remedied by future rentals of vacant office space and transfers from the General Fund in subsequent years.

(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 \$39,928,201 and the bank balance was \$40,140,079. 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 \$1,799,778 and the bank balance was \$1,836,940. 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>
Restricted certificates of deposit - Citizens National Bank	\$ <u>400,000</u>	12/10/2018



**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

**(4) Deposits and Investments (Continued)**

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

*Credit risk:* The City and its component units are allowed, by State statute, to invest excess funds in any bonds or other direct obligations of the United States of America, of the State of Mississippi, or of any county or municipality of Mississippi, when such county or municipal bonds have been properly approved; or in obligations issued or 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	\$ 3,940
Cash with trustee	1,464,015
Carrying amount of deposits	<u>39,928,603</u>
<b>Total cash and investments</b>	<b>\$ <u>41,396,558</u></b>
Cash and cash equivalents	\$ 15,875,857
Cash and investments – restricted	<u>23,936,138</u>
<b>Total reported on the government-wide statement of net position</b>	<b>39,811,995</b>
Cash and cash equivalents reported on the statement of fiduciary assets and liabilities not included on the government-wide statement of net position	<u>1,584,563</u>
<b>Total reported</b>	<b>\$ <u>41,396,558</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

**(5) Capital Assets**

**Primary government:**

Capital asset activity for the year ended September 30, 2018, was as follows:

	<u>Balance</u> <u>October 1,</u> <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>September 30,</u> <u>2018</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 8,197,365	-	-	8,197,365
Right of ways	2,600	-	-	2,600
Collections - historical treasures	141,250	-	-	141,250
Construction-in-progress	<u>3,358,644</u>	<u>2,689,098</u>	<u>5,374,829</u>	<u>672,913</u>
Total capital assets, not being depreciated	<u>11,699,859</u>	<u>2,689,098</u>	<u>5,374,829</u>	<u>9,014,128</u>
Capital assets, being depreciated:				
Buildings	44,560,302	-	-	44,560,302
Improvements other than buildings	5,147,234	-	-	5,147,234
Machinery and equipment	22,482,655	1,196,238	215,395	23,463,498
Infrastructure	<u>113,588,848</u>	<u>5,374,829</u>	<u>214,087</u>	<u>118,749,590</u>
Total capital assets, being depreciated	<u>185,779,039</u>	<u>6,571,067</u>	<u>429,482</u>	<u>191,920,624</u>
Less accumulated depreciation for:				
Buildings	11,792,058	841,453	-	12,633,511
Improvements other than buildings	2,803,442	124,547	-	2,927,989
Machinery and equipment	14,000,273	1,253,958	160,531	15,093,700
Infrastructure	<u>71,098,629</u>	<u>3,013,493</u>	<u>214,087</u>	<u>73,898,035</u>
Total accumulated depreciation	<u>99,694,402</u>	<u>5,233,451</u>	<u>374,618</u>	<u>104,553,235</u>
Total capital assets, being depreciated, net	<u>86,084,637</u>	<u>1,337,616</u>	<u>54,864</u>	<u>87,367,389</u>
<b>Total governmental activities</b>				
<b>capital assets, net</b>	<b>\$ <u>97,784,496</u></b>	<b><u>4,026,714</u></b>	<b><u>5,429,693</u></b>	<b><u>96,381,517</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

	Balance October 1, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2018</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 249,787	-	-	249,787
Right of ways	105,143	-	-	105,143
Construction-in-progress	<u>7,508,483</u>	<u>7,398,566</u>	<u>7,501,387</u>	<u>7,405,662</u>
Total capital assets, not being depreciated	<u>7,863,413</u>	<u>7,398,566</u>	<u>7,501,387</u>	<u>7,760,592</u>
Capital assets, being depreciated:				
Buildings	126,628	-	-	126,628
Water and sewer system	104,974,840	7,924,213	-	112,899,053
Improvements other than buildings	438,053	-	-	438,053
Machinery and equipment	<u>6,577,055</u>	<u>669,667</u>	<u>75,350</u>	<u>7,171,372</u>
Total capital assets, being depreciated	<u>112,116,576</u>	<u>8,593,880</u>	<u>75,350</u>	<u>120,635,106</u>
Less accumulated depreciation for:				
Buildings	126,628	-	-	126,628
Water and sewer system	78,388,242	2,367,554	-	80,755,796
Improvements other than buildings	253,697	6,514	-	260,211
Machinery and equipment	<u>4,053,721</u>	<u>503,113</u>	<u>74,124</u>	<u>4,482,710</u>
Total accumulated depreciation	<u>82,822,288</u>	<u>2,877,181</u>	<u>74,124</u>	<u>85,625,345</u>
 Total capital assets, being depreciated, net	 <u>29,294,288</u>	 <u>5,716,699</u>	 <u>1,226</u>	 <u>35,009,761</u>
 <b>Total business-type activities capital assets, net</b>	 <b>\$ <u>37,157,701</u></b>	 <b><u>13,115,265</u></b>	 <b><u>7,502,613</u></b>	 <b><u>42,770,353</u></b>



**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2018

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

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

	<u>Amount</u>
<b>Governmental activities:</b>	
General government	\$ 716,555
Public safety	814,584
Public works	3,574,497
Culture and recreation	<u>127,815</u>
<b>Total depreciation expense - governmental activities</b>	<b>\$ <u>5,233,451</u></b>
<b>Business-type activities:</b>	
Water and sewer department	\$ 2,841,992
Waste collection and disposal	6,598
Golf course	28,339
Union Station	<u>252</u>
<b>Total depreciation expense - business-type activities</b>	<b>\$ <u>2,877,181</u></b>

Construction-in-progress is composed of:

<b>Governmental activities:</b>	
Energy efficient lighting project	\$ 538,581
Highway 80 pedestrian improvements	91,285
Planet Playground	<u>43,047</u>
Total governmental activities	<u>672,913</u>
<b>Business-type activities:</b>	
Water metering system upgrade	6,839,485
Water treatment plant upgrades at B Street and North Plant	<u>566,177</u>
Total business-type activities	<u>7,405,662</u>
<b>Total construction-in-progress</b>	<b>\$ <u>8,078,575</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

**Discretely presented component units:**

Capital asset activity for the year ended September 30, 2018, was as follows:

	<b>Balance October 1, <u>2017</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b>Balance September 30, <u>2018</u></b>
<b>Meridian Airport Authority:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,468,621	-	-	2,468,621
Construction-in-progress	<u>324,636</u>	<u>2,247,250</u>	-	<u>2,571,886</u>
Total capital assets, not being depreciated	<u>2,793,257</u>	<u>2,247,250</u>	-	<u>5,040,507</u>
Capital assets, being depreciated:				
Buildings	17,501,869	27,514	-	17,529,383
Improvements other than buildings	32,215,195	-	-	32,215,195
Machinery and equipment	<u>2,820,219</u>	<u>180,266</u>	<u>102,596</u>	<u>2,897,889</u>
Total capital assets, being depreciated	<u>52,537,283</u>	<u>207,780</u>	<u>102,596</u>	<u>52,642,467</u>
Less accumulated depreciation for:				
Buildings	4,037,583	625,187	-	4,662,770
Improvements other than buildings	18,123,983	1,382,358	-	19,506,341
Machinery and equipment	<u>2,561,617</u>	<u>262,156</u>	<u>57,555</u>	<u>2,766,218</u>
Total accumulated depreciation	<u>24,723,183</u>	<u>2,269,701</u>	<u>57,555</u>	<u>26,935,329</u>
Total capital assets, being depreciated, net	<u>27,814,100</u>	<u>(2,061,921)</u>	<u>45,041</u>	<u>25,707,138</u>
<b>Total Meridian Airport Authority</b>	<b>\$ <u>30,607,357</u></b>	<b><u>185,329</u></b>	<b><u>45,041</u></b>	<b><u>30,747,645</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

The composition of interfund balances as of September 30, 2018, is as follows:

**Due to/from other funds:**

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 4,085
	Waste Collection & Disposal Fund	101,159
	Nonmajor Enterprise Funds	145,390
Special Revenue Fund	General Fund	11,000
Nonmajor Governmental Funds	Nonmajor Governmental Funds	252,081
	Water & Sewer Fund	181,773
Water & Sewer Fund	Special Revenue Fund	2,575
	Nonmajor Governmental Funds	78,940
Waste Collection & Disposal Fund	General Fund	4,113
Internal Service Funds	General Fund	40,094
	Water & Sewer Fund	16,521
	Waste Collection & Disposal Fund	7
	Nonmajor Enterprise Funds	<u>1,183</u>
<b>Total due to/from other funds</b>		<b>\$ <u>838,921</u></b>

**Due to primary government**

**Due from component units**

General Fund	Meridian Airport Authority	\$ <u>4,820</u>
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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, 2018

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

**Interfund transfers:**

	<u>Transfers in:</u>						<u>Total transfers out</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Special Revenue Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Funds</u>	
<b><u>Transfers out:</u></b>							
<b>General Fund</b>	\$ -	412,120	7,662	-	447,533	35,000	902,315
<b>Water &amp; Sewer Fund</b>	<u>1,851,500</u>	<u>-</u>	<u>-</u>	<u>181,773</u>	<u>-</u>	<u>-</u>	<u>2,033,273</u>
<b>Total transfers in</b>	<u>\$ 1,851,500</u>	<u>412,120</u>	<u>7,662</u>	<u>181,773</u>	<u>447,533</u>	<u>35,000</u>	<u>2,935,588</u>

The water & sewer fund transferred capital assets to the general fund. These transfers were not recorded in the general fund statement of revenues, expenditures, and changes in fund balances because governmental funds do not report capital assets. These transfers were recorded in the water and sewer fund statement of revenues, expenses and changes in net position as a nonoperating expense. These transfers were recorded in both the governmental activities and business-type activities on the government-wide statement of activities.

A summary of the transfers follows:

<u>Description</u>	<u>Transferred to the General Fund</u>
Cost of assets transferred	\$ 36,976
Accumulated depreciation	<u>(35,751)</u>
<b>Net carrying value of assets transferred</b>	<b>\$ <u>1,225</u></b>

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, 2018

(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, 2018, follows:

<b><u>Description</u></b>	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>
Machinery and equipment	\$ 120,387	-
Capital lease equipment under construction	554,991	6,695,473
Less accumulated depreciation	<u>(120,387)</u>	<u>-</u>
<b>Total leased equipment capitalized</b>	<b>\$ <u>554,991</u></b>	<b><u>6,695,473</u></b>

The future minimum lease obligations and the net present value of minimum lease commitments at September 30, 2018, follows:

<b><u>Year Ending September 30,</u></b>	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>
2019	\$ 51,396	281,204
2020	36,209	414,025
2021	58,943	695,229
2022	58,943	695,229
2023	57,803	695,229
2024-2028	281,035	3,476,145
2029-2033	<u>252,932</u>	<u>3,128,531</u>
Total minimum lease commitments	797,261	9,385,592
Less amount representing imputed interest	<u>(218,443)</u>	<u>(2,690,119)</u>
Present value of minimum lease payments	578,818	6,695,473
Current portion of obligations under capital leases	<u>(27,703)</u>	<u>-</u>
Obligations under capital leases, less current installments	<b>\$ <u>551,115</u></b>	<b><u>6,695,473</u></b>



**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

(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, 2019. Costs for these leases totaled \$327,800 for the year ended September 30, 2018.

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, 2018. This lease term expires in April, 2023. Costs for this lease totaled \$45,320 for the year ended September 30, 2018.

The future minimum lease payments for the operating leases at September 30, 2018, are as follows:

<b><u>Year Ending September 30,</u></b>	<b><u>City of Meridian</u></b>	<b><u>Meridian Airport Authority</u></b>
2019	\$ 327,800	45,000
2020	306,900	45,000
2021	305,000	45,000
2022	305,000	45,000
2023	305,000	45,000
2024-2028	1,525,000	-
2029-2033	<u>1,423,333</u>	<u>-</u>
<b>Total future minimum lease payments</b>	<b>\$ <u>4,498,033</u></b>	<b><u>225,000</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

**(8) Long-Term Liabilities**

A summary of long-term liabilities at September 30, 2017 follows:

	<u>Interest Rates</u>	<u>Amount</u>
<b>Governmental activities:</b>		
Outstanding bonds:		
General government	1.2 - 5.25%	\$ 49,012,000
Special obligation bonds – parking facilities	3.3 - 5.375%	555,000
Limited obligation bonds – tax increment financing	5.0 - 8.75%	2,625,000
Special assessment debt with City commitment	4.5 - 6.25%	290,000
Plus unamortized premium on debt refunding		1,828,609
Other debt:		
Promissory loans	.25 – 1.42%	2,168,881
Capital leases	3.77%	578,818
Compensated absences		979,940
Claims and judgments		690,764
Net pension liability		<u>48,585,772</u>
<b>Total governmental activities</b>		107,314,784
Less current portion payable		<u>(6,091,325)</u>
<b>Governmental activities, net</b>		<b>\$ <u>101,223,459</u></b>
<b>Business-type activities:</b>		
Water & sewer promissory loans	.5 - 4.0%	\$ 15,176,193
Plus unamortized premium on debt refunding		<u>465,768</u>
Total promissory loans		15,641,961
Capital leases		6,695,473
Compensated absences		135,380
Net pension liability		<u>8,284,532</u>
<b>Total business-type activities</b>		30,757,346
Less current portion payable		<u>(1,581,915)</u>
<b>Business activities, net</b>		<b>\$ <u>29,175,431</u></b>
<b>Discretely presented component units:</b>		
Promissory loans	2.83% - 5.5%	\$ 2,716,440
Compensated absences		211,855
Net pension liability		<u>6,320,529</u>
<b>Total discretely presented component units</b>		9,248,824
Less current portion payable		<u>(185,530)</u>
<b>Discretely presented component units, net</b>		<b>\$ <u>9,063,294</u></b>

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**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2018

**(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:

<b>Year Ending September 30,</b>	<b>Governmental Activities</b>					
	<b>General Obligation Bonds</b>	<b>Special Obligation Bonds</b>	<b>Limited Obligations Bonds</b>	<b>Special Assessment Debt</b>	<b>Promissory Loans</b>	<b>Total</b>
2019	\$ 5,426,929	129,831	513,375	136,255	587,847	6,794,237
2020	5,455,824	129,456	512,156	139,490	584,805	6,821,731
2021	5,491,207	128,813	513,531	42,040	558,508	6,734,099
2022	5,517,694	127,900	507,500	-	464,489	6,617,583
2023	5,549,297	131,719	478,844	-	24,491	6,184,351
2024-2028	19,266,938	-	958,750	-	-	20,225,688
2029-2033	9,230,759	-	-	-	-	9,230,759
2034-3038	<u>5,987,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,987,868</u>
<b>Total</b>	<b>\$ <u>61,926,516</u></b>	<b><u>647,719</u></b>	<b><u>3,484,156</u></b>	<b><u>317,785</u></b>	<b><u>2,220,140</u></b>	<b><u>68,596,316</u></b>
<b>Interest included in above totals</b>	<b>\$ <u>12,914,516</u></b>	<b><u>92,719</u></b>	<b><u>859,156</u></b>	<b><u>27,785</u></b>	<b><u>51,258</u></b>	<b><u>13,945,434</u></b>

<b>Year Ending September 30,</b>	<b>Discretely Presented Component Units</b>	
	<b>Business-type Activities Promissory Loans</b>	<b>Promissory Loans</b>
2019	\$ 1,764,672	311,100
2020	1,831,229	311,100
2021	1,700,390	311,099
2022	1,614,400	311,100
2023	1,464,024	311,100
2024-2028	3,672,906	1,323,228
2029-2033	2,883,430	780,606
2034-3038	2,381,292	-
2039-2043	<u>33,716</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>17,346,059</u></b>	<b><u>3,659,333</u></b>
<b>Interest included in above totals</b>	<b>\$ <u>2,169,866</u></b>	<b><u>942,893</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**  
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September 30, 2018

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

A summary of changes in the long-term liabilities during the year ended September 30, 2018, follows:

<u>Description</u>	<u>October 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30, 2018</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation debt	\$ 52,715,000	8,024,000	11,727,000	49,012,000	3,868,000
Special obligation bonds	645,000	-	90,000	555,000	100,000
Limited obligation bonds	2,900,000	-	275,000	2,625,000	300,000
Special assessment with City commitment	405,000	-	115,000	290,000	120,000
Unamortized premiums/discounts	<u>1,928,781</u>	<u>-</u>	<u>100,172</u>	<u>1,828,609</u>	<u>94,861</u>
Total bonds payable	58,593,781	8,024,000	12,307,172	54,310,609	4,482,861
Promissory loans	2,704,060	-	535,179	2,168,881	563,350
Capital leases	49,010	554,991	25,183	578,818	27,703
Compensated absences	1,114,320	1,238,352	1,372,732	979,940	326,647
Claims and judgments	580,947	675,453	565,636	690,764	690,764
Net pension liability	<u>48,625,977</u>	<u>-</u>	<u>40,205</u>	<u>48,585,772</u>	<u>-</u>
<b>Governmental activities     long-term liabilities</b>	<b>\$ <u>111,668,095</u></b>	<b><u>10,492,796</u></b>	<b><u>14,846,107</u></b>	<b><u>107,314,784</u></b>	<b><u>6,091,325</u></b>
<b>Business-type activities:</b>					
Promissory loans	\$ 16,301,463	526,441	1,651,711	15,176,193	1,473,726
Unamortized premiums/discounts	529,282	-	63,514	465,768	63,514
Capital leases	-	6,695,473	-	6,695,473	-
Compensated absences	159,416	187,246	211,282	135,380	44,675
Net pension liability	<u>7,753,992</u>	<u>530,540</u>	<u>-</u>	<u>8,284,532</u>	<u>-</u>
<b>Business-type activities     long-term liabilities</b>	<b>\$ <u>24,744,153</u></b>	<b><u>7,939,700</u></b>	<b><u>1,926,507</u></b>	<b><u>30,757,346</u></b>	<b><u>1,581,915</u></b>
<b>Discretely presented component units:</b>					
<b>Meridian Airport Authority:</b>					
Promissory loans	\$ 912,244	-	90,404	821,840	92,962
Compensated absences	182,654	29,201	-	211,855	-
Net pension liability	5,984,422	336,107	-	6,320,529	-
<b>Meridian Urban Renewal Authority -</b>					
Promissory loans	<u>1,982,248</u>	<u>-</u>	<u>87,648</u>	<u>1,894,600</u>	<u>92,568</u>
<b>Discretely presented     component units</b>	<b>\$ <u>9,061,568</u></b>	<b><u>365,308</u></b>	<b><u>178,052</u></b>	<b><u>9,248,824</u></b>	<b><u>185,530</u></b>

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

**(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 \$60,710,000.

During fiscal year 2018, the City issued general obligation refunding bonds in the amount of \$8,024,000 to advance refund \$1,825,000 of the outstanding 2007 general obligation water and sewer improvement bonds and \$5,650,000 of the outstanding 2009 general obligation public improvement bonds. As a result of this refunding, that portion of these bonds is considered fully defeased in substance and the liabilities have been removed from the governmental activities in the statement of net assets. The 2007 general obligation water and sewer improvement defeased bonds were redeemed on April 1, 2018. As of September 30, 2018, the outstanding balance on the 2009 general obligation public improvement defeased bonds was \$5,650,000, to be redeemed June 1, 2019. This refunding was undertaken to reduce the total debt service payments by \$417,953 and resulted in an economic gain of \$381,203.

Special Obligation Bonds

During fiscal year 2003, the City issued \$1,500,000 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 of fiscal year 2012, the City no longer charges fees for the parking facilities; the bonds are paid solely from general fund appropriations.

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. These bonds are payable from and secured by a pledge of taxes levied on the incremental increase in the assessed value of the project and certain sales tax revenues. The City entered into an interlocal agreement with Lauderdale County, whereby the County has also pledged additional ad valorem tax revenues generated by the project to provide a pro rata portion of annual debt service on the bonds. As a result, the bonds are not a general obligation of the City.

Special Assessment Debt

The City issues special assessment bonds to provide financing for certain capital street improvements to benefit specific taxpayers. Special assessment bonds are direct



**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

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 \$1,625,000.

**Promissory Loans**

During fiscal year 2010, the City entered into an \$8,411,225 (subsequently amended to \$9,044,496) loan agreement with the Mississippi Department of Environmental Quality through the EPA Water Pollution Control Revolving Loan Fund Program. The proceeds from this note were used for the rehabilitation of the South Wastewater Treatment Plant. The City has drawn \$8,839,151 against these loan funds as of September 30, 2018. Accrued interest in the amount \$205,345 has been financed with this principal amount.

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.

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 April, 2016, the City entered into a \$1,000,000 promissory loan with Citizens National Bank of which the City drew down \$938,177 to provide funds for the purchase of twenty standard fleet vehicles and a sewer vacuum truck.

In August, 2016, the City entered into a \$1,078,338 promissory loan with Citizens National Bank to provide funds for the purchase of a fire truck with a 100-foot aerial ladder apparatus.

In November, 2016, the City entered into a \$2,000,000 promissory loan with Citizens National Bank of which the City drew down \$1,972,241 to provide funds for the purchase of twenty-four standard fleet vehicles, seven specialty vehicles, and a pumper fire truck.

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

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

In September, 2017, the City entered into an \$8,114,960 Drinking Water Systems Improvements Revolving Loan Fund loan agreement with the Mississippi State Department of Health. The proceeds from this loan are to be used for the installation of two new wells, with appurtenances, and treatment facility repairs and rehabilitation at both treatment plants. The City has drawn \$473,362 against these loan funds as of September 30, 2018. Interest accrued to prior to the initiation of the repayment process will be added to the final allowable project costs to determine the actual principal amount to be repaid by the City. The interest will begin to accrue at a future date based on construction progress.

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 \$6,075 in favor of Travelers Indemnity Company for support of the City's deductible for workers compensation claims. This letter of credit expires August 1, 2019, with an automatic extension for one year. As of September 30, 2018, the City had no outstanding balance on this letter of credit. The interest rate is set at one-quarter of 1.0 percent quarterly plus \$75.

Pledged Revenues

The City has formally committed to secure certain debt issued by the City with specific future revenues. A summary of these debt issues as of September 30, 2017, and the related revenues pledged follows:

<u>Debt Issue</u>	<u>Current Year Revenue Received</u>	<u>Current Year Principal and Interest</u>	<u>Debt Service as a % of Pledged Revenue</u>
General obligation bonds – Mississippi Arts and Entertainment Center	\$ 2,574,725	1,482,794	57.59%
Limited obligation bonds:			
Crossroads improvements	480,164	480,125	99.99%
Riverbirch improvements	32,625	32,250	98.85%
Special assessment debt – paving projects	149,589	137,645	92.02%

Interlocal Cooperation Agreement

During fiscal year 2014, the City entered into an Interlocal Cooperation Agreement with Lauderdale County, Mississippi ("County") for joint and cooperative action relating to the financing for construction of infrastructure improvements and facilities as an

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2018

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

inducement to CertainTeed, Inc. for locating industrial facilities in the City and County which will increase employment opportunities in the area. The agreement includes the City and County jointly funding the debt service of the \$700,000 capital improvement loan granted to Lauderdale County from the Mississippi Development Authority. The City's share totals \$405,555, including principal and interest. The City remits to the County \$40,556 annually through May, 2025.

**Discretely Presented Component Units:**

In November, 2015, the Meridian Airport Authority ("MAA") converted a 2.83 percent promissory loan agreement in the amount of \$1,000,000 for the purchase of property adjacent to MAA to a tax-exempt debt. The tax-exempt debt is payable from resources derived from operations, but is supported by the full faith and credit of the Meridian Airport Authority. In the event that the City abolishes MAA, the title to this real property of MAA, as well as the tax-exempt debt, would revert to the City.

In July, 2018, MAA was approved for a \$5,000,000 loan. Interest only begins to accrue once the funds are received. As of September 30, 2018, MAA had not made any draws against the available balance.

In October 2013, the Meridian Urban Renewal Authority 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.

**(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, 2018, and for each of the next five years and in the aggregate, follows:

<u>Year Ending September 30,</u>	<u>City of Meridian</u>	<u>Meridian Airport Authority</u>
2019	\$ 64,637	175,401
2020	61,804	169,965
2021	55,916	163,185
2022	45,432	75,135
2023	38,477	25,382
Thereafter	<u>3,900</u>	<u>185,294</u>
<b>Total minimum future rentals</b>	<b>\$ <u>270,166</u></b>	<b><u>794,362</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

(10) **Defined Benefit Pension Plans**

**Cost-Sharing Multiple-Employer Defined Benefit Pension Plan - Public Employees Retirement System**

**General information about the Plan**

***Plan Description***

The City and its component unit, the Meridian Airport Authority (“MAA”), 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. Plan provisions and the Board of Trustees’ authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq. (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees’ Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS, 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

***Benefits Provided***

Membership in PERS is a condition of employment granted upon hiring for qualifying City and MAA employees. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee’s earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (“COLA”) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

**(10) Defined Benefit Pension Plans (Continued)**

**Cost-Sharing Multiple-Employer Defined Benefit Pension Plan - Public Employees Retirement System (Continued)**

*Contributions*

PERS members are required to contribute 9.00% of their annual covered salary and the employers are required to contribute at an actuarially determined rate. The employers' rate as of September 30, 2018, was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature.

A summary of the City's and MAA's contributions to PERS for the fiscal year ended September 30, 2018, follows:

<u>Description</u>	<u>City of Meridian</u>	<u>Meridian Airport Authority</u>
Employer contributions	\$ <u>2,846,562</u>	<u>396,340</u>
Contribution rate	<u>15.75%</u>	<u>15.75%</u>

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At September 30, 2018, the City and MAA reported a liability for their proportionate share of the net pension liability of the plan as follows:

<u>Description</u>	<u>City of Meridian</u>	<u>Meridian Airport Authority</u>
Net pension liability	\$ <u>48,235,616</u>	<u>6,320,529</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's and MAA's proportion of the net pension liability were based on the ratio of their actual contributions to the pension plan relative to the total actual contributions of all participating entities for the fiscal year.



**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

**(10) Defined Benefit Pension Plans (Continued)**

**Cost-Sharing Multiple-Employer Defined Benefit Pension Plan - Public Employees Retirement System (Continued)**

The City's and MAA's proportionate share of the plan's net pension liability at June 30, 2018 and 2017 were as follows:

<u>Description</u>	<u>City of Meridian</u>	<u>Meridian Airport Authority</u>
Proportionate share – June 30, 2018	0.29%	0.038%
Proportionate share – June 30, 2017	<u>0.28%</u>	<u>0.036%</u>
Increase (decrease)	<u>0.01%</u>	<u>0.002%</u>

For the year ended September 30, 2018, the City and MAA recognized pension expense of \$7,255,933 and \$570,031, respectively. At September 30, 2018, the City and MAA reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**City of Meridian**

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 194,351	196,325
Net difference between projected and actual earnings on plan investments	-	1,164,697
Changes of assumptions	27,479	23,887
Changes in proportion	4,133,778	1,232,142
City contributions subsequent to the measurement date	<u>731,589</u>	<u>-</u>
<b>Totals</b>	<b>\$ <u>5,087,197</u></b>	<b><u>2,617,051</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

(10) **Defined Benefit Pension Plans (Continued)**

**Cost-Sharing Multiple-Employer Defined Benefit Pension Plan - Public Employees Retirement System (Continued)**

**Meridian Airport Authority**

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,036	-
Net difference between projected and actual earnings on plan investments	-	113,696
Changes of assumptions	(127,152)	21,377
Changes in proportion	34,553	-
MAA contributions subsequent to the measurement date	<u>115,023</u>	<u>-</u>
<b>Totals</b>	<b>\$ <u>28,460</u></b>	<b><u>135,073</u></b>

The above deferred outflows of resources and deferred inflows of resources represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

The amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019.

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

<u>Year Ending September 30,</u>	<u>City of Meridian</u>	<u>Meridian Airport Authority</u>
2019	\$ 2,083,343	(526)
2020	590,230	(31,744)
2021	(718,095)	(131,424)
2022	<u>(216,921)</u>	<u>(57,942)</u>
<b>Total</b>	<b>\$ <u>1,738,557</u></b>	<b><u>(221,636)</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

**(10) Defined Benefit Pension Plans (Continued)**

**Cost-Sharing Multiple-Employer Defined Benefit Pension Plan - Public Employees Retirement System (Continued)**

*Actuarial Assumptions*

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Description</u>	<u>Assumptions</u>
Inflation	3.00%
Salary increases	3.25 – 18.50%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022, with males' rates set forward one year.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

(10) **Defined Benefit Pension Plans (Continued)**

**Cost-Sharing Multiple-Employer Defined Benefit Pension Plan - Public Employees Retirement System (Continued)**

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Broad	27.00%	4.60%
International equity	18.00	4.50
Emerging markets equity	4.00	4.75
Global	12.00	4.75
Fixed income	18.00	0.75
Real assets	10.00	3.50
Private equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	<u>1.00</u>	0.00
<b>Total</b>	<b><u>100.00%</u></b>	

***Discount Rate***

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

(10) **Defined Benefit Pension Plans (Continued)**

**Cost-Sharing Multiple-Employer Defined Benefit Pension Plan - Public Employees Retirement System (Continued)**

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

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

<u>Description</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability	\$ <u>63,512,465</u>	<u>48,235,616</u>	<u>35,538,537</u>
MAA's proportionate share of the net pension liability	\$ <u>8,285,023</u>	<u>6,320,529</u>	<u>4,682,912</u>

*Pension Plan Fiduciary Net Position*

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

**Agent Multiple-Employer Defined Benefit Pension Plan – Mississippi Municipal Retirement Systems**

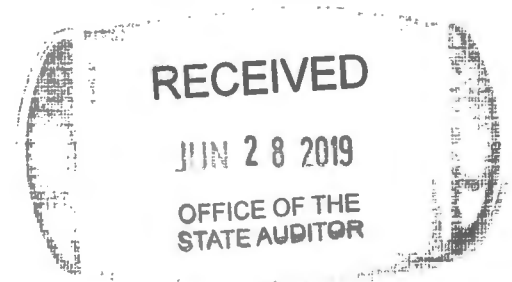
**General information about the Plan**

*Plan Description*

The City also participates in the Mississippi Municipal Retirement Systems ("MMRS") Meridian General Plan and Meridian Fire and Police Plan which have been closed to new participants since July 1, 1976. MMRS is an agent multiple-employer defined benefit plan administered by PERS. MMRS 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



CITY OF MERIDIAN, MISSISSIPPI  
Notes to Financial Statements  
September 30, 2018



(10) Defined Benefit Pension Plans (Continued)

Agent Multiple-Employer Defined Benefit Pension Plan – Mississippi Municipal Retirement Systems (Continued)

seventeen cities providing retirement benefits to firefighters and police officers. Plan provisions are established by Miss. Code Ann. §21-29-1 et seq. (1972, as amended) and annual local and private legislation. Statutes may be amended only by the Mississippi Legislature. PERS issues a publicly available report entitled the Report on the Annual Valuation of the Mississippi Municipal Retirement Systems. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS, 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

*Benefits Provided*

Membership in the MMRS 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. MMRS provides retirement, disability, and death benefits to plan members and their beneficiaries.

A retirement allowance is payable to any member who retires and has completed at least 20 years of creditable service, regardless of age. Any general employee member who has attained age 70 and any firefighter or police officer who has attained age 65 shall be retired forthwith. The annual retirement allowance payable to a retired member is equal to (1) 50.0 percent of average compensation, plus (2) 1.7 percent of average compensation for each year of credited service over 20. The aggregate amount of (1) and (2) shall not exceed 66.6 percent of average compensation, regardless of service.

A disability retirement allowance is payable to any member who is not eligible for a service retirement benefit, but who becomes totally and permanently disabled regardless of creditable service, if the disability is due to causes in the performance of duty. If the disability is not due to causes in the performance of duty, the member must have completed at least five years of creditable service to be eligible for disability retirement. The annual disability retirement allowance payable is equal to 50.0 percent of the member's salary at the time of retirement, if the disability is due to causes in the performance of duty. If the disability is not due to causes in the performance of duty, the allowance is equal to 2.5 percent times credited service, not in excess of 20 years, times the member's salary at the time of retirement for firefighters and police officers, and average compensation for general employees.

A death benefit is payable upon the death of a member under the following conditions: (a) the member has retired; (b) the member is eligible to retire; (c) the death is in the line of duty; or (d) the death is not in the line of duty, but occurs after the member has five

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

**(10) Defined Benefit Pension Plans (Continued)**

**Agent Multiple-Employer Defined Benefit Pension Plan – Mississippi Municipal Retirement Systems (Continued)**

years of credited service. The death benefit is payable to the surviving spouse and to children under age 18, to dependent children through age 23 when full-time students, and to dependent children of any age if handicapped. The annual benefit payable, under all conditions in the case of firefighters and police officers and under other than condition (c) in the case of general employees is equal to 2.5 percent of average compensation for each year of credited service up to 20 and 1.7 percent of average compensation for each year over 20, with a maximum benefit of 66.67 percent of average compensation. For general members under condition (c), the annual benefit payable is equal to 50.0 percent of salary at the time of death.

Upon a member’s termination of employment for any reason before retirement, the member’s accumulated contributions are refunded. Upon the death of a member who is not eligible for any other death benefit, the member’s accumulated contributions are paid to the member’s beneficiary.

The minimum monthly allowance paid to members for all retirement and death benefits is \$600.

The allowances of certain retired members are adjusted annually by a Cost-of-Living Adjustment (“COLA”) on the basis of the annual percentage change in each fiscal year of the Consumer Price Index. All retirees and beneficiaries who were receiving a retirement allowance as of June 30, 1999, were granted a 3.9 percent ad-hoc benefit increase.

At June 30, 2018 (measurement date), the following employees were covered by the plans:

<u>Description</u>	<u>Meridian General</u>	<u>Meridian Fire &amp; Police</u>
Active employees	-	-
Inactive members or their beneficiaries currently receiving benefits	41	126
Inactive members entitled to but not yet receiving benefits	—	—
<b>Total</b>	<u>41</u>	<u>126</u>

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

**(10) Defined Benefit Pension Plans (Continued)**

**Agent Multiple-Employer Defined Benefit Pension Plan – Mississippi Municipal Retirement Systems (Continued)**

*Contributions*

Funding policies for MMRS are established by Mississippi statutes. Employer contributions are paid through an annual millage rate on the assessed property values of the City. For the year ended September 30, 2018, the City levied 4.96 mills to help fund MMRS. These millage rates are determined through review of each plan’s benefit structure during the MMRS annual actuarial valuation and certification by the actuary as to the funding level required of the City.

During fiscal year 2018, the Meridian Fire and Police employees’ contribution rate was ten percent of covered payroll and Meridian General employees’ contribution rate was seven percent of covered payroll. There was one active Meridian General Plan employee through November 2017. There were no active Meridian Fire and Police Plan employees in fiscal year 2018. The City’s contributions to the Meridian General Plan and the Meridian Fire and Police Plan for the fiscal year ended September 30, 2018, were \$488,768 and \$1,198,263, respectively.

*Net Pension Liability*

The City’s net pension liability for each plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the plans was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions*

The total pension liabilities in the June 30, 2018, actuarial valuations were determined using the following actuarial information and assumptions:

<u>Description</u>	<u>Assumptions</u>
Investment rate of return	7.75%
Price inflation	3.00%
Salary increases	3.25%
Amortization method	Level dollar closed

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

(10) **Defined Benefit Pension Plans (Continued)**

**Agent Multiple-Employer Defined Benefit Pension Plan – Mississippi Municipal Retirement Systems (Continued)**

The underlying mortality assumptions used in the June 30, 2018 valuation were adopted by the PERS Board of Trustees when the experience investigation for the four-year period ending June 30, 2016, was adopted on April 25, 2017. Further details can be found on the PERS website ([www.pers.ms.gov](http://www.pers.ms.gov)).

***Discount Rate***

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (7.0 percent for Meridian General Employees) and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Changes in Net Pension Liability***

Changes in the City's net pension liability for each plan for the year ended September 30, 2018 were as follows:

	<b><u>Meridian General Plan</u></b>		
	<b><u>Total Pension Liability</u></b>	<b><u>Plan Fiduciary Net Position</u></b>	<b><u>Net Pension Liability</u></b>
<b>Balance at September 30, 2017</b>	\$ <u>6,266,731</u>	<u>3,304,957</u>	<u>2,961,774</u>
Changes for the year:			
Interest	458,020	-	458,020
Difference between expected and actual experience	(8,211)	-	(8,211)
Contributions – employer	-	482,522	(482,522)
Contributions – employee	-	2,431	(2,431)
Net investment income	-	259,283	(259,283)
Benefit payments, including refunds of employee contributions	(713,603)	(713,603)	-
Administrative expense	-	(9,650)	9,650
Other changes	-	(304)	304
Net changes	<u>(263,794)</u>	<u>20,679</u>	<u>(284,473)</u>
<b>Balance at September 30, 2018</b>	\$ <u>6,002,937</u>	<u>3,325,636</u>	<u>2,677,301</u>



**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

(10) **Defined Benefit Pension Plans (Continued)**

**Agent Multiple-Employer Defined Benefit Pension Plan – Mississippi Municipal Retirement Systems (Continued)**

	<u>Meridian Fire &amp; Police Plan</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
<b>Balance at September 30, 2017</b>	\$ <u>16,121,256</u>	<u>9,248,564</u>	<u>6,872,692</u>
Changes for the year:			
Interest	1,181,262	-	1,181,262
Difference between expected and actual experience	(145,148)	-	(145,148)
Contributions – employer	-	1,240,676	(1,240,676)
Net investment income	-	736,409	(736,409)
Benefit payments, including refunds of employee contributions	(1,758,321)	(1,758,321)	-
Administrative expense	-	(24,814)	24,814
Other changes	-	(852)	<u>852</u>
Net changes	<u>(722,207)</u>	<u>193,098</u>	<u>(915,305)</u>
<b>Balance at September 30, 2018</b>	\$ <u>15,399,049</u>	<u>9,441,662</u>	<u>5,957,387</u>

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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

<u>Description</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Meridian General	\$ <u>3,103,477</u>	<u>2,677,301</u>	<u>2,303,176</u>
Meridian Fire and Police	\$ <u>7,119,616</u>	<u>5,957,387</u>	<u>4,943,519</u>

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plans' fiduciary net position is available in the separately issued PERS and MMRS financial reports.



**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

(10) **Defined Benefit Pension Plans (Continued)**

**Agent Multiple-Employer Defined Benefit Pension Plan – Mississippi Municipal Retirement Systems (Continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended September 30, 2018, each plan recognized pension expense as follows:

<u>Description</u>	<u>Meridian General</u>	<u>Meridian Fire &amp; Police</u>
Pension expense	\$ <u>233,671</u>	<u>443,696</u>

At September 30, 2018, the plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b><i>Meridian General:</i></b>		
Net difference between projected and actual earnings on plan investments	\$ -	26,314
City contributions subsequent to the measurement date	<u>56,705</u>	<u>-</u>
<b>Total Meridian General</b>	<b>\$ <u>56,705</u></b>	<b><u>26,314</u></b>
<b><i>Meridian Fire and Police:</i></b>		
Net difference between projected and actual earnings on plan investments	\$ -	51,850
City contributions subsequent to the measurement date	<u>139,423</u>	<u>-</u>
<b>Total Meridian Fire and Police</b>	<b>\$ <u>139,423</u></b>	<b><u>51,850</u></b>

The above deferred outflows of resources and deferred inflows of resources represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

The amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019.

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

**(10) Defined Benefit Pension Plans (Continued)**

**Agent Multiple-Employer Defined Benefit Pension Plan – Mississippi Municipal Retirement Systems (Continued)**

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

<u>Year Ending September 30,</u>	<u>Meridian General</u>	<u>Meridian Fire &amp; Police</u>
2019	\$ 23,239	77,657
2020	(4,792)	1,088
2021	(42,286)	(122,461)
2022	<u>(2,475)</u>	<u>(8,134)</u>
<b>Total</b>	<b>\$ <u>(26,314)</u></b>	<b><u>(51,850)</u></b>

***Payable to Pension Plan***

As of September 30, 2018, the City reported a payable of \$131,020 for the outstanding amount of contributions to the pension plans required for the year ended September 30, 2018.

**Summary of Pension Plan Balances**

The City's pension related balances presented on the Statement of Net Position as of September 30, 2018, by individual plan are as follows:

	<u>PERS</u>	<u>Meridian General</u>	<u>Meridian Fire &amp; Police</u>	<u>Totals</u>
Deferred outflows related to net pension liability	\$ <u>5,087,197</u>	<u>56,705</u>	<u>139,423</u>	<u>5,283,325</u>
Net pension liability	\$ <u>48,235,616</u>	<u>2,677,301</u>	<u>5,957,387</u>	<u>56,870,304</u>
Deferred inflows related to net pension liability	\$ <u>2,617,051</u>	<u>26,314</u>	<u>51,850</u>	<u>2,695,215</u>
Pension expense	\$ <u>7,255,933</u>	<u>233,671</u>	<u>443,696</u>	<u>7,933,300</u>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2018

**(11) Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance to protect against these and other types of risks, except medical claims of City employees and their covered dependents. Coverage limits vary by exposure/policy and are decided on from examination of the number and types of prior claims, as well as from monitoring of judicial decisions, awards and trend factors. Premiums are paid from the general fund, water and sewer fund, golf course fund and Union Station fund, as well as the appropriate department within each fund and by component units. There were no significant reductions in insurance coverage in fiscal 2018, from the prior year. Settled claims have not exceeded commercial coverage in any of the past several years.

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

Changes in the balances of claims liabilities during the fiscal years ended September 30, 2018 and 2017, follows:

<u>Description</u>	<u>2018</u>	<u>2017</u>
Unpaid claims, beginning of year	\$ 580,947	389,722
Incurred claims (including IBNR's)	675,453	767,800
Claim payments	<u>(565,636)</u>	<u>(576,575)</u>
Unpaid claims, end of year	\$ <u>690,764</u>	<u>580,947</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.

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2018

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

Claim payments plus an administrative charge are drafted by the third-party administrator who approves and processes all claims. The Fund collects interfund premiums from insured funds and departments, including amounts withheld from employee payroll for dependent coverage. Interfund premiums are based on the insured funds' claims experience and are adjusted to cover all reported claims. Claims settlement and loss expenses are accrued in the Fund for the settlement value of claims reported and estimated value of claims incurred but not reported, up to stop-loss. No actuarial study has been performed on the Fund.

Changes in the balances of claims liabilities during the fiscal years ended September 30, 2018 and 2017, follows:

<u>Description</u>	<u>2018</u>	<u>2017</u>
Unpaid claims, beginning of year	\$ 611,242	876,691
Incurred claims (including IBNR's)	2,035,599	1,596,947
Claim payments	<u>(2,070,768)</u>	<u>(1,862,396)</u>
Unpaid claims, end of year	\$ <u>576,073</u>	<u>611,242</u>

**(12) Pollution Remediation**

In May, 2014, the United States Environmental Protection Agency ("EPA") notified the City that it had violated the Clean Water Act ("CWA") due in large part to Sanitary Sewer Overflows ("SSOs") from the City's sanitary wastewater collection and treatment system during wet weather. The City has responded to the EPA's claims and has been involved in extensive negotiations with the EPA to develop a remedy to the CWA violations. The City authorized the acceptance and execution of a consent decree in June, 2018, and a revised consent decree in April, 2019. The consent decree will require a civil penalty of \$276,000, in addition to capital expenditures and increased operational expenditures related to the sewer system. Such expenditures will require periodic increases over the next 20 years in rates for water and sewer system services. The consent decree is effective once entered by the Court or a motion to enter the consent decree is granted, whichever comes first. Until the consent decree is effective, the final outcome of this matter cannot be determined.



**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

**(13) Contingent Liabilities**

Litigation

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

Federally Assisted Programs – Compliance Audits

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

**(14) Tax Abatements**

Tax abatements are available to manufacturers and other new enterprises as authorized in Sections 27-31-101 and 27-31-105 of Mississippi Code Annotated (1972) and are granted by the City Council to encourage businesses to locate or expand operations in the City and to create new job opportunities for City residents. The City has a total of twenty-nine (29) ad valorem tax abatement agreements with sixteen (16) different businesses as of September 30, 2018. These agreements are subject to the requirements of GASB Statement No. 77.

Eligible entities may receive ad valorem tax exemptions for consecutive periods not exceeding ten (10) years total. Ad valorem taxes for school district purposes are not exempt. The initial exemption period begins on January 1<sup>st</sup> of the year immediately following the date of operation of the new enterprise or the date that the addition, expansion or equipment replacement is completed. The request for an exemption must be made in writing by June 1 of the year immediately following the year in which operations begin.



**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018



**(14) Tax Abatements (Continued)**

The City abated the following taxes for the fiscal year ended September 30, 2018:

<u>Description</u>	<u>Assessed Valuation</u>	<u>Fiscal Year 2018 Ad Valorem Taxes Abated</u>
Real property tax abatements ending December 31, 2018 through 2023	\$ 4,122,099	209,568
Personal property tax abatements ending December 31, 2018 through 2025	<u>2,995,737</u>	<u>152,303</u>
<b>Totals</b>	<b>\$ <u>7,117,836</u></b>	<b><u>361,871</u></b>

**(15) Construction and Other Significant Commitments**

The City has executed a preliminary engineering services contract for the design of concrete sidewalks along the south side of Highway 80 beginning at 71<sup>st</sup> place and ending at US Highway 19. The preliminary engineering services are being paid from local funds. Construction of the sidewalks will be paid from a \$700,000 Mississippi Transportation Commission grant and \$268,184 in local funds.

The City has entered in to an energy service agreement for an advanced metering infrastructure system upgrade for the water utility services and lighting upgrades in City buildings. \$750,756 has been allocated to the lighting upgrades and \$9,240,458 allocated to the advanced metering infrastructure system upgrade. The total cost of this project is funded by an equipment lease purchase in the amount of \$9,991,214.

The City has executed a fund agreement with the Community Foundation of East Mississippi and pledged up to \$50,000 in matching funds to build a new ADA-compliant Planet Playground, also known as Jeannie's Place at Planet Playground. The City contributed a total of \$43,047 to match the community's fundraising efforts.

In 2017, the City pledged to contribute \$1,000,000 over a six-year period towards the development of the Mississippi Children's Museum – Meridian ("Museum"). A total of \$400,000 has be contributed towards this pledge as of September 30, 2018. The Museum will operate in downtown Meridian, Mississippi under the guidance and umbrella of the Mississippi Children's Museum, a non-profit corporation.

In 2015, the City pledged to contribute \$1,000,000 over a ten-year period towards the START Campaign for the Mississippi Arts and Entertainment Center ("Center"). A total of \$300,000 has be contributed towards this pledge as of September 30, 2018. The fourth payment of \$100,000 was deferred during 2018, while the Center received construction

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2018

**(15) Construction and Other Significant Commitments (Continued)**

funds from the City's \$20,000,000 Series 2017 General Obligation Bonds. The Center was approved by the Mississippi State Legislature and opened in April, 2018 as the Mississippi Arts and Entertainment Experience 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.

The City executed a lease agreement in May, 2013 for a new law enforcement center. The lease term began upon occupancy of the premises and will continue for twenty years with an option to purchase (at fair market value) the premises upon expiration of the primary lease term. The base rental is \$305,000 annually for the first five years and will be adjusted every five years thereafter according to the Consumer Price Index for Urban Wage and Clerical Workers ("CPI-U").

The citizens of the City of Meridian approved a special two percent (2%) prepared food and beverage tax that was levied within the City and pledged to pay the debt service for up to \$20,000,000 in bonds issued for the construction, equipping and furnishing of the Mississippi Arts and Entertainment Center. The special tax was levied beginning in November, 2016 and will be rescinded once the bonds are paid in full. Any funds remaining shall be used for the operation, support, repair, maintenance and improvement of the Center.

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

<u>Description</u>	<u>Encumbrance Amount</u>
Assigned for various governmental services	\$ 640,655

**(16) 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.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2018

### (17) 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 April 29, 2019, (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 October, 2018, the City authorized a development agreement for the construction and installation of the Crossroads Phase II Redevelopment Project and Infrastructure Improvements to be partially financed through the sale and issuance of tax increment financing bonds by the City. The total infrastructure improvements, when all phases of the Phase II Redevelopment Project are complete, is estimated to be approximately \$3,800,000, which will be funded by the tax increment financing bonds and private funds secured by the developer.

In November, 2018, the City authorized a law firm to proceed with filing suit for the recovery of costs incurred by the City for emergency repairs due to the collapse of the IHOP drainage structure in fiscal year 2016.

In February, 2019, the City authorized activation of the 22<sup>nd</sup> Avenue Enhancement Project to improve sidewalk and bicycle paths. This project will be funded by the Mississippi Transportation Commission up to \$1,194,358, with a 20 percent match and preliminary engineering paid from local funds.

In April, 2019, the City authorized the acceptance and execution of a revised consent decree with the United States Environmental Protection Agency (“EPA”) and the Mississippi Department of Environmental Quality (“MDEQ”). The consent decree will require a civil penalty of \$276,000, in addition to capital expenditures and increased operational expenditures related to the sewer system. Such expenditures will require periodic increases over the next 20 years in rates for water and sewer system services. The consent decree is effective once entered by the Court, or a motion to enter the consent decree is granted, whichever comes first. Until the consent decree is effective, the final outcome of this matter cannot be determined.

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**REQUIRED SUPPLEMENTARY INFORMATION**



**SCHEDULE 1**

**CITY OF MERIDIAN, MISSISSIPPI**  
Required Supplementary Information  
Public Employees' Retirement System of Mississippi  
Schedule of the City's Proportionate Share of Net Pension Liability  
Last Ten Fiscal Years<sup>1</sup>

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.292935%	0.280872%	0.260207%	0.253100%
City's proportionate share of the net pension liability	\$ 48,235,616	46,545,503	46,442,492	38,645,070
City's covered payroll	\$ 18,706,663	18,018,067	16,646,173	15,812,876
City's proportionate share of the net pension liability as a percentage of its covered payroll	257.85%	258.33%	279.00%	244.39%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%

<sup>1</sup>GASB 68 was implemented in fiscal year 2015, information is not available to present a full ten years.  
The City has presented information for the years in which it is available.

The amounts presented were determined as of the measurement date of June 30 of the fiscal year presented.

**SCHEDULE 2**

**CITY OF MERIDIAN, MISSISSIPPI**  
Required Supplementary Information  
Public Employees' Retirement System of Mississippi  
Schedule of the City's Contributions  
Last Ten Fiscal Years<sup>1</sup>

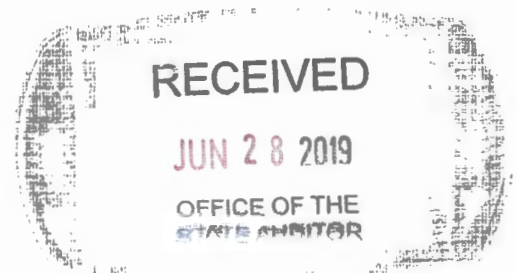
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 2,846,562	2,967,048	2,742,339	2,508,000
Contributions in relation to the statutorily required contribution	<u>2,846,562</u>	<u>2,967,048</u>	<u>2,742,339</u>	<u>2,508,000</u>
Annual contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ <u>18,073,401</u>	<u>18,838,387</u>	<u>17,411,778</u>	<u>15,923,801</u>
Contributions as a percentage of covered payroll	<u>15.75%</u>	<u>15.75%</u>	<u>15.75%</u>	<u>15.75%</u>

<sup>1</sup>GASB 68 was implemented in fiscal year 2015, information is not available to present a full ten years. The City has presented information for the years in which it is available.

**Notes to schedule**

**Changes of benefit terms:** There were no changes to benefit provisions since the last valuation.

**Changes of assumptions:** There were no changes in actuarial assumptions since the last valuation.



**SCHEDULE 3**

**CITY OF MERIDIAN, MISSISSIPPI**  
 Required Supplementary Information  
 Mississippi Municipal Retirement Systems -  
 Meridian General Plan  
 Schedule of Changes in Net Pension Liability and Related Ratios  
 Last Ten Fiscal Years<sup>1</sup>

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement period fiscal year end <sup>2</sup>	6/30/2018	6/30/2017	6/30/2016	6/30/2015
<b>Total pension liability:</b>				
Interest	\$ 458,020	471,793	495,938	517,472
Difference between expected and actual experience	(8,211)	45,421	(108,041)	(79,725)
Changes of assumptions	-	6,705	-	212,270
Benefit payments, including refunds of employee contributions	<u>(713,603)</u>	<u>(689,684)</u>	<u>(709,204)</u>	<u>(729,218)</u>
<b>Net change in total pension liability</b>	<b>(263,794)</b>	<b>(165,765)</b>	<b>(321,307)</b>	<b>(79,201)</b>
<b>Total pension liability, beginning</b>	<u>6,266,731</u>	<u>6,432,496</u>	<u>6,753,803</u>	<u>6,833,004</u>
<b>Total pension liability, ending (a)</b>	<b>\$ <u>6,002,937</u></b>	<b><u>6,266,731</u></b>	<b><u>6,432,496</u></b>	<b><u>6,753,803</u></b>
<b>Plan fiduciary net position:</b>				
Contributions - employer	\$ 482,522	514,966	722,557	729,047
Contributions - employee	2,431	4,488	5,581	4,767
Net investment income	259,283	428,676	44,792	92,425
Benefit payments, including refunds of employee contributions	(713,603)	(689,684)	(709,204)	(729,218)
Administrative expense	(9,650)	(10,299)	(14,451)	(14,581)
Other	<u>(304)</u>	<u>3,565</u>	<u>9,284</u>	<u>-</u>
<b>Net change in plan fiduciary net position</b>	<b>20,679</b>	<b>251,712</b>	<b>58,559</b>	<b>82,440</b>
<b>Plan fiduciary net position, beginning</b>	<u>3,304,957</u>	<u>3,053,245</u>	<u>2,994,686</u>	<u>2,912,246</u>
<b>Plan fiduciary net position, ending (b)</b>	<b>\$ <u>3,325,636</u></b>	<b><u>3,304,957</u></b>	<b><u>3,053,245</u></b>	<b><u>2,994,686</u></b>
<b>Plan net pension liability - ending (a-b)</b>	<b>\$ <u>2,677,301</u></b>	<b><u>2,961,774</u></b>	<b><u>3,379,251</u></b>	<b><u>3,759,117</u></b>
Plan fiduciary net position as a percentage of total pension liability	<u>55.40%</u>	<u>52.74%</u>	<u>47.47%</u>	<u>44.34%</u>
Covered payroll <sup>3</sup>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net pension liability as a percentage of covered payroll <sup>3</sup>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

<sup>1</sup>GASB 68 was implemented in fiscal year 2015, information is not available to present a full ten years. The City has presented information for the years in which it is available.

<sup>2</sup>The amounts presented were determined as of the measurement date of June 30 of the fiscal year presented.

<sup>3</sup>Payroll related information is not provided because this plan is closed to new entrants and there is only one remaining active member in the Meridian General plan.

**Notes to schedule**

**Changes of benefit terms:** There were no changes to benefit provisions since the last valuation.

**Changes of assumptions:** There were no changes in actuarial assumptions since the last valuation.

**SCHEDULE 4**

**CITY OF MERIDIAN, MISSISSIPPI**  
Required Supplementary Information  
Mississippi Municipal Retirement Systems -  
Meridian General Plan  
Schedule of the City's Contributions  
Last Ten Fiscal Years<sup>1</sup>

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution <sup>2</sup>	\$ 482,522	514,966	722,557	729,047
Contributions in relation to the actuarially required contribution <sup>2</sup>	<u>482,522</u>	<u>514,966</u>	<u>722,557</u>	<u>729,047</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll <sup>3</sup>	\$ <u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered payroll <sup>3</sup>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

<sup>1</sup>GASB 68 was implemented in fiscal year 2015, information is not available to present a full ten years. The City has presented information for the years in which it is available.

<sup>2</sup>The amounts presented were determined as of the measurement date of June 30 of the fiscal year presented.

<sup>3</sup>Payroll related information is not provided because this plan is closed to new entrants and there is only one remaining active member in the Meridian General plan.

**Notes to schedule**

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year ended September, 30, 2018 were based on the June 30, 2016 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Ultimate Asset Reserve
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	4.00 - 5.50%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

**SCHEDULE 5**

**CITY OF MERIDIAN, MISSISSIPPI**  
 Required Supplementary Information  
 Mississippi Municipal Retirement Systems -  
 Meridian Fire & Police Plan  
 Schedule of Changes in Net Pension Liability and Related Ratios  
 Last Ten Fiscal Years<sup>1</sup>

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement period fiscal year end <sup>2</sup>	6/30/2018	6/30/2017	6/30/2016	6/30/2015
<b>Total pension liability:</b>				
Interest	\$ 1,181,262	1,270,520	1,356,255	1,404,037
Difference between expected and actual experience	(145,148)	(665,204)	(577,858)	(8,930)
Changes of assumptions	-	37,160	-	525,288
Benefit payments, including refunds of employee contributions	<u>(1,758,321)</u>	<u>(1,830,058)</u>	<u>(1,939,245)</u>	<u>(2,002,352)</u>
<b>Net change in total pension liability</b>	(722,207)	(1,187,582)	(1,160,848)	(81,957)
<b>Total pension liability, beginning</b>	<u>16,121,256</u>	<u>17,308,838</u>	<u>18,469,686</u>	<u>18,551,643</u>
<b>Total pension liability, ending (a)</b>	<b>\$ <u>15,399,049</u></b>	<b><u>16,121,256</u></b>	<b><u>17,308,838</u></b>	<b><u>18,469,686</u></b>
<b>Plan fiduciary net position:</b>				
Contributions - employer	\$ 1,240,676	1,773,349	1,937,647	1,809,952
Net investment income	736,409	1,198,539	11,593	256,985
Benefit payments, including refunds of employee contributions	(1,758,321)	(1,830,058)	(1,939,245)	(2,002,352)
Administrative expense	(24,814)	(35,467)	(38,753)	(36,199)
Other	<u>(852)</u>	<u>6,988</u>	<u>23,380</u>	<u>-</u>
<b>Net change in plan fiduciary net position</b>	193,098	1,113,351	(5,378)	28,386
<b>Plan fiduciary net position, beginning</b>	<u>9,248,564</u>	<u>8,135,213</u>	<u>8,140,591</u>	<u>8,112,205</u>
<b>Plan fiduciary net position, ending (b)</b>	<b>\$ <u>9,441,662</u></b>	<b><u>9,248,564</u></b>	<b><u>8,135,213</u></b>	<b><u>8,140,591</u></b>
<b>Plan net pension liability - ending (a-b)</b>	<b>\$ <u>5,957,387</u></b>	<b><u>6,872,692</u></b>	<b><u>9,173,625</u></b>	<b><u>10,329,095</u></b>
Plan fiduciary net position as a percentage of total pension liability	<u>61.31%</u>	<u>57.37%</u>	<u>47.00%</u>	<u>44.08%</u>
Covered payroll <sup>3</sup>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net pension liability as a percentage of covered payroll <sup>3</sup>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

<sup>1</sup>GASB 68 was implemented in fiscal year 2015, information is not available to present a full ten years. The City has presented information for the years in which it is available.

<sup>2</sup>The amounts presented were determined as of the measurement date of June 30 of the fiscal year presented.

<sup>3</sup>Payroll related information is not provided because this plan is closed to new entrants and there are no remaining active members in the Meridian Fire and Police plan.

**Notes to schedule**

**Changes of benefit terms:** There were no changes to benefit provisions since the last valuation.

**Changes of assumptions:** There were no changes in actuarial assumptions since the last valuation.



**SCHEDULE 6**

**CITY OF MERIDIAN, MISSISSIPPI**  
 Required Supplementary Information  
 Mississippi Municipal Retirement Systems -  
 Meridian Fire & Police Plan  
 Schedule of the City's Contributions  
 Last Ten Fiscal Years<sup>1</sup>

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution <sup>2</sup>	\$ 1,240,676	1,773,349	1,937,647	1,809,952
Contributions in relation to the actuarially required contribution <sup>2</sup>	<u>1,240,676</u>	<u>1,773,349</u>	<u>1,937,647</u>	<u>1,809,952</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll <sup>3</sup>	\$ <u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered payroll <sup>3</sup>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

<sup>1</sup>GASB 68 was implemented in fiscal year 2015, information is not available to present a full ten years. The City has presented information for the years in which it is available.

<sup>2</sup>The amounts presented were determined as of the measurement date of June 30 of the fiscal year presented.

<sup>3</sup>Payroll related information is not provided because this plan is closed to new entrants and there are no remaining active members in the Meridian Fire and Police plan.

**Notes to schedule**

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year ended September, 30, 2018 were based on the June 30, 2016 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Ultimate Asset Reserve
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	4.00 - 5.50%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

## NONMAJOR GOVERNMENTAL FUNDS

### **Capital Projects Funds**

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

**Sowashee Project** – This fund 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.

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

**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 from the 2011 general obligation bonds to be used for acquisition and construction of major capital facilities, infrastructure, and improvements.

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

**2012 General Obligation Bonds** – This fund is used to account for the proceeds and disbursements from the 2012 general obligation bonds to be used for acquisition and construction of major capital facilities, infrastructure, and improvements.

**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 5<sup>th</sup> Street approximately between 23<sup>rd</sup> Avenue and 26<sup>th</sup> Avenue, as well as portions of 25<sup>th</sup> 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.

**Velma Young Community Center** – This fund is used to account for the local and grant revenues used to construct a new community center at Velma Young Park.

## NONMAJOR GOVERNMENTAL FUNDS

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

**Drainage Structure Collapse Emergency** – This fund is used to account for bond proceeds used for emergency repairs and professional services due to the unexpected collapse of a drainage structure located on North Frontage Road.

**2016 General Obligation Bonds** – This fund is used to account for the proceeds and disbursements from the 2016 general obligation bonds to be used for acquisition and construction of major capital facilities, infrastructure, and improvements.

**Vehicle Loans** – This fund is used to account for the proceeds and disbursements from the fiscal year 2016 and 2017 vehicle loans. The loan proceeds were used to purchase standard fleet vehicles and specialty vehicles for public works and the fire department.

**Slope Stabilization** – This fund is used to account for the local and grant revenues used for slope stabilization at (1) 19<sup>th</sup> Street and the Highland Park Bridge, (2) Parkway Avenue and 38<sup>th</sup> Street, and (3) 65<sup>th</sup> Avenue at the CITGO terminal.

**Drainage Structure Repair** – This fund is used to account for the local and grant revenues to construct a new drainage structure on North Frontage Road.

**2018 Energy Services Lease** – This fund is used to account for the proceeds and disbursements from the 2018 energy services lease to be used for lighting upgrades in various City buildings.



**CITY OF MERIDIAN, MISSISSIPPI**  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 Nonmajor Capital Projects Funds  
 September 30, 2018

	<u>Sowashee Project</u>	<u>City Hall Improvements</u>	<u>Safe Routes to School Project</u>	<u>2011 General Obligation Bonds</u>	<u>35th Avenue &amp; 40th Street Bridge Replacement</u>	<u>2012 General Obligation Bonds</u>
<b><u>ASSETS</u></b>						
Due from other funds	\$ -	-	35,779	-	-	116,917
Restricted assets:						
Cash and cash equivalents	<u>286,674</u>	<u>89,617</u>	<u>-</u>	<u>1,211</u>	<u>42,947</u>	<u>563,366</u>
<b>Total assets</b>	<b>\$ <u>286,674</u></b>	<b><u>89,617</u></b>	<b><u>35,779</u></b>	<b><u>1,211</u></b>	<b><u>42,947</u></b>	<b><u>680,283</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b>Liabilities:</b>						
Due to other funds	\$ -	-	35,779	-	-	135,164
Liabilities payable from restricted assets -						
Accounts payable	<u>-</u>	<u>6,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,653</u>
<b>Total liabilities</b>	<u>-</u>	<u>6,008</u>	<u>35,779</u>	<u>-</u>	<u>-</u>	<u>180,817</u>
<b>Fund balances:</b>						
Restricted for:						
Sowashee Creek maintenance	286,674	-	-	-	-	-
Construction/acquisition of capital assets	-	83,609	-	1,211	42,947	-
Damage repairs and stabilization	-	-	-	-	-	-
Paving and sidewalk projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>499,466</u>
<b>Total fund balances</b>	<u>286,674</u>	<u>83,609</u>	<u>-</u>	<u>1,211</u>	<u>42,947</u>	<u>499,466</u>
<b>Total liabilities and fund balances</b>	<b>\$ <u>286,674</u></b>	<b><u>89,617</u></b>	<b><u>35,779</u></b>	<b><u>1,211</u></b>	<b><u>42,947</u></b>	<b><u>680,283</u></b>

SCHEDULE 7

<u>Downtown Streetscape</u>	<u>Highway 39 Signalization</u>	<u>Velma Young Community Center</u>	<u>Drainage Structure Collapse Emergency</u>	<u>2016 General Obligation Bonds</u>	<u>Vehicle Loans</u>	<u>Slope Stabilization</u>	<u>Drainage Structure Repair</u>	<u>2018 Energy Services Lease</u>	<u>Total Nonmajor Capital Projects Funds</u>
81,181	-	-	-	-	-	18,204	181,773	-	433,854
-	3,368	7,376	23,693	930,272	43,570	-	8,097	-	2,000,191
<u>81,181</u>	<u>3,368</u>	<u>7,376</u>	<u>23,693</u>	<u>930,272</u>	<u>43,570</u>	<u>18,204</u>	<u>189,870</u>	<u>-</u>	<u>2,434,045</u>
81,138	-	-	-	-	43,013	18,065	17,862	-	331,021
-	-	-	4,893	12,173	-	-	172,008	-	240,735
<u>81,138</u>	<u>-</u>	<u>-</u>	<u>4,893</u>	<u>12,173</u>	<u>43,013</u>	<u>18,065</u>	<u>189,870</u>	<u>-</u>	<u>571,756</u>
-	-	-	-	-	-	-	-	-	286,674
-	3,368	7,376	-	-	557	139	-	-	139,207
-	-	-	18,800	-	-	-	-	-	18,800
<u>43</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>918,099</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,417,608</u>
<u>43</u>	<u>3,368</u>	<u>7,376</u>	<u>18,800</u>	<u>918,099</u>	<u>557</u>	<u>139</u>	<u>-</u>	<u>-</u>	<u>1,862,289</u>
<u>81,181</u>	<u>3,368</u>	<u>7,376</u>	<u>23,693</u>	<u>930,272</u>	<u>43,570</u>	<u>18,204</u>	<u>189,870</u>	<u>-</u>	<u>2,434,045</u>



**CITY OF MERIDIAN, MISSISSIPPI**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended September 30, 2018

	<u>Sowashee Project</u>	<u>City Hall Improvements</u>	<u>Safe Routes to School Project</u>	<u>2011 General Obligation Bonds</u>	<u>35th Avenue &amp; 40th Street Bridge Replacement</u>	<u>2012 General Obligation Bonds</u>
<b>Revenues:</b>						
Intergovernmental:						
Federal	\$ -	-	-	-	-	-
Interest on investments	<u>712</u>	<u>281</u>	<u>-</u>	<u>2</u>	<u>107</u>	<u>1,694</u>
Total revenues	<u>712</u>	<u>281</u>	<u>-</u>	<u>2</u>	<u>107</u>	<u>1,694</u>
<b>Expenditures:</b>						
Construction/acquisition of capital assets	-	54,001	-	-	-	17,914
Engineering and other	<u>2,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,364</u>
Total expenditures	<u>2,900</u>	<u>54,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,278</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(2,188)</u>	<u>(53,720)</u>	<u>-</u>	<u>2</u>	<u>107</u>	<u>(54,584)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Capital lease	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(2,188)</u>	<u>(53,720)</u>	<u>-</u>	<u>2</u>	<u>107</u>	<u>(54,584)</u>
<b>Fund Balances, October 1, 2017</b>	<u>288,862</u>	<u>137,329</u>	<u>-</u>	<u>1,209</u>	<u>42,840</u>	<u>554,050</u>
<b>Fund balances, September 30, 2018</b>	\$ <u>286,674</u>	<u>83,609</u>	<u>-</u>	<u>1,211</u>	<u>42,947</u>	<u>499,466</u>

**SCHEDULE 8**

<u>Downtown Streetscape</u>	<u>Highway 39 Signalization</u>	<u>Velma Young Community Center</u>	<u>Drainage Structure Collapse Emergency</u>	<u>2016 General Obligation Bonds</u>	<u>Vehicle Loans</u>	<u>Slope Stabilization</u>	<u>Drainage Structure Repair</u>	<u>2018 Energy Services Lease</u>	<u>Total Nonmajor Capital Projects Funds</u>
-	-	-	-	-	-	-	1,520,912	-	1,520,912
<u>43</u>	<u>8</u>	<u>25</u>	<u>129</u>	<u>3,897</u>	<u>64</u>	<u>139</u>	<u>77</u>	<u>-</u>	<u>7,178</u>
<u>43</u>	<u>8</u>	<u>25</u>	<u>129</u>	<u>3,897</u>	<u>64</u>	<u>139</u>	<u>1,520,989</u>	<u>-</u>	<u>1,528,090</u>
-	-	4,060	-	1,116,671	-	-	2,118,762	538,581	3,849,989
-	-	-	43,397	-	-	-	-	2,730	87,391
-	-	<u>4,060</u>	<u>43,397</u>	<u>1,116,671</u>	<u>-</u>	<u>-</u>	<u>2,118,762</u>	<u>541,311</u>	<u>3,937,380</u>
<u>43</u>	<u>8</u>	<u>(4,035)</u>	<u>(43,268)</u>	<u>(1,112,774)</u>	<u>64</u>	<u>139</u>	<u>(597,773)</u>	<u>(541,311)</u>	<u>(2,409,290)</u>
-	-	-	-	-	-	-	181,773	-	181,773
-	-	-	-	-	-	-	-	<u>541,311</u>	<u>541,311</u>
-	-	-	-	-	-	-	<u>181,773</u>	<u>541,311</u>	<u>723,084</u>
<u>43</u>	<u>8</u>	<u>(4,035)</u>	<u>(43,268)</u>	<u>(1,112,774)</u>	<u>64</u>	<u>139</u>	<u>(416,000)</u>	<u>-</u>	<u>(1,686,206)</u>
-	<u>3,360</u>	<u>11,411</u>	<u>62,068</u>	<u>2,030,873</u>	<u>493</u>	<u>-</u>	<u>416,000</u>	<u>-</u>	<u>3,548,495</u>
<u>43</u>	<u>3,368</u>	<u>7,376</u>	<u>18,800</u>	<u>918,099</u>	<u>557</u>	<u>139</u>	<u>-</u>	<u>-</u>	<u>1,862,289</u>

**SCHEDULE 9**

**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, 2018**

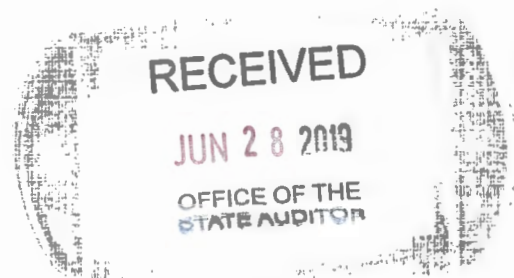
	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis) Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$ 5,850,000	13,850,000	14,077,116	227,116
<b>Expenditures - debt service</b>	<u>5,850,000</u>	<u>13,850,000</u>	<u>13,229,715</u>	<u>620,285</u>
<b>Net change in fund balances</b>	\$ <u>-</u>	<u>-</u>	847,401	<u>847,401</u>
<b>Fund Balance, October 1, 2017</b>			<u>4,205,584</u>	
<b>Fund Balance, September 30, 2018</b>			\$ <u>5,052,985</u>	



**SCHEDULE 10**

**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, 2018

	<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	\$ 4,550,000	4,550,000	3,947,245	(602,755)
Expenditures - capital outlay	<u>18,550,000</u>	<u>18,550,000</u>	<u>16,262,742</u>	<u>2,287,258</u>
Net change in fund balances	\$ <u>(14,000,000)</u>	<u>(14,000,000)</u>	(12,315,497)	<u>1,684,503</u>
Fund balance, October 1, 2017			<u>14,771,406</u>	
Fund balance, September 30, 2018			\$ <u>2,455,909</u>	



**CITY OF MERIDIAN, MISSISSIPPI**  
Schedule of General Fund Expenditures  
By Departments and Divisions  
For the Fiscal Year Ended September 30, 2018  
(With Comparative Totals for the Fiscal Year Ended September 30, 2017)

	<u>Executive, Legislative and Judicial</u>	<u>Finance and Records</u>	<u>Community Development</u>	<u>Fire Department</u>	<u>Police Department</u>	<u>Public Safety &amp; Training Facility</u>
<b>Personnel services:</b>						
Salaries - regular	\$ 945,695	807,931	632,540	3,734,549	4,423,563	162,248
Salaries - overtime	93	3,947	578	441,207	358,184	-
Salaries - temporaries	55,461	12,158	95,210	1,525	77,944	-
Fringe benefits	<u>393,034</u>	<u>333,909</u>	<u>272,083</u>	<u>1,683,736</u>	<u>1,917,716</u>	<u>67,158</u>
Total personnel services	<u>1,394,283</u>	<u>1,157,945</u>	<u>1,000,411</u>	<u>5,861,017</u>	<u>6,777,407</u>	<u>229,406</u>
<b>Contractual services and supplies:</b>						
Supplies - office	6,491	4,428	650	1,521	3,865	817
Supplies - operating	1,851	4,487	2,315	2,509	50,205	24,337
Supplies - household	-	2,448	1,069	11,777	5,063	572
Supplies - uniforms and clothing	292	-	3,391	13,690	28,833	-
Supplies - materials direct	-	-	-	-	-	-
Materials - small tools and workorders	160	1,539	57	1,596	709	1,585
Professional services	459,236	146,486	6,781	7,657	348,977	5,994
Telephone	7,096	113,994	7,960	5,923	16,953	1,290
Postage	4,197	3,381	4,832	953	858	-
Travel	16,509	11,381	5,914	23,442	14,681	-
Freight	-	-	5	20	-	-
Advertising and publishing	36,228	1,602	10,972	-	-	-
Printing and binding	1,415	4,158	294	474	2,729	-
Insurance	81,893	46,532	57,669	217,255	399,216	22,555
Utilities	-	1,296,841	17,661	112,142	54,048	31,080
Operating and maintenance - buildings	-	17,467	3,663	19,480	18,429	3,112
Operating and maintenance - grounds	-	-	-	30	-	1,028
Operating and maintenance - equipment	3,252	9,300	861	11,221	13,816	6,279
Operating and maintenance - vehicles	6,296	152	24,106	97,890	480,444	6,640
Operating and maintenance - computer services	10,957	84,385	36,952	56,909	68,080	20,588
Rentals	7,340	5,880	2,513	774	-	-
Judgments and claims	19,514	5,791	31,707	121,348	103,474	1,682
Dues and subscriptions	21,711	2,526	3,299	1,849	1,383	-
Public relations	102,155	-	960	2,291	-	-
Refunds	-	91	100	-	-	-
Job training	3,579	5,102	2,590	32,238	5,502	400
Safety	-	-	-	35,756	-	489
Hospital and medical	<u>21,753</u>	<u>-</u>	<u>-</u>	<u>20,108</u>	<u>8,571</u>	<u>-</u>
Total contractual services & supplies	<u>811,925</u>	<u>1,767,971</u>	<u>226,321</u>	<u>798,853</u>	<u>1,625,836</u>	<u>128,448</u>
<b>Capital outlay:</b>						
Land	-	-	-	-	-	-
Buildings	-	-	-	-	305,000	-
Machinery and equipment	-	20,949	1,358	-	14,000	-
Improvement other than buildings	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-
Total capital outlay	<u>-</u>	<u>20,949</u>	<u>1,358</u>	<u>-</u>	<u>319,000</u>	<u>-</u>
<b>Debt service:</b>						
Principal	-	-	9,197	327,699	52,100	-
Interest	-	-	412	42,520	3,761	-
Total debt service	<u>-</u>	<u>-</u>	<u>9,609</u>	<u>370,219</u>	<u>55,861</u>	<u>-</u>
<b>Transfers and other charges:</b>						
Transfer to other funds	401,919	-	347,733	2,663	-	-
Special projects	200,000	8,750	5,036	17,500	12,500	-
Miscellaneous contributions	521,400	-	-	-	-	-
Other projects and charges	-	-	-	-	-	-
Total transfers and other charges	<u>1,123,319</u>	<u>8,750</u>	<u>352,769</u>	<u>20,163</u>	<u>12,500</u>	<u>-</u>
<b>Total General Fund expenditures - 2018</b>	<u>3,329,527</u>	<u>2,955,615</u>	<u>1,590,468</u>	<u>7,050,252</u>	<u>8,790,604</u>	<u>557,854</u>
<b>Total General Fund expenditures - 2017</b>	<u>3,900,413</u>	<u>3,204,588</u>	<u>1,944,923</u>	<u>7,561,769</u>	<u>9,298,501</u>	<u>414,216</u>
<b>Increase (decrease)</b>	<u>\$ (570,886)</u>	<u>(248,973)</u>	<u>(354,455)</u>	<u>(511,517)</u>	<u>(507,897)</u>	<u>(56,362)</u>

SCHEDULE ii

<u>Public Works</u>	<u>Parks, Recreation &amp; Cultural Affairs</u>	<u>Arts District Parking Garage</u>	<u>Totals</u>		<u>Increase (Decrease)</u>
			<u>2018</u>	<u>2017</u>	
2,179,408	860,448	-	13,746,382	14,225,322	(478,940)
71,474	5,798	-	881,281	1,430,478	(549,197)
494,155	276,447	-	1,012,900	1,197,897	(184,997)
<u>1,098,447</u>	<u>426,430</u>	<u>-</u>	<u>6,192,513</u>	<u>6,226,455</u>	<u>(33,942)</u>
<u>3,843,484</u>	<u>1,569,123</u>	<u>-</u>	<u>21,833,076</u>	<u>23,080,152</u>	<u>(1,247,076)</u>
1,901	2,772	-	22,445	31,863	(9,418)
78,851	29,598	-	194,153	254,439	(60,286)
4,126	13,478	353	38,886	48,475	(9,589)
15,280	-	-	61,486	123,276	(61,790)
94,909	4,807	-	99,716	148,666	(48,950)
9,248	4,989	-	19,883	29,963	(10,080)
64,133	50,082	-	1,089,346	1,509,028	(419,682)
3,177	5,286	28	161,707	176,545	(14,838)
580	2,270	35	17,106	19,373	(2,267)
2,777	5,549	-	80,253	97,964	(17,711)
8	-	-	33	513	(480)
357	-	-	49,159	63,565	(14,406)
-	-	-	9,070	17,196	(8,126)
319,600	93,301	11,183	1,249,204	1,132,692	116,512
35,551	275,265	26,599	1,849,187	1,671,107	178,080
14,389	24,254	12,512	113,306	207,234	(93,928)
24,613	40,596	-	66,267	70,270	(4,003)
69,750	33,937	1,492	149,908	176,034	(26,126)
330,917	49,776	-	996,221	939,143	57,078
36,196	22,922	-	336,989	349,063	(12,074)
24,944	968	-	42,419	71,204	(28,785)
185,803	16,042	-	485,361	524,456	(39,095)
3,445	165	-	34,378	23,991	10,387
1,200	-	-	106,606	206,108	(99,502)
-	-	-	191	1,000	(809)
4,084	1,285	-	54,780	61,603	(6,823)
14,908	3,437	-	54,590	64,638	(10,048)
<u>2,425</u>	<u>-</u>	<u>-</u>	<u>52,857</u>	<u>53,458</u>	<u>(601)</u>
<u>1,343,172</u>	<u>680,779</u>	<u>52,202</u>	<u>7,435,507</u>	<u>8,072,867</u>	<u>(637,360)</u>
-	-	-	-	482	(482)
-	-	-	305,000	400,696	(95,696)
141,097	12,984	-	190,388	464,737	(274,349)
9,009	6,500	-	15,509	132,217	(116,708)
-	-	-	-	287,209	(287,209)
<u>150,106</u>	<u>19,484</u>	<u>-</u>	<u>510,897</u>	<u>1,285,341</u>	<u>(774,444)</u>
115,417	25,168	555	530,136	153,950	376,186
7,353	1,204	-	55,250	24,395	30,855
<u>122,770</u>	<u>26,372</u>	<u>555</u>	<u>585,386</u>	<u>178,345</u>	<u>407,041</u>
-	150,000	-	902,315	732,800	169,515
30,216	16,700	-	290,702	1,140,056	(849,354)
-	-	-	521,400	744,846	(223,446)
18,619	-	-	18,619	16,021	2,598
48,835	166,700	-	1,733,036	2,633,723	(900,687)
5,508,367	2,462,458	52,757	32,097,902	35,250,428	(3,152,526)
<u>5,823,429</u>	<u>3,020,625</u>	<u>81,964</u>	<u>35,250,428</u>		
<u>(315,062)</u>	<u>(558,167)</u>	<u>(29,207)</u>	<u>(3,152,526)</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 12**

**CITY OF MERIDIAN, MISSISSIPPI**  
 Combining Statement of Net Position  
 Nonmajor Enterprise Funds  
 September 30, 2018

	<u>Golf</u>	<u>Union</u>	<u>Concessions</u>	<u>Total</u>
	<u>Course</u>	<u>Station</u>		<u>Nonmajor</u>
				<u>Enterprise</u>
				<u>Funds</u>
<b><u>ASSETS</u></b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 1,099	148	76,750	77,997
Receivables - miscellaneous	-	63	-	63
Inventory	6,271	-	1,698	7,969
Prepaid items	811	51,621	-	52,432
<b>Total current assets</b>	<u>8,181</u>	<u>51,832</u>	<u>78,448</u>	<u>138,461</u>
<b>Capital assets:</b>				
Buildings	126,628	-	-	126,628
Improvements other than buildings	431,753	6,300	-	438,053
Machinery and equipment	335,690	44,810	-	380,500
Total capital assets	894,071	51,110	-	945,181
Less accumulated depreciation	(637,629)	(44,081)	-	(681,710)
<b>Capital assets (net of accumulated depreciation)</b>	<u>256,442</u>	<u>7,029</u>	<u>-</u>	<u>263,471</u>
<b>Total assets</b>	<u>264,623</u>	<u>58,861</u>	<u>78,448</u>	<u>401,932</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Deferred outflows related to net pension liability	<u>32,546</u>	<u>15,476</u>	<u>2,961</u>	<u>50,983</u>
<b><u>LIABILITIES</u></b>				
<b>Current liabilities:</b>				
Accounts payable	7,847	18,484	-	26,331
Accrued liabilities:				
Payroll	7,663	3,129	198	10,990
Sales tax	1,154	-	117	1,271
Due to other funds	68,339	78,234	-	146,573
<b>Total current liabilities</b>	85,003	99,847	315	185,165
<b>Noncurrent liabilities -</b>				
Net pension liability	367,608	195,618	29,469	592,695
<b>Total liabilities</b>	<u>452,611</u>	<u>295,465</u>	<u>29,784</u>	<u>777,860</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Deferred inflows related to net pension liability	<u>135,900</u>	<u>5,567</u>	<u>18,310</u>	<u>159,777</u>
<b><u>NET POSITION</u></b>				
Net investment in capital assets	256,442	7,029	-	263,471
Unrestricted (deficit)	(547,784)	(233,724)	33,315	(748,193)
<b>Total net position (deficit)</b>	\$ <u>(291,342)</u>	<u>(226,695)</u>	<u>33,315</u>	<u>(484,722)</u>

**SCHEDULE 13****CITY OF MERIDIAN, MISSISSIPPI**

Combining Statement of Revenues, Expenses, and Changes in Net Position  
 Nonmajor Enterprise Funds  
 For the Fiscal Year Ended September 30, 2018

	<u>Golf Course</u>	<u>Union Station</u>	<u>Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Operating revenues:</b>				
Charges for sales and services:				
Memberships	\$ 48,749	-	-	48,749
Green fees	44,108	-	-	44,108
Cart rental	32,127	-	-	32,127
Concessions	23,089	-	14,545	37,634
Rental income	-	56,522	-	56,522
Miscellaneous	41	-	244	285
Total operating revenues	<u>148,114</u>	<u>56,522</u>	<u>14,789</u>	<u>219,425</u>
<b>Operating expenses:</b>				
Personnel services	155,851	118,638	11,614	286,103
Supplies and materials	29,407	5,749	6,478	41,634
Rent and utilities	18,543	74,536	-	93,079
Operation, maintenance, and repairs	61,841	26,946	-	88,787
Depreciation	28,339	252	-	28,591
Miscellaneous	12,329	122,282	99	134,710
Total operating expenses	<u>306,310</u>	<u>348,403</u>	<u>18,191</u>	<u>672,904</u>
Operating loss	<u>(158,196)</u>	<u>(291,881)</u>	<u>(3,402)</u>	<u>(453,479)</u>
<b>Nonoperating revenues (expenses):</b>				
Interest income	<u>1</u>	<u>24</u>	<u>201</u>	<u>226</u>
Total nonoperating revenues (expenses)	<u>1</u>	<u>24</u>	<u>201</u>	<u>226</u>
Loss before transfers	(158,195)	(291,857)	(3,201)	(453,253)
<b>Transfers -</b>				
Transfers in	<u>150,000</u>	<u>297,533</u>	<u>-</u>	<u>447,533</u>
Change in net position	(8,195)	5,676	(3,201)	(5,720)
Net position (deficit), October 1, 2017	<u>(283,147)</u>	<u>(232,371)</u>	<u>36,516</u>	<u>(479,002)</u>
Net position (deficit), September 30, 2018	\$ <u>(291,342)</u>	<u>(226,695)</u>	<u>33,315</u>	<u>(484,722)</u>

**SCHEDULE 14**

**CITY OF MERIDIAN, MISSISSIPPI**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Fiscal Year Ended September 30, 2018**

	<b><u>Golf</u></b>	<b><u>Union</u></b>	<b><u>Concessions</u></b>	<b><u>Total</u></b>
	<b><u>Course</u></b>	<b><u>Station</u></b>		<b><u>Nonmajor</u></b>
				<b><u>Enterprise</u></b>
				<b><u>Funds</u></b>
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 148,114	56,656	14,789	219,559
Payments to suppliers	(132,925)	(251,804)	(7,586)	(392,315)
Payments to employees	(140,112)	(95,152)	(13,939)	(249,203)
Payments for internal services	<u>(25,057)</u>	<u>(7,318)</u>	<u>-</u>	<u>(32,375)</u>
<b>Net cash used in operating activities</b>	<b><u>(149,980)</u></b>	<b><u>(297,618)</u></b>	<b><u>(6,736)</u></b>	<b><u>(454,334)</u></b>
<b>Cash flows from noncapital financing activities -</b>				
Transfers from other funds	<u>150,000</u>	<u>297,533</u>	<u>-</u>	<u>447,533</u>
<b>Cash flows from investing activities -</b>				
Interest received	<u>1</u>	<u>24</u>	<u>201</u>	<u>226</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>21</b>	<b>(61)</b>	<b>(6,535)</b>	<b>(6,575)</b>
<b>Cash and cash equivalents, October 1, 2017</b>	<b><u>1,078</u></b>	<b><u>209</u></b>	<b><u>83,285</u></b>	<b><u>84,572</u></b>
<b>Cash and cash equivalents, September 30, 2018</b>	<b>\$ <u>1,099</u></b>	<b><u>148</u></b>	<b><u>76,750</u></b>	<b><u>77,997</u></b>
<b>Reconciliation of operating loss to</b>				
<b>net cash used in operating activities:</b>				
Operating loss	\$ (158,196)	(291,881)	(3,402)	(453,479)
Adjustments to reconcile operating loss				
to net cash used in operating activities:				
Depreciation	28,339	252	-	28,591
Changes in assets and liabilities:				
Accounts receivable	-	136	-	136
Inventory	657	-	(909)	(252)
Prepaid items	(140)	(249)	-	(389)
Deferred outflows related to net pension liability	27,086	7,908	2,990	37,984
Accounts payable	3,132	(2,278)	-	854
Accrued liabilities	(2,924)	(1,189)	(78)	(4,191)
Due to other funds	(14,349)	(19,766)	-	(34,115)
Net pension liability	(163,005)	6,476	(22,998)	(179,527)
Deferred inflows related to net pension liability	<u>129,420</u>	<u>2,973</u>	<u>17,661</u>	<u>150,054</u>
Total adjustments	<u>8,216</u>	<u>(5,737)</u>	<u>(3,334)</u>	<u>(855)</u>
<b>Net cash used in operating activities</b>	<b>\$ <u>(149,980)</u></b>	<b><u>(297,618)</u></b>	<b><u>(6,736)</u></b>	<b><u>(454,334)</u></b>

## 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, insurance premiums, 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, 2018

	<u>Municipal Supply</u>	<u>Municipal Office Supply</u>	<u>Health and Life Insurance Reserve</u>	<u>Unemployment Compensation</u>	<u>Total Internal Service Funds</u>
<b><u>ASSETS</u></b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 155,885	45,482	639,517	46,928	887,812
Receivable - miscellaneous	-	-	505	-	505
Due from other funds:					
General fund	40,102	-	-	-	40,102
Water and sewer fund	16,521	-	-	-	16,521
Golf Course	1,182	-	-	-	1,182
Inventory	<u>46,457</u>	<u>2,916</u>	<u>-</u>	<u>-</u>	<u>49,373</u>
<b>Total current assets</b>	<u>260,147</u>	<u>48,398</u>	<u>640,022</u>	<u>46,928</u>	<u>995,495</u>
<b><u>LIABILITIES</u></b>					
<b>Current liabilities -</b>					
Accounts payable	<u>62,759</u>	<u>-</u>	<u>576,073</u>	<u>-</u>	<u>638,832</u>
<b>Total current liabilities</b>	<u>62,759</u>	<u>-</u>	<u>576,073</u>	<u>-</u>	<u>638,832</u>
<b><u>NET POSITION</u></b>					
Unrestricted	\$ <u>197,388</u>	<u>48,398</u>	<u>63,949</u>	<u>46,928</u>	<u>356,663</u>



**SCHEDULE 16****CITY OF MERIDIAN, MISSISSIPPI**

Combining Statement of Revenues, Expenses and Changes in Net Position  
 Internal Service Funds  
 For the Fiscal Year Ended September 30, 2018

	<u>Municipal Supply</u>	<u>Municipal Office Supply</u>	<u>Health and Life Insurance Reserve</u>	<u>Unemployment Compensation</u>	<u>Total Internal Service Funds</u>
<b>Operating revenues:</b>					
Charges for sales and services	\$ 521,352	1,761	-	-	523,113
Premiums	<u>-</u>	<u>-</u>	<u>3,641,640</u>	<u>-</u>	<u>3,641,640</u>
<b>Total operating revenues</b>	<u>521,352</u>	<u>1,761</u>	<u>3,641,640</u>	<u>-</u>	<u>4,164,753</u>
<b>Operating expenses:</b>					
Costs of sales and services	520,634	1,815	-	-	522,449
Claims paid	<u>-</u>	<u>-</u>	<u>3,707,188</u>	<u>32,005</u>	<u>3,739,193</u>
<b>Total operating expenses</b>	<u>520,634</u>	<u>1,815</u>	<u>3,707,188</u>	<u>32,005</u>	<u>4,261,642</u>
<b>Operating loss</b>	718	(54)	(65,548)	(32,005)	(96,889)
<b>Nonoperating revenues -</b>					
Interest income	<u>391</u>	<u>116</u>	<u>3,205</u>	<u>115</u>	<u>3,827</u>
<b>Income (loss) before transfers in</b>	1,109	62	(62,343)	(31,890)	(93,062)
<b>Transfers in</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>35,000</u>
<b>Change in net position</b>	1,109	62	(62,343)	3,110	(58,062)
<b>Net position, October 1, 2017</b>	<u>196,279</u>	<u>48,336</u>	<u>126,292</u>	<u>43,818</u>	<u>414,725</u>
<b>Net position, September 30, 2018</b>	\$ <u>197,388</u>	<u>48,398</u>	<u>63,949</u>	<u>46,928</u>	<u>356,663</u>

**SCHEDULE 17**

**CITY OF MERIDIAN, MISSISSIPPI**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended September 30, 2018**

	<u>Municipal Supply</u>	<u>Municipal Office Supply</u>	<u>Health and Life Insurance Reserve</u>	<u>Unemployment Compensation</u>	<u>Total Internal Service Funds</u>
<b>Cash flows from operating activities:</b>					
Receipts from internal users	\$ 529,466	1,761	3,641,135	-	4,172,362
Payments to suppliers	<u>(524,959)</u>	<u>(3,803)</u>	<u>(3,742,357)</u>	<u>(32,005)</u>	<u>(4,303,124)</u>
<b>Net cash provided by (used in) operating activities</b>	4,507	(2,042)	(101,222)	(32,005)	(130,762)
<b>Cash flows from noncapital financing activities -</b>					
Transfers from other funds	-	-	-	35,000	35,000
<b>Cash flows from investing activities -</b>					
Interest received	<u>391</u>	<u>116</u>	<u>3,205</u>	<u>115</u>	<u>3,827</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	4,898	(1,926)	(98,017)	3,110	(91,935)
<b>Cash and cash equivalents, October 1, 2017</b>	<u>150,987</u>	<u>47,408</u>	<u>737,534</u>	<u>43,818</u>	<u>979,747</u>
<b>Cash and cash equivalents, September 30, 2018</b>	\$ <u>155,885</u>	<u>45,482</u>	<u>639,517</u>	<u>46,928</u>	<u>887,812</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ <u>718</u>	<u>(54)</u>	<u>(65,548)</u>	<u>(32,005)</u>	<u>(96,889)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in assets and liabilities:					
Receivables - miscellaneous	-	-	(505)	-	(505)
Due from other funds	8,114	-	-	-	8,114
Inventory	(2,937)	(1,988)	-	-	(4,925)
Accounts payable	<u>(1,388)</u>	-	<u>(35,169)</u>	-	<u>(36,557)</u>
Total adjustments	<u>3,789</u>	<u>(1,988)</u>	<u>(35,674)</u>	-	<u>(33,873)</u>
<b>Net cash provided by (used in) operating activities</b>	\$ <u>4,507</u>	<u>(2,042)</u>	<u>(101,222)</u>	<u>(32,005)</u>	<u>(130,762)</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.

**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 18**

**CITY OF MERIDIAN, MISSISSIPPI**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**September 30, 2018**

	<b>Firemen &amp; Policemen Disability &amp; Relief</b>	<b>General Retirement</b>	<b>Meridian Community College</b>	<b>Meridian Separate School District</b>	<b>State Police Fines &amp; Fees</b>	<b>Meridian Separate School District Bonds &amp; Interest</b>	<b>Total Agency Funds</b>
<b><u>ASSETS</u></b>							
Cash and cash equivalents	\$ 93,049	37,971	133,810	1,138,265	31,983	149,485	1,584,563
Intergovernmental receivables - County	<u>10,918</u>	<u>3,045</u>	<u>13,884</u>	<u>111,340</u>	<u>-</u>	<u>15,510</u>	<u>154,697</u>
<b>Total assets</b>	<b>\$ <u>103,967</u></b>	<b><u>41,016</u></b>	<b><u>147,694</u></b>	<b><u>1,249,605</u></b>	<b><u>31,983</u></b>	<b><u>164,995</u></b>	<b><u>1,739,260</u></b>
<b><u>LIABILITIES</u></b>							
Intergovernmental payables:							
Schools	\$ -	-	147,694	1,249,605	-	164,995	1,562,294
PERS	103,967	41,016	-	-	-	-	144,983
State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,983</u>	<u>-</u>	<u>31,983</u>
<b>Total liabilities</b>	<b>\$ <u>103,967</u></b>	<b><u>41,016</u></b>	<b><u>147,694</u></b>	<b><u>1,249,605</u></b>	<b><u>31,983</u></b>	<b><u>164,995</u></b>	<b><u>1,739,260</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**  
 Combining Statement of Changes in Fiduciary Assets and Liabilities  
 Agency Funds  
 For the Fiscal Year Ended September 30, 2018

	<b>Balance</b>			<b>Balance</b>
	<b>October 1,</b>			<b>September 30,</b>
	<b>2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>2018</b>
	<b>Firemen &amp; Policemen Disability &amp; Relief</b>			
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 119,127	1,198,263	1,224,341	93,049
Intergovernmental - county	<u>13,649</u>	<u>10,918</u>	<u>13,649</u>	<u>10,918</u>
<b>Total assets</b>	\$ <u>132,776</u>	<u>1,209,181</u>	<u>1,237,990</u>	<u>103,967</u>

<b><u>LIABILITIES</u></b>				
Intergovernmental - PERS	\$ <u>132,776</u>	<u>1,209,181</u>	<u>1,237,990</u>	<u>103,967</u>

	<b>General Retirement</b>			
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 33,223	488,468	483,720	37,971
Intergovernmental - county	<u>5,102</u>	<u>3,045</u>	<u>5,102</u>	<u>3,045</u>
<b>Total assets</b>	\$ <u>38,325</u>	<u>491,513</u>	<u>488,822</u>	<u>41,016</u>

<b><u>LIABILITIES</u></b>				
Intergovernmental - PERS	\$ <u>38,325</u>	<u>491,513</u>	<u>488,822</u>	<u>41,016</u>

	<b>Meridian Community College</b>			
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 116,568	2,338,663	2,321,421	133,810
Intergovernmental - county	<u>15,582</u>	<u>13,884</u>	<u>15,582</u>	<u>13,884</u>
<b>Total assets</b>	\$ <u>132,150</u>	<u>2,352,547</u>	<u>2,337,003</u>	<u>147,694</u>

<b><u>LIABILITIES</u></b>				
Intergovernmental - schools	\$ <u>132,150</u>	<u>2,352,547</u>	<u>2,337,003</u>	<u>147,694</u>

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**CITY OF MERIDIAN, MISSISSIPPI**  
 Combining Statement of Changes in Fiduciary Assets and Liabilities  
 Agency Funds  
 For the Fiscal Year Ended September 30, 2018

	<b>Balance October 1, <u>2017</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance September 30, <u>2018</u></b>
	<b>Meridian Separate School District</b>			
	<hr/>			
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 988,121	18,721,289	18,571,145	1,138,265
Intergovernmental - county	<u>124,249</u>	<u>111,340</u>	<u>124,249</u>	<u>111,340</u>
<b>Total assets</b>	\$ <u>1,112,370</u>	<u>18,832,629</u>	<u>18,695,394</u>	<u>1,249,605</u>
<b><u>LIABILITIES</u></b>				
Intergovernmental - schools	\$ <u>1,112,370</u>	<u>18,832,629</u>	<u>18,695,394</u>	<u>1,249,605</u>
	<b>State Police Fines &amp; Fees</b>			
	<hr/>			
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ <u>35,085</u>	<u>782,657</u>	<u>785,759</u>	<u>31,983</u>
<b><u>LIABILITIES</u></b>				
Intergovernmental - state	\$ <u>35,085</u>	<u>782,657</u>	<u>785,759</u>	<u>31,983</u>
	<b>Meridian Separate School District Bonds &amp; Interest</b>			
	<hr/>			
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 130,239	2,612,977	2,593,731	149,485
Intergovernmental - county	<u>17,763</u>	<u>15,510</u>	<u>17,763</u>	<u>15,510</u>
<b>Total assets</b>	\$ <u>148,002</u>	<u>2,628,487</u>	<u>2,611,494</u>	<u>164,995</u>
<b><u>LIABILITIES</u></b>				
Intergovernmental - schools	\$ <u>148,002</u>	<u>2,628,487</u>	<u>2,611,494</u>	<u>164,995</u>

*(Continued)*

**CITY OF MERIDIAN, MISSISSIPPI**  
 Combining Statement of Changes in Fiduciary Assets and Liabilities  
 Agency Funds  
 For the Fiscal Year Ended September 30, 2018

	<b>Balance October 1, <u>2017</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance September 30, <u>2018</u></b>
	<b><u>Total Agency Funds</u></b>			
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 1,422,363	26,142,317	25,980,117	1,584,563
Intergovernmental receivables	<u>176,345</u>	<u>154,697</u>	<u>176,345</u>	<u>154,697</u>
<b>Total assets</b>	\$ <u>1,598,708</u>	<u>26,297,014</u>	<u>26,156,462</u>	<u>1,739,260</u>
<b><u>LIABILITIES</u></b>				
Intergovernmental payables	\$ <u>1,598,708</u>	<u>26,297,014</u>	<u>26,156,462</u>	<u>1,739,260</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.

**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 20**

**CITY OF MERIDIAN, MISSISSIPPI**  
**Combining Statement of Net Position**  
**Nonmajor Component Units**  
**September 30, 2018**

	<u>Meridian Urban Renewal Authority</u>	<u>Meridian and Bonita Lakes Development Authority</u>	<u>Total Nonmajor Component Units</u>
<b><u>ASSETS</u></b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 50,569	8,972	59,541
Receivables - Interest	<u>48,721</u>	<u>-</u>	<u>48,721</u>
<b>Total current assets</b>	99,290	8,972	108,262
<b>MLEC leverage loans receivable</b>	<u>5,691,198</u>	<u>-</u>	<u>5,691,198</u>
<b>Total assets</b>	<u>5,790,488</u>	<u>8,972</u>	<u>5,799,460</u>
<b><u>LIABILITIES</u></b>			
<b>Current liabilities:</b>			
Current portion of note payable	92,568	-	92,568
Accounts payable	27,630	6,771	34,401
Accrued interest	<u>26,051</u>	<u>-</u>	<u>26,051</u>
<b>Total current liabilities</b>	<u>146,249</u>	<u>6,771</u>	<u>153,020</u>
<b>Noncurrent liabilities -</b>			
Note payable, less current portion	<u>1,802,032</u>	<u>-</u>	<u>1,802,032</u>
<b>Total liabilities</b>	<u>1,948,281</u>	<u>6,771</u>	<u>1,955,052</u>
<b><u>NET POSITION</u></b>			
Unrestricted	<u>3,842,207</u>	<u>2,201</u>	<u>3,844,408</u>
<b>Total net position</b>	\$ <u>3,842,207</u>	<u>2,201</u>	<u>3,844,408</u>



SCHEDULE 21

**CITY OF MERIDIAN, MISSISSIPPI**  
 Combining Statement of Activities  
 Nonmajor Component Units  
 For the Fiscal Year Ended September 30, 2018

<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>Meridian and Bonita Lakes Development Authority</u>	<u>Total Nonmajor Component Units</u>
<b>Nonmajor component units:</b>							
Meridian Urban Renewal Authority	\$ 120,525	194,867	-	-	74,342	-	74,342
Meridian and Bonita Lakes Development Authority	<u>2,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,345)</u>	<u>(2,345)</u>
<b>Total nonmajor component units</b>	\$ <u>122,870</u>	<u>194,867</u>	<u>-</u>	<u>-</u>	74,342	(2,345)	71,997
<b>General revenues -</b>							
Interest income					<u>132</u>	<u>1</u>	<u>133</u>
<b>Change in net position</b>					74,474	(2,344)	72,130
<b>Net position, October 1, 2017</b>					<u>3,767,733</u>	<u>4,545</u>	<u>3,772,278</u>
<b>Net position, September 30, 2018</b>					\$ <u>3,842,207</u>	<u>2,201</u>	<u>3,844,408</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, 2018

	<u>Assessed Value</u>	<u>Millage</u>	<u>Ad Valorem Taxes</u>
<b>City of Meridian:</b>			
Realty	\$ 228,332,018	50.84	\$ 11,608,400
Personal property - other than auto	51,124,490	50.84	2,599,169
Public utilities	34,760,078	50.84	1,767,202
Personal autos	<u>34,073,129</u>	50.84	<u>1,732,278</u>
<b>Total City of Meridian valuation</b>	<b>\$ <u>348,289,715</u></b>		<b>17,707,049</b>
Less homestead exemption allowed			<u>(967,929)</u>
<b>Total City ad valorem taxes</b>			<b>16,739,120</b>
<b>Adjustments to original tax roll:</b>			
Homestead exemption chargebacks		\$ 381	
Lauderdale County tax collector refund		5,736	
Realty		(4,660)	
Personal		(10,365)	
Homestead exemption		<u>(2,986)</u>	(11,894)
<b>Add (deduct):</b>			
Actual homestead reimbursement		563,249	
Motor vehicle rent tax		80,547	
Payments in lieu of taxes		190,589	
Prior year tax collections		30,484	
Mobile homes		4,706	
Aircraft		<u>7,912</u>	<u>877,487</u>
<b>Total City to account for</b>			<b><u>17,604,713</u></b>
<b>Separate School District:</b>			
Realty	\$ 222,381,799	69.82	15,526,697
Personal property - other than auto	59,250,487	69.82	4,136,869
Public utilities	49,617,893	69.82	3,464,321
Personal autos	<u>30,886,948</u>	69.82	<u>2,156,527</u>
<b>Total Separate School District valuation</b>	<b>\$ <u>362,137,127</u></b>		<b>25,284,414</b>
Less homestead exemption allowed			<u>(1,762,208)</u>
<b>Total Separate School District ad valorem taxes</b>			<b>23,522,206</b>
<b>Adjustments to original tax roll:</b>			
Homestead exemption chargebacks		1,256	
Lauderdale County tax collector refund		6,312	
Realty		(5,953)	
Personal		(12,229)	
Homestead exemption		<u>(2,110)</u>	(12,724)
<b>Add (deduct):</b>			
Prior year tax collections		18,936	
Mobile homes		37,013	<u>55,949</u>
<b>Total Separate School District to account for</b>			<b><u>23,565,431</u></b>
<b>Total City of Meridian and Separate School District to account for</b>			<b>\$ <u>41,170,144</u></b>

*(Continued)*

**CITY OF MERIDIAN, MISSISSIPPI**  
 Schedule Reconciling Original Ad Valorem  
 Tax Rolls to Fund Collections  
 For the Fiscal Year Ended September 30, 2018

	<u>Taxes</u>	<u>Homestead Reimbursement</u>	<u>Total</u>
<b>Accounted for as follows:</b>			
General Fund	\$ 9,728,992	331,590	10,060,582
General Fund - Pilot	190,589	-	190,589
General Bond and Interest	5,205,771	176,708	5,382,479
School Bond and Interest	2,612,977	-	2,612,977
Police and Fire Disability	1,159,266	38,998	1,198,264
General Retirement	472,515	15,954	488,469
School Fund	<u>20,787,194</u>	<u>-</u>	<u>20,787,194</u>
 <b>Total accounted for</b>	 <b>\$ <u>40,157,304</u></b>	 <b><u>563,250</u></b>	 <b>40,720,554</b>
 <b>Balance represented by:</b>			
Real property held from tax sale			46,798
Unpaid personal property			151,191
Sold to state			51,305
Tax collector's commission			197,154
Held by tax collector			<u>3,142</u>
 <b>Total ad valorem taxes</b>			 <b>\$ <u>41,170,144</u></b>

SCHEDULE 23

CITY OF MERIDIAN, MISSISSIPPI  
Schedule of Investments  
September 30, 2018

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Debt service fund - restricted - Certificate of deposit	07/10/18	12/10/18	0.25%	\$ <u>400,000</u>



**SCHEDULE 24****CITY OF MERIDIAN, MISSISSIPPI**  
Schedule of Surety Bonds for Municipal Officials  
September 30, 2018

<u>Name</u>	<u>Position</u>	<u>Insurance Company</u>	<u>Bond</u>
Percy Bland, III	Mayor	Travelers	\$ 50,000
George M Thomas	Councilman	Western Surety Company	100,000
Tyrone Johnson	Councilman	Western Surety Company	100,000
Fannie Johnson	Councilwoman	Western Surety Company	100,000
Kimberly Houston	Councilwoman	Western Surety Company	100,000
Weston Lindemann	Councilman	Western Surety Company	100,000
Richie McAlister	Chief Administrative Officer	Western Surety Company	50,000
Brandye Latimer	City Clerk/CFO	Western Surety Company	50,000
Benny Dubose	Police Chief	Western Surety Company	50,000
Blanket Policy	All city employees	Travelers	100,000

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**CITY OF MERIDIAN, MISSISSIPPI**  
 Schedule of Changes in Long-Term Debt  
 For the Fiscal Year Ended September 30, 2018

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance October 1, 2017</u>	<u>Principal Payments</u>	<u>New Issues</u>	<u>Balance September 30, 2018</u>
<b>Governmental activities:</b>							
Public Improvement of 2006	06/01/2006	4.00-5.50%	\$ 10,000,000	515,000	515,000	-	-
Water and Sewer Improvement of 2007	04/01/2007	3.75-5.25%	3,600,000	2,190,000	2,005,000	-	185,000
Public Improvement of 2008	04/22/2008	2.60-3.65%	1,000,000	470,000	70,000	-	400,000
Public Improvement of 2009	06/01/2009	3.00-4.00%	10,000,000	7,060,000	6,095,000	-	965,000
Refunding Bonds of 2011	06/30/2011	2.00-2.50%	3,960,000	520,000	520,000	-	-
Public Improvement of 2011	03/01/2011	3.10-4.40%	4,500,000	3,520,000	190,000	-	3,330,000
Public Improvement of 2012	04/12/2012	1.90-2.70%	4,500,000	3,055,000	395,000	-	2,660,000
Water and Sewer Improvement of 2013	03/05/2014	2.20%	1,200,000	760,000	120,000	-	640,000
Refunding Bonds of 2014	08/14/2014	2.00-3.00%	8,410,000	7,780,000	410,000	-	7,370,000
Public Improvement of 2016	03/24/2016	1.20-1.625%	7,500,000	6,845,000	675,000	-	6,170,000
General Obligation Bonds 2017	02/15/2017	2.00-5.00%	20,000,000	20,000,000	630,000	-	19,370,000
General Obligation Refunding Bonds 2017	10/16/2017	2.15%	8,024,000	-	102,000	8,024,000	7,922,000
Total general obligations bonds			82,694,000	52,715,000	11,727,000	8,024,000	49,012,000
Special Obligation Bonds 2003B	07/01/2003	3.30-5.375%	1,500,000	645,000	90,000	-	555,000
Total special obligation bonds			1,500,000	645,000	90,000	-	555,000
Limited Obligation Tax Increment Bonds	12/17/2009	8.75%	4,000,000	2,755,000	250,000	-	2,505,000
Limited Obligation Tax Increment Bonds	03/01/2010	5.00%	300,000	145,000	25,000	-	120,000
Total tax increment bonds			4,300,000	2,900,000	275,000	-	2,625,000
Energy Conservation Loan	03/01/2011	0.25%	210,000	30,225	30,225	-	-
Vehicle loan	04/28/2016	1.42%	442,267	351,925	91,788	-	260,137
Fire truck loan	08/18/2016	1.42%	1,078,338	1,060,151	216,357	-	843,794
Vehicle loan	11/28/2016	1.42%	1,261,760	1,261,759	196,809	-	1,064,950
Total promissory loans			2,992,365	2,704,060	535,179	-	2,168,881
Special Assessment Public Improvement	06/01/2000	5.20-6.25%	1,125,000	260,000	80,000	-	180,000
Special Assessment Public Imp 2001	08/01/2001	4.50-6.00%	500,000	145,000	35,000	-	110,000
Total special assessment			1,625,000	405,000	115,000	-	290,000
Municipal Asset Management - tasers	06/22/2015	3.77%	120,387	49,010	24,043	-	24,967
Lighting Upgrades	03/01/2018	4.20%	750,756	-	-	541,311	541,311
Electric Vehicle Charging Station	03/08/2018	1.42%	13,680	-	1,140	13,680	12,540
Total capital leases			884,823	49,010	25,183	554,991	578,818
<b>Total governmental activities</b>			\$ 93,996,188	59,418,070	12,767,362	8,578,991	55,229,699
<b>Business-type activities:</b>							
EPA Clean Water State Revolving Loan Fund	10/01/2010	1.75%	\$ 9,044,496	8,991,417	195,465	53,078	8,849,030
Water and sewer promissory loan	01/31/2013	0.50-4.00%	12,415,000	6,205,000	1,225,000	-	4,980,000
Vehicle loan	04/28/2016	1.42%	495,910	394,565	102,967	-	291,598
Vehicle loan	11/28/2016	1.42%	673,822	673,822	120,945	-	552,877
Vehicle loan	11/28/2016	1.42%	36,659	36,659	7,332	-	29,327
Drinking Water Systems Improvements							
Revolving Loan Fund	09/29/2017	1.95%	8,114,960	-	-	473,361	473,361
Total promissory loans			30,780,847	16,301,463	1,651,709	526,439	15,176,193
Water Metering System	03/01/2018	4.20%	9,240,458	-	-	6,695,473	6,695,473
Total capital leases			9,240,458	-	-	6,695,473	6,695,473
<b>Total business-type activities</b>			\$ 40,021,305	16,301,463	1,651,709	7,221,912	21,871,666

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**CITY OF MERIDIAN, MISSISSIPPI**  
Schedule of Long-Term Debt Maturities  
September 30, 2018

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance September 30, 2018</u>	<u>2019</u>
<b><u>Governmental activities:</u></b>					
Water and Sewer Improvement of 2007	04/01/2007	3.75-5.25%	\$ 3,600,000	185,000	185,000
Public Improvement of 2008	04/22/2008	2.60-3.65%	1,000,000	400,000	75,000
Public Improvement of 2009	06/01/2009	3.00-4.00%	10,000,000	965,000	470,000
Public Improvement of 2011	03/01/2011	3.10-4.40%	4,500,000	3,330,000	195,000
Public Improvement of 2012	04/12/2012	1.90-2.70%	4,500,000	2,660,000	405,000
Water and Sewer Improvement of 2013	03/05/2014	2.20%	1,200,000	640,000	120,000
Refunding Bonds of 2014	08/14/2014	2.00-3.00%	8,410,000	7,370,000	970,000
Public Improvement of 2016	03/24/2016	1.20-1.625%	7,500,000	6,170,000	695,000
General Obligation Bonds 2017	02/15/2017	2.00-5.00%	20,000,000	19,370,000	680,000
General Obligation Refunding Bonds 2017	10/16/2017	2.15%	8,024,000	7,922,000	73,000
Total general obligations bonds			68,734,000	49,012,000	3,868,000
Special Obligation Bonds 2003B	07/01/2003	3.30-5.375%	1,500,000	555,000	100,000
Total special obligation bonds			1,500,000	555,000	100,000
Limited Obligation Tax Increment Bonds	12/17/2009	8.75%	4,000,000	2,505,000	270,000
Limited Obligation Tax Increment Bonds	03/01/2010	5.00%	300,000	120,000	30,000
Total tax increment bonds			4,300,000	2,625,000	300,000
Vehicle loan	04/28/2016	1.42%	442,267	260,137	93,109
Fire truck loan	08/18/2016	1.42%	1,078,338	843,794	215,668
Vehicle loan	11/28/2016	1.42%	1,261,760	1,064,950	254,573
Total promissory loans			2,782,365	2,168,881	563,350
Special Assessment Public Improvement	06/01/2000	5.50-6.00%	1,125,000	180,000	85,000
Special Assessment Public Imp 2001	08/01/2001	4.80-5.10%	500,000	110,000	35,000
Total special assessment			1,625,000	290,000	120,000
Municipal Asset Management - tasers	06/22/2015	3.77%	120,387	24,967	24,967
Lighting Upgrades	03/01/2018	4.20%	750,756	541,311	-
Electric Vehicle Charging Station	03/08/2018	1.42%	13,680	12,540	2,736
Total capital leases			884,823	578,818	27,703
<b>Total governmental activities</b>			\$ 79,826,188	55,229,699	4,979,053
<b><u>Business-type activities:</u></b>					
EPA Clean Water State Revolving Fund Loan	10/01/2010	1.75%	\$ 9,044,496	8,849,030	362,823
Water and sewer promissory loan	01/31/2013	0.50-4.00%	12,415,000	4,980,000	865,000
Vehicle loan	04/28/2016	1.42%	495,910	291,598	104,406
Vehicle loan	11/28/2016	1.42%	673,822	552,877	134,486
Vehicle loan	11/28/2016	1.42%	36,659	29,327	7,011
Drinking Water Systems Improvements					
Revolving Loan Fund	09/29/2017	1.95%	8,114,960	473,361	-
Total promissory loans			30,780,847	15,176,193	1,473,726
Water Metering System	03/01/2018	4.20%	9,240,458	6,695,473	-
Total capital leases			9,240,458	6,695,473	-
<b>Total business-type activities</b>			\$ 40,021,305	21,871,666	1,473,726

**SCHEDULE 26**

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

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024 - 2028</u>	<u>2029 - 2033</u>	<u>2034 - 2038</u>	<u>2039 - 2043</u>
-	-	-	-	-	-	-	-
75,000	80,000	85,000	85,000	-	-	-	-
495,000	-	-	-	-	-	-	-
205,000	215,000	225,000	235,000	1,320,000	935,000	-	-
420,000	435,000	450,000	465,000	485,000	-	-	-
125,000	130,000	130,000	135,000	-	-	-	-
1,000,000	1,035,000	1,070,000	1,105,000	2,190,000	-	-	-
715,000	735,000	755,000	780,000	2,490,000	-	-	-
700,000	730,000	760,000	790,000	4,550,000	5,620,000	5,540,000	-
270,000	793,000	816,000	848,000	4,385,000	737,000	-	-
<u>4,005,000</u>	<u>4,153,000</u>	<u>4,291,000</u>	<u>4,443,000</u>	<u>15,420,000</u>	<u>7,292,000</u>	<u>5,540,000</u>	<u>-</u>
<u>105,000</u>	<u>110,000</u>	<u>115,000</u>	<u>125,000</u>	-	-	-	-
<u>105,000</u>	<u>110,000</u>	<u>115,000</u>	<u>125,000</u>	-	-	-	-
295,000	325,000	350,000	385,000	880,000	-	-	-
30,000	30,000	30,000	-	-	-	-	-
<u>325,000</u>	<u>355,000</u>	<u>380,000</u>	<u>385,000</u>	<u>880,000</u>	-	-	-
94,439	72,589	-	-	-	-	-	-
215,668	215,668	196,790	-	-	-	-	-
<u>258,199</u>	<u>261,969</u>	<u>265,766</u>	<u>24,443</u>	-	-	-	-
<u>568,306</u>	<u>550,226</u>	<u>462,556</u>	<u>24,443</u>	-	-	-	-
95,000	-	-	-	-	-	-	-
35,000	40,000	-	-	-	-	-	-
<u>130,000</u>	<u>40,000</u>	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	32,788	35,216	36,710	208,288	228,309	-	-
2,736	2,736	2,736	1,596	-	-	-	-
<u>2,736</u>	<u>35,524</u>	<u>37,952</u>	<u>38,306</u>	<u>208,288</u>	<u>228,309</u>	-	-
<u>5,136,042</u>	<u>5,243,750</u>	<u>5,286,508</u>	<u>5,015,749</u>	<u>16,508,288</u>	<u>7,520,309</u>	<u>5,540,000</u>	<u>-</u>
402,496	409,597	416,822	424,176	2,235,798	2,440,087	2,157,231	-
895,000	805,000	825,000	835,000	755,000	-	-	-
105,899	81,293	-	-	-	-	-	-
136,420	138,412	140,418	3,141	-	-	-	-
7,110	7,214	7,319	673	-	-	-	-
<u>11,504</u>	<u>20,072</u>	<u>20,467</u>	<u>20,869</u>	<u>110,670</u>	<u>121,994</u>	<u>134,477</u>	<u>33,308</u>
<u>1,558,429</u>	<u>1,461,588</u>	<u>1,410,026</u>	<u>1,283,859</u>	<u>3,101,468</u>	<u>2,562,081</u>	<u>2,291,708</u>	<u>33,308</u>
-	405,556	435,584	454,070	2,576,309	2,823,954	-	-
-	405,556	435,584	454,070	2,576,309	2,823,954	-	-
<u>1,558,429</u>	<u>1,867,144</u>	<u>1,845,610</u>	<u>1,737,929</u>	<u>5,677,777</u>	<u>5,386,035</u>	<u>2,291,708</u>	<u>33,308</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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
Financial trends information .....	163 - 170
<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 .....	171 - 174
<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.....	175 - 179
<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.....	180 - 181
<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.....	182 - 184
<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)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 75,492	\$ 72,823	\$ 74,694	\$ 75,049	\$ 69,358	\$ 68,410	\$ 66,592	\$ 65,945	\$ 72,890	\$ 65,119
Restricted	6,429	6,985	6,519	5,755	3,538	3,572	4,783	5,329	10,914	8,295
Unrestricted	<u>3,700</u>	<u>4,198</u>	<u>2,324</u>	<u>3,721</u>	<u>5,118</u>	<u>4,398</u>	<u>(35,407)</u>	<u>(39,404)</u>	<u>(65,016)</u>	<u>(65,289)</u>
<b>Total governmental activities net position</b>	<b><u>\$ 85,621</u></b>	<b><u>\$ 84,006</u></b>	<b><u>\$ 83,537</u></b>	<b><u>\$ 84,525</u></b>	<b><u>\$ 78,014</u></b>	<b><u>\$ 76,380</u></b>	<b><u>\$ 35,968</u></b>	<b><u>\$ 31,870</u></b>	<b><u>\$ 18,788</u></b>	<b><u>\$ 8,125</u></b>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 19,326	\$ 19,767	\$ 19,795	\$ 20,841	\$ 18,824	\$ 20,214	\$ 21,704	\$ 25,555	\$ 21,492	\$ 22,621
Restricted	5,441	4,354	5,151	5,657	6,619	7,076	7,647	9,155	9,869	7,989
Unrestricted	<u>2,253</u>	<u>2,682</u>	<u>3,825</u>	<u>4,179</u>	<u>6,528</u>	<u>8,350</u>	<u>4,479</u>	<u>5,010</u>	<u>5,591</u>	<u>6,048</u>
<b>Total business-type activities net position</b>	<b><u>\$ 27,020</u></b>	<b><u>\$ 26,803</u></b>	<b><u>\$ 28,771</u></b>	<b><u>\$ 30,677</u></b>	<b><u>\$ 31,971</u></b>	<b><u>\$ 35,640</u></b>	<b><u>\$ 33,830</u></b>	<b><u>\$ 39,720</u></b>	<b><u>\$ 36,952</u></b>	<b><u>\$ 36,658</u></b>
<b>Primary government:</b>										
Net investment in capital assets	\$ 94,818	\$ 92,590	\$ 94,489	\$ 95,890	\$ 88,182	\$ 88,624	\$ 88,296	\$ 91,500	\$ 94,382	\$ 87,740
Restricted	11,870	11,339	11,670	11,412	10,157	10,648	12,430	14,484	20,783	16,284
Unrestricted	<u>5,953</u>	<u>6,880</u>	<u>6,149</u>	<u>7,900</u>	<u>11,646</u>	<u>12,748</u>	<u>(30,928)</u>	<u>(34,394)</u>	<u>(59,425)</u>	<u>(59,241)</u>
<b>Total primary government net position</b>	<b><u>\$112,641</u></b>	<b><u>\$110,809</u></b>	<b><u>\$112,308</u></b>	<b><u>\$115,202</u></b>	<b><u>\$109,985</u></b>	<b><u>\$112,020</u></b>	<b><u>\$ 69,798</u></b>	<b><u>\$ 71,590</u></b>	<b><u>\$ 55,740</u></b>	<b><u>\$ 44,783</u></b>

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)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
General government	\$ 7,017	\$ 8,825	\$ 6,907	\$ 6,852	\$ 7,385	\$ 7,899	\$ 9,234	\$ 9,120	\$ 10,681	\$ 8,659
Public safety	16,010	16,238	15,528	15,584	16,486	16,394	16,054	16,855	19,137	18,608
Public works	7,482	8,198	7,896	7,695	12,022	7,864	7,934	8,459	12,861	10,555
Culture and recreation	2,307	2,284	3,223	2,051	2,250	2,509	2,500	3,122	13,062	12,838
Economic development	22	2,976	124	169	2,115	21	1	1	24	25
Interest on long-term debt	1,615	2,071	2,061	1,908	1,835	1,706	1,565	1,334	1,867	2,024
<b>Total governmental activities expenses</b>	<b>34,453</b>	<b>40,592</b>	<b>35,739</b>	<b>34,259</b>	<b>42,093</b>	<b>36,393</b>	<b>37,288</b>	<b>38,891</b>	<b>57,632</b>	<b>52,709</b>
Business-type activities:										
Water and sewer	12,557	12,161	11,742	11,765	11,788	10,625	10,449	10,921	11,290	11,444
Waste collection and disposal	2,526	2,466	1,825	1,876	1,905	1,881	1,849	1,891	2,206	2,289
Golf course	418	397	446	466	423	435	379	423	469	306
Union Station	388	352	364	353	366	235	295	317	322	348
Concessions	29	29	28	27	27	28	34	35	34	18
<b>Total business-type activities expenses</b>	<b>15,918</b>	<b>15,405</b>	<b>14,405</b>	<b>14,487</b>	<b>14,509</b>	<b>13,204</b>	<b>13,006</b>	<b>13,587</b>	<b>14,321</b>	<b>14,405</b>
<b>Total primary government expenses</b>	<b>\$ 50,371</b>	<b>\$ 55,997</b>	<b>\$ 50,144</b>	<b>\$ 48,746</b>	<b>\$ 56,602</b>	<b>\$ 49,597</b>	<b>\$ 50,294</b>	<b>\$ 52,478</b>	<b>\$ 71,953</b>	<b>\$ 67,114</b>
<b>Program revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 581	\$ 355	\$ 501	\$ 412	\$ 705	\$ 336	\$ 577	\$ 402	\$ 380	\$ 495
Public safety	1,590	1,220	1,037	1,039	950	860	988	1,049	1,894	1,597
Culture and recreation	173	376	182	327	136	166	179	225	148	156
Operating grants and contributions	1,572	1,645	608	515	1,261	992	733	586	887	639
Capital grants and contributions	1,497	3,699	1,654	1,786	265	314	378	1,156	2,958	1,521
<b>Total governmental activities program revenues</b>	<b>5,413</b>	<b>7,295</b>	<b>3,982</b>	<b>4,079</b>	<b>3,317</b>	<b>2,668</b>	<b>2,855</b>	<b>3,418</b>	<b>6,267</b>	<b>4,408</b>
Business-type activities:										
Charges for services:										
Water and sewer	11,715	12,145	12,404	13,187	13,553	13,699	13,284	13,993	12,460	13,505
Waste collection and disposal	1,611	1,870	1,828	1,871	1,838	1,887	1,850	1,867	1,832	1,795
Golf course	284	271	249	296	271	244	179	224	217	148
Union Station	80	84	81	64	42	41	47	44	56	57
Concessions	44	46	42	35	38	27	31	27	20	15
Capital grants and contributions	65	-	328	1,314	148	47	1,611	1,748	-	-
<b>Total business-type activities program revenues</b>	<b>13,799</b>	<b>14,416</b>	<b>14,932</b>	<b>16,767</b>	<b>15,890</b>	<b>15,945</b>	<b>17,002</b>	<b>17,903</b>	<b>14,585</b>	<b>15,520</b>
<b>Total primary government program revenues</b>	<b>\$ 19,212</b>	<b>\$ 21,711</b>	<b>\$ 18,914</b>	<b>\$ 20,846</b>	<b>\$ 19,207</b>	<b>\$ 18,613</b>	<b>\$ 19,857</b>	<b>\$ 21,321</b>	<b>\$ 20,852</b>	<b>\$ 19,928</b>

(Continued)

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (29,040)	\$ (33,297)	\$ (31,757)	\$ (30,180)	\$ (38,776)	\$ (33,725)	\$ (34,433)	\$ (35,473)	\$ (51,365)	\$ (48,301)
Business-type activities	(2,119)	(989)	527	2,280	1,381	2,741	3,996	4,316	264	1,115
<b>Total primary government net (expense)/revenue</b>	<b>\$ (31,159)</b>	<b>\$ (34,286)</b>	<b>\$ (31,230)</b>	<b>\$ (27,900)</b>	<b>\$ (37,395)</b>	<b>\$ (30,984)</b>	<b>\$ (30,437)</b>	<b>\$ (31,157)</b>	<b>\$ (51,101)</b>	<b>\$ (47,186)</b>
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 12,085	\$ 14,173	\$ 14,722	\$ 14,439	\$ 13,767	\$ 14,232	\$ 14,466	\$ 14,932	\$ 15,492	\$ 15,838
Sales taxes	13,744	13,502	13,708	14,082	14,682	14,901	14,845	14,431	16,038	16,550
Franchise taxes	2,744	2,647	2,529	2,462	2,643	2,955	2,922	2,555	2,600	2,678
County road taxes	1,194	1,224	982	781	752	678	692	714	721	717
Motor fuel taxes	19	19	19	20	20	20	31	30	31	27
Unrestricted grants and contributions	74	73	70	75	77	78	80	70	74	160
Unrestricted investment earnings	146	196	194	123	79	63	60	78	113	81
Special item - annexed property	23,549	-	-	-	-	-	-	-	-	-
Transfers	528	(152)	(936)	66	245	(836)	266	(1,435)	3,214	1,587
<b>Total governmental activities general revenues and other changes in net position</b>	<b>54,083</b>	<b>31,682</b>	<b>31,288</b>	<b>32,048</b>	<b>32,265</b>	<b>32,091</b>	<b>33,362</b>	<b>31,375</b>	<b>38,283</b>	<b>37,638</b>
Business-type activities:										
Property taxes	999	506	400	40	71	49	57	16	65	48
Unrestricted investment earnings	100	114	105	103	86	43	116	123	117	130
Transfers	(528)	152	936	(66)	(245)	836	(266)	1,435	(3,214)	(1,587)
<b>Total business-type activities general revenues and other changes in net position</b>	<b>571</b>	<b>772</b>	<b>1,441</b>	<b>77</b>	<b>(88)</b>	<b>928</b>	<b>(93)</b>	<b>1,574</b>	<b>(3,032)</b>	<b>(1,409)</b>
<b>Total primary government general revenues and other changes in net position</b>	<b>\$ 54,654</b>	<b>\$ 32,454</b>	<b>\$ 32,729</b>	<b>\$ 32,125</b>	<b>\$ 32,177</b>	<b>\$ 33,019</b>	<b>\$ 33,269</b>	<b>\$ 32,949</b>	<b>\$ 35,251</b>	<b>\$ 36,229</b>
<b>Change in net position</b>										
Governmental activities	\$ 25,043	\$ (1,615)	\$ (469)	\$ 1,868	\$ (6,511)	\$ (1,634)	\$ (1,071)	\$ (4,098)	\$ (13,082)	\$ (10,663)
Business-type activities	(1,548)	(217)	1,968	2,357	1,293	3,669	3,903	5,890	(2,768)	(294)
<b>Total primary government change in net position</b>	<b>\$ 23,495</b>	<b>\$ (1,832)</b>	<b>\$ 1,499</b>	<b>\$ 4,225</b>	<b>\$ (5,218)</b>	<b>\$ 2,035</b>	<b>\$ 2,832</b>	<b>\$ 1,792</b>	<b>\$ (15,850)</b>	<b>\$ (10,957)</b>

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 29**

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

<b><u>Fiscal Year</u></b>	<b><u>Property Tax</u></b>	<b><u>Sales Tax</u></b>	<b><u>Franchise Tax</u></b>	<b><u>County Road Tax</u></b>	<b><u>Motor Fuel Tax</u></b>	<b><u>Total</u></b>
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
2015	14,466	14,845	2,922	692	31	32,956
2016	14,932	14,431	2,555	714	30	32,662
2017	15,492	16,038	2,600	721	31	34,882
2018	15,838	16,550	2,678	717	27	35,810

Source: Audit Reports - Statement of Activities



**SCHEDULE 30**

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

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>General fund:</b>										
Nonspendable	\$ 1,469	\$ 1,454	\$ 1,571	\$ 1,594	\$ 1,678	\$ 1,597	\$ 321	\$ 319	\$ 332	\$ 366
Committed	339	220	151	2	12	-	71	96	52	-
Assigned	677	1,011	1,204	1,931	1,889	1,799	1,917	1,938	753	641
Unassigned	<u>4,275</u>	<u>5,684</u>	<u>6,433</u>	<u>7,582</u>	<u>8,341</u>	<u>8,371</u>	<u>8,966</u>	<u>6,628</u>	<u>4,196</u>	<u>3,691</u>
<b>Total general fund</b>	<b><u>\$ 6,760</u></b>	<b><u>\$ 8,369</u></b>	<b><u>\$ 9,359</u></b>	<b><u>\$11,109</u></b>	<b><u>\$11,920</u></b>	<b><u>\$11,767</u></b>	<b><u>\$11,275</u></b>	<b><u>\$ 8,981</u></b>	<b><u>\$ 5,333</u></b>	<b><u>\$ 4,698</u></b>
<b>All other governmental funds:</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175
Restricted	16,857	12,992	11,194	13,457	6,875	6,788	7,999	14,744	21,624	11,283
Committed	-	347	344	345	345	345	345	346	346	210
Assigned	<u>12</u>	<u>24</u>	<u>16</u>	<u>30</u>	<u>21</u>	<u>30</u>	<u>18</u>	<u>15</u>	<u>15</u>	<u>12</u>
<b>Total all other governmental funds</b>	<b><u>\$16,869</u></b>	<b><u>\$13,363</u></b>	<b><u>\$11,554</u></b>	<b><u>\$13,832</u></b>	<b><u>\$ 7,241</u></b>	<b><u>\$ 7,163</u></b>	<b><u>\$ 8,362</u></b>	<b><u>\$15,105</u></b>	<b><u>\$ 21,985</u></b>	<b><u>\$ 11,680</u></b>

Source: Audit Reports - Governmental Funds Balance Sheet

Note: Fiscal years 2009 and 2010 were 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)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Taxes	\$ 26,859	\$ 28,716	\$ 29,113	\$ 29,196	\$ 28,999	\$ 29,579	\$ 29,746	\$ 29,929	\$ 31,934	\$ 32,793
Franchise	2,744	2,647	2,529	2,462	2,644	2,955	2,922	2,555	2,600	2,678
Licenses and permits	256	301	271	251	251	296	277	299	258	244
Intergovernmental	1,951	3,888	2,257	1,513	1,588	1,354	1,177	1,593	3,733	2,073
Charges for services	173	375	182	157	136	166	179	225	149	157
Fines and forfeitures	1,580	1,219	1,037	1,039	950	860	988	1,049	1,894	1,597
Special assessments	67	74	72	74	69	72	73	74	73	68
Payments in lieu of taxes	67	68	152	156	100	150	93	137	226	207
Local contributions	98	461	55	-	7	12	14	83	168	162
Investment earnings	146	196	193	123	79	63	60	78	112	81
Interest costs and damages	117	132	169	141	126	104	197	59	125	140
Miscellaneous	389	85	268	301	573	63	299	149	155	260
<b>Total revenues</b>	<b>34,447</b>	<b>38,162</b>	<b>36,298</b>	<b>35,413</b>	<b>35,522</b>	<b>35,674</b>	<b>36,025</b>	<b>36,230</b>	<b>41,427</b>	<b>40,460</b>
<b>Expenditures:</b>										
General government	6,836	7,634	6,711	6,200	6,407	6,617	7,034	7,630	8,603	7,169
Public safety	16,117	14,732	15,144	15,352	16,811	16,008	15,083	17,627	18,016	16,907
Public works	4,671	4,441	4,422	4,195	4,206	4,933	4,572	4,977	5,755	5,386
Culture and recreation	2,639	3,406	2,673	2,186	2,175	2,492	2,341	2,925	12,736	12,613
Economic development	118	3,201	158	231	2,127	230	1	1	35	173
Other	42	11	19	23	23	-	-	-	-	-
Capital outlay	5,860	6,071	5,657	2,221	4,357	470	415	2,042	10,664	3,937
Debt service:										
Principal	3,062	3,498	3,687	3,682	4,020	3,675	3,466	3,243	4,024	5,292
Interest	1,555	1,982	2,043	1,995	1,885	1,773	1,471	1,392	1,908	2,029
Bond issuance costs	165	304	240	110	-	328	-	147	585	230
<b>Total expenditures</b>	<b>41,065</b>	<b>45,280</b>	<b>40,754</b>	<b>36,195</b>	<b>42,011</b>	<b>36,526</b>	<b>34,383</b>	<b>39,984</b>	<b>62,326</b>	<b>53,736</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(6,618)</b>	<b>(7,118)</b>	<b>(4,456)</b>	<b>(782)</b>	<b>(6,489)</b>	<b>(852)</b>	<b>1,642</b>	<b>(3,754)</b>	<b>(20,899)</b>	<b>(13,276)</b>

(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)

	<b>Fiscal Year</b>									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Other financing sources (uses):</b>										
Transfers in	\$ 10,304	\$ 6,017	\$ 2,448	\$ 2,236	\$ 3,583	\$ 2,182	\$ 1,622	\$ 3,041	\$ 3,610	\$ 2,453
Transfers out	(9,789)	(6,197)	(3,447)	(2,234)	(3,350)	(3,034)	(1,387)	(4,354)	(1,824)	(902)
Bonds issued	10,000	4,300	8,460	4,500	-	9,610	-	7,500	20,000	8,024
Negotiable notes and loans issued	-	1,100	-	210	-	-	-	2,016	766	-
Capital leases	-	-	-	-	476	-	120	-	-	555
Premium on bonds issued	-	-	71	-	-	491	-	-	1,579	-
Principal retirement from refunding bond proceeds	-	-	(3,895)	-	-	(3,110)	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-	(5,518)	-	-	-	(7,794)
Loss on disposal of asset held for resale	-	-	-	-	-	-	(1,290)	-	-	-
<b>Total other financing source (uses)</b>	<u>10,515</u>	<u>5,220</u>	<u>3,637</u>	<u>4,712</u>	<u>709</u>	<u>621</u>	<u>(935)</u>	<u>8,203</u>	<u>24,131</u>	<u>2,336</u>
<b>Net change in fund balance</b>	<u>\$ 3,897</u>	<u>\$ (1,898)</u>	<u>\$ (819)</u>	<u>\$ 3,930</u>	<u>\$ (5,780)</u>	<u>\$ (231)</u>	<u>\$ 707</u>	<u>\$ 4,449</u>	<u>\$ 3,232</u>	<u>\$ (10,940)</u>
<b>Debt service as a percentage of noncapital expenditures</b>	<u>13.7%</u>	<u>14.5%</u>	<u>16.5%</u>	<u>17.2%</u>	<u>14.4%</u>	<u>15.6%</u>	<u>14.7%</u>	<u>13.1%</u>	<u>11.0%</u>	<u>14.7%</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.

**SCHEDULE 32**

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

<b><u>Fiscal Year</u></b>	<b><u>Property Tax</u></b>	<b><u>Sales Tax<sup>1</sup></u></b>	<b><u>2% Prepared Food &amp; Beverage Tax<sup>2</sup></u></b>	<b><u>Franchise Tax</u></b>	<b><u>County Road Tax</u></b>	<b><u>Motor Fuel Tax</u></b>	<b><u>Total</u></b>
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
2015	14,178	14,845	-	2,922	692	31	32,668
2016	14,753	14,431	-	2,555	714	31	32,484
2017	15,144	14,015	2,023	2,600	721	31	34,534
2018	15,499	13,975	2,575	2,678	717	27	35,471

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

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

<sup>2</sup>The special two-percent (2%) prepared food and beverage tax was levied within the City beginning November, 2016. The tax is pledged to pay debt service for the \$20,000,000 general obligation bonds issued for the construction, equipping and furnishing of the Mississippi Arts and Entertainment Center. The tax will be rescinded once the bonds are paid in full. Any remaining funds shall be used for the operation, support, repair, maintenance, and improvements of the Center.

**SCHEDULE 33**

**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>		Less: Tax Exempt Real <u>Property</u>	Total Taxable Assessed <u>Value</u>	Total Direct Tax <u>Rate</u>	Estimated True Value of Taxable <u>Property</u>	Assessed Value as a Percentage of <u>Actual Value</u>
	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Motor Vehicles</u>	<u>Other</u>					
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%
2015	84,100	168,020	33,316	53,182	4,052	334,566	50.84	2,212,754	15.12%
2016	85,130	175,714	34,653	53,053	4,202	344,348	50.84	2,250,804	15.30%
2017	87,764	178,367	34,669	54,004	4,023	350,781	50.84	2,294,457	15.29%
2018	86,766	180,448	34,073	51,124	4,122	348,289	50.84	2,284,932	15.24%

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

**Note:** 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							
	Operating Millage	Debt Service Millage	Special Revenue Pension Millage	Solid Waste Millage	Total City Millage	Lauderdale County			Meridian Separate School District				
						Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School District Millage	Meridian Community College	Total Millage
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
2015	29.51	13.36	7.79	0.18	50.84	41.66	9.12	50.78	54.84	7.98	62.82	7.00	171.44
2016	29.75	13.12	7.79	0.18	50.84	41.66	9.12	50.78	54.84	7.98	62.82	7.00	171.44
2017	29.75	14.30	6.61	0.18	50.84	41.70	9.08	50.78	55.00	7.82	62.82	7.00	171.44
2018	29.75	15.95	4.96	0.18	50.84	42.21	8.57	50.78	55.00	7.82	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.



**SCHEDULE 35**

**CITY OF MERIDIAN, MISSISSIPPI**

Principal Property Taxpayers  
Current and Nine Years Ago  
(amounts expressed in thousands)

<u>Taxpayer</u>	<u>2018</u>			<u>2009</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	\$ 25,511	1	6.10%	\$ 12,019	1	3.92%
Walmart Supercenters	6,679	2	1.59%	8,329	3	2.71%
Bonita Lakes Mall/ Rockstep Meridian, LLC	6,545	3	1.56%	---	---	---
Anderson Regional Medical Center	4,383	4	1.04%	3,909	7	1.27%
Meridian Crossroads/ Meridian , SAV LLC	3,518	5	0.84%	---	---	---
Atmos Energy Corporation	3,111	6	0.74%	2,010	10	0.65%
Lowe's Home Centers, Inc.	2,843	7	0.68%	---	---	---
Bimbo Bakeries USA Inc.	2,811	8	0.67%	---	---	---
Norfolk Southern Railway Company	2,764	9	0.66%	2,135	9	0.69%
Plantation Pipeline Co.	2,023	10	0.48%	---	---	---
Bonita Lakes Mall/Bonita Properties, Inc./CBL	---	---	---	10,020	2	3.26%
Bell South Telecommunications	---	---	---	6,711	4	2.18%
Meridian HMA/Riley Hospital	---	---	---	5,060	5	1.65%
Rush Health Systems	---	---	---	4,098	6	1.33%
Peavey Electronics Corporation	---	---	---	<u>2,638</u>	8	<u>0.86%</u>
<b>Totals</b>	<b><u>\$ 60,188</u></b>		<b><u>14.36%</u></b>	<b><u>\$ 56,929</u></b>		<b><u>18.52%</u></b>

Source: Lauderdale County real and personal property tax rolls.

**SCHEDULE 36**

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

<b>Fiscal Year Ended September 30,</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections (Refunds) in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
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	16,846	99.35%	71	16,917	99.77%
2012	16,938	16,540	97.65%	(46)	16,494	97.38%
2013	16,111	15,971	99.13%	17	15,988	99.24%
2014	16,704	16,424	98.32%	(30)	16,394	98.14%
2015	16,961	16,832	99.24%	64	16,896	99.62%
2016	17,379	17,315	99.63%	21	17,336	99.75%
2017	17,694	17,475	98.76%	20	17,495	98.88%
2018	17,617	17,526	99.48%	-	17,526	99.48%

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				Total Primary Government	Percentage of Personal Income <sup>2</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Special Obligation Bonds	Limited Obligation Bonds	Special Assessment Bonds	Unamortized Premiums (Discounts) <sup>1</sup>	Promissory Loans	Taxable Negotiable Notes	Capital Leases	Water & Sewer Revenue Bonds	Promissory Loans	Unamortized Premiums (Discounts) <sup>1</sup>	Capital Leases			
2009	\$ 29,555	\$ 5,565	\$ 1,770	\$ 2,955	\$ -	\$ 500	\$ 529	\$ 887	\$ 8,575	\$ 12,858	\$ (426)	\$ 673	\$ 63,441	5.41%	\$ 1,598
2010	27,750	5,280	5,680	2,650	-	431	1,372	500	6,090	11,697	(345)	554	61,659	5.03%	1,498
2011	31,170	4,985	5,100	1,720	(140)	359	880	326	5,420	10,520	(266)	479	60,553	4.77%	1,472
2012	33,520	4,670	4,475	1,505	(63)	467	660	272	4,705	10,913	(19)	398	61,503	4.49%	1,504
2013	31,270	4,340	3,800	1,280	(59)	361	440	533	-	14,163	666	313	57,107	3.98%	1,396
2014	33,430	885	3,605	1,040	525	254	220	315	-	11,968	720	223	53,185	3.86%	1,323
2015	31,090	810	3,390	785	475	143	-	185	-	10,503	656	128	48,165	3.53%	1,214
2016	36,105	730	3,155	515	424	2,077	-	94	-	8,978	593	26	52,697	3.81%	1,347
2017	52,715	645	2,900	405	1,929	2,704	-	49	-	16,301	529	-	78,177	5.62%	2,061
2018	49,012	555	2,625	290	1,828	2,169	-	579	-	15,176	466	6,695	79,395	5.71%	2,093

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.

<sup>1</sup>For fiscal years 2009 to 2011, prior to implementation of GASB 65 unamortized bond issuance costs on refunding debt are included in this amount.

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

**SCHEDULE 38**

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Unamortized Premiums (Discounts)</b>	<b>Less: Amounts Available in</b>		<b>Total</b>	<b>Percentage of Estimated True Value of Taxable Property<sup>1</sup></b>	<b>Per Capita<sup>2</sup></b>
			<b>Debt Service Fund</b>				
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	33,430	526	701		33,255	1.53%	827
2015	31,090	475	918		30,647	1.39%	773
2016	36,105	424	1,442		35,087	1.56%	897
2017	52,715	1,929	1,863		52,781	2.30%	1,391
2018	49,012	1,828	1,837		49,003	2.14%	1,292

**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.

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

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

SCHEDULE 39

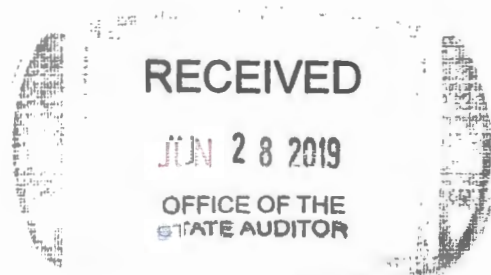
**CITY OF MERIDIAN, MISSISSIPPI**  
Direct and Overlapping Governmental Activities Debt  
As of September 30, 2018  
(amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County	\$ 34,185	46.90%	\$ 16,033
Debt repaid with property taxes: School	<u>14,505</u>	88.12%	<u>12,782</u>
<b>Subtotal, overlapping debt</b>	<b>48,690</b>		<b>28,815</b>
City of Meridian direct debt	<u>57,058</u>	100.00%	<u>57,058</u>
<b>Total direct and overlapping debt</b>	<b><u>\$ 105,748</u></b>		<b><u>\$ 85,873</u></b>

**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.

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



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

	<b>Fiscal year</b>									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 46,899	\$ 51,948	\$ 51,445	\$ 51,362	\$ 50,632	\$ 51,175	\$ 50,793	\$ 52,283	\$ 53,221	\$ 52,862
Total net debt applicable to limit	<u>28,835</u>	<u>27,055</u>	<u>30,315</u>	<u>32,621</u>	<u>30,418</u>	<u>32,729</u>	<u>30,172</u>	<u>34,663</u>	<u>30,852</u>	<u>27,805</u>
Legal debt margin	<u>\$ 18,064</u>	<u>\$ 24,893</u>	<u>\$ 21,130</u>	<u>\$ 18,741</u>	<u>\$ 20,214</u>	<u>\$ 18,446</u>	<u>\$ 20,621</u>	<u>\$ 17,620</u>	<u>\$ 22,369</u>	<u>\$ 25,057</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>61.48%</u>	<u>52.08%</u>	<u>58.93%</u>	<u>63.51%</u>	<u>60.08%</u>	<u>63.96%</u>	<u>59.40%</u>	<u>66.30%</u>	<u>57.97%</u>	<u>52.60%</u>

**Legal Debt Margin Calculation for Fiscal Year 2018:**

Assessed value	\$ 348,289
Add back: exempt real property	<u>4,122</u>
<b>Total assessed value</b>	<b><u>\$ 352,411</u></b>
Debt limit (15% of total assessed value)	<u>\$ 52,862</u>
Debt applicable to limit:	
General obligation bonds <sup>1</sup>	29,642
Less: Amount set aside for repayment of general obligation debt	<u>(1,837)</u>
<b>Total net debt applicable to limit</b>	<b><u>27,805</u></b>
<b>Legal debt margin</b>	<b><u>\$ 25,057</u></b>

**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.

<sup>1</sup>The Series 2017 General Obligation Bonds were issued under the State of Mississippi 2005 House Bill No. 1770 ("Local and Private Act"). Under this act, these bonds are not included in the debt applicable to the City's legal debt limit prescribed by Mississippi Code of 1972, Section 21-33-303.



**SCHEDULE 41**

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

<b>Fiscal Year</b>	<b>Water &amp; Sewer Charges and Other</b>	<b>Less: Operating Expenses<sup>1</sup></b>	<b>Net Available Revenue</b>	<b>Debt Service</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
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%
2015	13,284	7,511	5,773	1,465	355	1,820	317.20%
2016	13,993	8,076	5,917	1,525	297	1,822	324.75%
2017	12,460	8,380	4,080	1,165	236	1,401	291.22%
2018	13,505	8,296	5,209	1,225	179	1,404	371.01%

**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.

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

**SCHEDULE 42**

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

<b>Fiscal Year</b>	<b><u>Population</u><sup>1</sup></b>	<b>Personal Income (amounts expressed in thousands)<sup>2</sup></b>	<b>Per Capita Personal Income<sup>2</sup></b>	<b>Median Age<sup>3</sup></b>	<b>School Enrollment<sup>4</sup></b>	<b>Unemployment Rate<sup>5</sup></b>
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	40,196	3,638,085	34,257	35.0	5,880	10.0%
2015	39,661	3,593,079	34,384	34.8	5,664	8.5%
2016	39,113	3,662,632	35,374	35.2	5,555	6.4%
2017	37,940	3,734,000	36,656	36.0	5,444	5.6%
2018	37,940	3,734,000	36,656	36.0	5,232	5.2%

**Sources:** <sup>1</sup>U.S. Census Bureau, 2010-2017 Estimates of the Resident Population for Incorporated Places at [www.census.gov](http://www.census.gov).

<sup>2</sup>U.S. Department of Commerce, Bureau of Economic Analysis website at [www.bea.gov](http://www.bea.gov).

Per capita personal income estimates reflect population estimates available as of November 15, 2018.

<sup>3</sup>U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates at [www.census.gov](http://www.census.gov).

<sup>4</sup>Mississippi Assessment and Accountability Reporting System of the Mississippi Department of Education's website: <http://reports.mde.k12.ms.us/data/>; and Office of the Superintendent, Meridian Public School District; November 2018.

<sup>5</sup>Mississippi Department of Employment Security "Annual Labor Force Report" at [www.mdes.ms.gov](http://www.mdes.ms.gov).

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

**SCHEDULE 43**

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

<u>Taxpayer</u>	<u>2018</u>			<u>2009</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	2,740	1	19.13%	1,767	1	12.55%
Anderson Regional Medical Center	1,227	2	8.57%	1,200	3	8.52%
Mississippi Air National Guard	1,100	3	7.68%	1,035	4	7.35%
Meridian Public Schools	1,000	4	6.98%	1,000	5	7.10%
East Mississippi State Hospital	670	5	4.68%	1,205	2	8.56%
Walmart Supercenters	637	6	4.45%	760	6	5.40%
Meridian Community College	500	7	3.49%	327	10	2.32%
City of Meridian	491	8	3.43%	548	8	3.89%
Alliance Health Center	363	9	2.52%	385	9	2.73%
Peavey Electronics Corporation	200	10	1.40%	---	---	---
Riley Memorial Hospital	---	---	---	<u>650</u>	7	<u>4.62%</u>
<b>Totals</b>	<u>8,928</u>		<u>62.33%</u>	<u>8,877</u>		<u>63.04%</u>

**Source:** East Mississippi Business Development Corporation

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

<u>Function</u>	<u>Full-time Equivalent Employees as of September 30,</u>									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government	49	50	46	59	47	48	49	59	61	55
Public safety:										
Police:										
Officers	111	108	109	108	100	92	90	77	99	90
Civilians	19	15	15	19	17	13	18	24	19	21
Fire:										
Firefighters and officers	101	108	112	114	106	103	97	110	106	96
Civilians	9	11	10	11	9	7	9	9	8	7
Highways and streets	72	60	65	57	56	55	67	65	75	68
Sanitation	1	1	1	1	1	1	1	1	1	1
Culture and recreation	49	56	42	42	40	39	32	30	35	27
Water	48	47	48	48	45	39	39	31	37	25
Sewer	46	44	42	39	36	31	31	37	39	29
Golf course	3	5	7	8	8	10	8	9	4	2
Union Station	2	2	2	2	2	2	2	2	1	1
Municipal Garage	14	13	11	11	11	10	10	10	11	7
Public Safety & Training Facility	5	5	4	5	4	4	3	3	3	5
Community Development	19	19	16	16	18	18	22	23	20	16
<b>Totals</b>	<u>548</u>	<u>544</u>	<u>530</u>	<u>540</u>	<u>500</u>	<u>472</u>	<u>478</u>	<u>490</u>	<u>519</u>	<u>450</u>

Source: City's payroll department.

**SCHEDULE 45**

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Police:</b>										
Physical arrests	4,967	4,952	5,089	6,254	5,847	3,917	4,012	3,838	3,997	4,541
Parking violations	6,088	5,329	4,347	3,699	3,186	2,027	1,960	1,972	1,365	1,848
Traffic violations	10,816	8,676	12,089	9,533	9,163	8,801	8,366	6,719	9,672	8,617
<b>Fire:</b>										
Number calls answered	1,666	1,636	2,070	1,550	1,621	1,596	1,456	1,625	1,542	1,599
Inspections	2,814	1,375	1,810	2,053	1,414	2,365	2,573	2,002	2,399	2,531
<b>Highways and streets:</b>										
Street resurfacing (miles)	-	-	-	4	19	19	-	22	14	6
Potholes repaired <sup>1</sup>	352	271	394	1,003	936	1,191	364	803	542	515
<b>Culture and recreation:</b>										
Meridian Activity Center/Velma Young Park/Highland Park classes	1,215	1,290	1,255	1,248	1,594	1,624	1,652	1,978	1,981	1,602
<b>Water:</b>										
New connections	45	30	50	28	46	88	46	28	31	18
Water leak repairs	1,190	1,291	1,344	1,196	644	640	564	595	552	444
Average daily consumption (millions of gallons)	4.447	4.211	5.033	5.066	5.236	5.453	5.640	5.722	5.025	4.981
<b>Wastewater:</b>										
Average daily sewerage treatment (millions of gallons)	5.730	7.100	6.390	7.060	8.380	6.130	6.490	7.140	6.540	6.350

Source: Various City departments.

<sup>1</sup>For fiscal years 2012 through 2018, 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 2009 through 2011 is based on the number of service orders issued for pothole repair.

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**SCHEDULE 46**

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

<b>Function</b>	<b>Fiscal Year</b>									
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Public safety:</b>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	73	84	84	88	86	93	90	84	101	110
Fire stations	8	8	7	8	8	8	8	8	7	7
<b>Highways and streets:</b>										
Streets (miles)	330.35	330.35	330.35	330.35	330.35	330.35	330.35	330.35	330.35	330.35
Streetlights	6,570	6,589	6,603	6,639	6,693	6,729	6,735	6,752	6,756	6,756
Traffic signals	120	120	117	117	117	117	117	120	121	121
<b>Culture and recreation:</b>										
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	16	16	16	16	16	16	16
Community centers	3	3	3	3	3	3	3	3	4	4
Softball/Baseball fields	18	18	18	18	18	18	19	19	19	19
Soccer fields	14	14	14	14	14	14	14	14	14	14
Golf course	1	1	1	1	1	1	1	1	1	1
Splash pad	-	-	-	-	-	-	-	1	1	1
<b>Water:</b>										
Water mains (miles)	429	429	430	430	430	430	431	432	432	432
Fire hydrants	2,131	2,136	2,141	2,180	2,180	2,181	2,183	2,186	2,186	2,186
Maximum daily capacity (thousands of gallons)	14,500	14,500	14,500	13,952	13,952	13,952	13,952	13,952	13,952	13,952
<b>Sewer:</b>										
Sanitary sewers (miles)	445	445	445	445	445	445	445	445	445	445
Storm sewers (miles)	225	225	225	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 Office of Management and Budget Uniform Guidance. 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, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number/ Federal Contract	Program or Award Amount	Accrued (Unearned) Revenue 9/30/2017	Federal Receipts	Federal Share Disbursements/ Expenditures	Accrued (Unearned) Revenue 9/30/2018	Cumulative Federal Receipts	Cumulative Federal Share Disbursements/ Expenditures	Fund Type
<b>U. S. Department of Agriculture</b>										
Pass-through Mississippi Forestry Commission - Urban and Community Forestry Grant Program	10.675	16-DG-11083128-001	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ 20,000	\$ 20,000	Special revenue
Pass-through Natural Resources Conservation Service: NRCS Emergency Watershed Protection	10.923	68-4423-16-225	80,466	80,466	80,466	-	-	80,466	80,466	Special revenue
IHOP Collapse Repairs	10.923	68-4423-16-265	3,300,000	1,779,088	3,300,000	1,520,912	-	3,300,000	3,300,000	Special revenue
<b>Total U.S. Department of Agriculture</b>				<u>1,879,554</u>	<u>3,400,466</u>	<u>1,520,912</u>	<u>-</u>	<u>3,400,466</u>	<u>3,400,466</u>	
<b>U. S. Department of Housing &amp; Urban Development</b>										
Pass-through Mississippi Development Authority - Velma Young Community Center Improvements	14.228	1131-14-258-PF-01	600,000	2,500	2,500	-	-	600,000	600,000	Capital project
<b>Total U.S. Department of Housing &amp; Urban Development</b>				<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>600,000</u>	
<b>U. S. Department of Justice</b>										
Pass-through Mississippi Department of Public Safety:										
Bulletproof Vests Partnership	16.607	2015BUBX15078506	5,126	3,672	3,672	-	-	5,126	5,126	Special revenue
Bulletproof Vests Partnership	16.607	2016BUBX16081454	2,450	2,450	2,450	-	-	2,450	2,450	Special revenue
Bulletproof Vests Partnership	16.607	2016BUBX16081454	14,375	-	1,824	-	(1,824)	1,824	-	Special revenue
<b>Total pass-through programs</b>				<u>6,122</u>	<u>7,946</u>	<u>-</u>	<u>(1,824)</u>	<u>9,400</u>	<u>7,576</u>	
JAG Program cluster:										
Direct programs:										
Edward Byrne Memorial Justice Assistance	16.738	2015-DJ-BX-0880	34,624	13,850	13,850	-	-	34,624	34,624	Special revenue
Edward Byrne Memorial Justice Assistance	16.738	2016-DJ-BX-0249	37,648	-	15,060	15,060	-	26,226	26,226	Special revenue
Edward Byrne Memorial Justice Assistance	16.738	2017-DJ-BX-0619	35,642	-	-	-	-	-	-	Special revenue
<b>Total JAG Program cluster</b>				<u>13,850</u>	<u>28,910</u>	<u>15,060</u>	<u>-</u>	<u>60,850</u>	<u>60,850</u>	
<b>Total U.S. Department of Justice</b>				<u>19,972</u>	<u>36,856</u>	<u>15,060</u>	<u>(1,824)</u>	<u>70,250</u>	<u>68,426</u>	
<b>U. S. Department of Transportation</b>										
Pass-through Mississippi Department of Public Safety:										
Police Traffic Services	20.600	PT-2017-PT-22-21	15,334	-	10,772	10,772	-	12,030	12,030	Special revenue
Police Traffic Services	20.600	PT-2018-PT-22-21	8,270	-	-	829	829	-	829	Special revenue
NHTSA Impaired Driving	20.607	154AL-2017-ST-22-21	50,401	18,819	18,819	-	-	45,102	45,102	Special revenue
Pass-through Mississippi Department of Transportation:										
Safe Routes to School Project	20.205	SRSP-0320-00(023) & (024)	800,626	17,738	17,738	-	-	709,083	709,083	Capital project
Downtown (5th Street) Streetscape	20.205	STP-7234-00(001)	1,000,000	1,161	1,161	-	-	995,447	995,447	Capital project
Old Highway 80 Pedestrian Improvements	20.205	STP-7243-00(002)	700,000	-	-	-	-	-	-	Capital project
<b>Total U.S. Department of Transportation</b>				<u>37,718</u>	<u>48,490</u>	<u>11,601</u>	<u>829</u>	<u>1,761,662</u>	<u>1,762,491</u>	

(continued)

CITY OF MERIDIAN, MISSISSIPPI  
 Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended September 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number/ Federal Contract	Program or Award Amount	Accrued (Unearned) Revenue 9/30/2017	Federal Receipts	Federal Share Disbursements/ Expenditures	Accrued (Unearned) Revenue 9/30/2018	Cumulative Federal Receipts	Cumulative Federal Share Disbursements/ Expenditures	Fund Type
<b>U. S. Environmental Protection Agency</b>										
Pass-through Mississippi State Department of Health - Drinking Water Systems Improvements Revolving Loan Fund	66.468	DWI-L380005-01-0	\$ 8,114,960 <sup>2</sup>	\$ - <sup>2</sup>	\$ 205,327	\$ 424,477	\$ 219,150	\$ 205,327	\$ 424,477	Special revenue
<b>Total U.S. Environmental Protection Agency</b>				<u>-</u>	<u>205,327</u>	<u>424,477</u>	<u>219,150</u>	<u>205,327</u>	<u>424,477</u>	
<b>U. S. Department of Health and Human Services</b>										
Pass-through Mississippi State Department of Health: Mayor's Health Council	93.758	2B010T00903215	3,000	(878)	-	-	(878)	2,548	1,670	Special revenue
Mosquito Surveillance	93.323	NU50CK000414-03-04	42,523	-	-	36,063	36,063	-	36,063	Special revenue
<b>Total U.S. Department of Health and Human Services</b>				<u>(878)</u>	<u>-</u>	<u>36,063</u>	<u>35,185</u>	<u>2,548</u>	<u>37,733</u>	
<b>U. S. Department of Homeland Security</b>										
Direct program - Assistance to Firefighters	97.044	EMW-2016-FP-00162	53,253	-	53,208	53,208	-	53,208	53,208	Special revenue
Pass-through Mississippi Department of Public Safety:										
Homeland Security - Training	97.073	16HS258	75,000	(9,738)	36,907	27,610	(19,035)	75,000	55,965	Special revenue
Homeland Security - Training	97.067	17HS258	75,000	-	30,262	42,335	12,073	30,262	42,335	Special revenue
Homeland Security - Training	97.067	17LE258M	21,000	-	10,625	10,137	(488)	10,625	10,137	Special revenue
Homeland Security - Training	97.067	A17LE258M	79,000	-	33,768	26,404	(7,364)	33,768	26,404	Special revenue
<b>Total U.S. Department of Homeland Security</b>				<u>(9,738)</u>	<u>164,770</u>	<u>159,694</u>	<u>(14,814)</u>	<u>202,863</u>	<u>188,049</u>	
<b>Total federal financial assistance</b>				<u>\$ 1,929,128</u>	<u>\$ 3,858,409</u>	<u>\$ 2,167,807</u>	<u>\$ 238,526</u>	<u>\$ 6,243,116</u>	<u>\$ 6,481,642</u>	

<sup>1</sup> The beginning accrued revenue and cumulative Federal share disbursements/expenditures for this grant have been adjusted to reflect additional prior year expenditures requested and received for reimbursement in the current year.

<sup>2</sup> The Program or Award Amount is based upon anticipated Federal, State match, and other funds available to the Mississippi State Department of Health. The Federal portion of this award is unknown until the loan funds are requested and received by the City. The Accrued Revenue was adjusted to remove non-Federal funds.

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to the Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended September 30, 2018

(1) **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (“schedule”) includes the federal award activity of the City of Meridian, Mississippi (“City”) under programs of the federal government for the year ended September 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the schedule presents only a selected portion of the operations of the City, it is not intended to, and does not present, the financial position, changes in net position, or cash flows of the City.

(2) **Summary of Significant Accounting Policies**

Expenditures for each of the federal financial assistance programs presented on the schedule are reported on the accounting basis as presented on the fund financial statements. For governmental funds programs, expenditures are presented on the modified accrual basis of accounting. For proprietary fund programs, expenditures are presented on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has not negotiated in indirect cost rate nor elected the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(3) **Federal Loan**

The City receives loan funds from the Drinking Water Systems Improvements Revolving Loan Fund through the Mississippi State Department of Health. The Federal portion of the disbursements from these loan funds and related receivable included on the schedule are presented on the full accrual basis of accounting.

**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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 29, 2019. 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs (Finding 2018-001), that we consider to be significant deficiencies.

### **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*.

### **City's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express not opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

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

Jackson, Mississippi  
April 29, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**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 *OMB 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, 2018. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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, 2018.

**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 to determine the 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 the Uniform Guidance, 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.

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

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Bryce Sanders, CPA, CFE*

Jackson, Mississippi  
April 29, 2019

**CITY OF MERIDIAN, MISSISSIPPI**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended September 30, 2018

**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued:	<b>Unmodified</b>
Internal control over financial reporting:	
• Material weaknesses identified?	<b>No</b>
• Significant deficiencies identified?	<b>Yes</b>
Noncompliance material to financial statements noted?	<b>No</b>

***Federal Awards***

Internal control over major programs:	
• Material weaknesses identified?	<b>No</b>
• Significant deficiencies identified?	<b>None reported</b>
Type of auditors' report issued on compliance for major programs:	<b>Unmodified</b>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	<b>No</b>

Identification of major program tested:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
66.468	Drinking Water Systems Improvements Revolving Loan Funds
97.044	Assistance to Firefighters

Dollar threshold used to distinguish between type A and type B programs:	<b>\$ 750,000</b>
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Auditee determined to be a low-risk auditee?	<b>Yes</b>
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*Continued*

**CITY OF MERIDIAN, MISSISSIPPI**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended September 30, 2018

**Section II - Findings - Financial Statements Audit**

**Finding 2018-001**

**Payroll Policies and Procedures**

**Finding Type:** Significant Deficiency

**Conditions/Criteria**

During the audit, we noted that there were instances in which employees submitted erroneous, misstated, or fraudulent time worked. We further noted additional areas in processing payroll that should be reviewed and internal controls assessed and enhanced. These areas include supervisory review and approval of time entry; accrual and use of holiday, comp and flex time; updated Job Classification List and Pay Band Schedule; and payroll data input.

**Cause of Condition**

The City has numerous departments that utilize differing payroll timekeeping systems and approval processes. The payroll policies do not go into detail as to the required procedures for time entry and approval.

**Effect of Condition**

Without detailed payroll policies and procedures and strict application of such, fraudulent misstatement or erroneous entry of time worked may not be identified and corrected prior to payroll processing and disbursement.

**Recommendation**

We recommend that the City update and detail the payroll policies and procedures to ensure internal controls are in place that provide reasonable assurance for the accuracy of payroll time entry, payroll disbursements, and the accrual and use of holiday, comp and flex time. Detailed policies and procedures should be provided to each City department, along with any necessary training, to ensure that all policies and procedures are being properly and consistently applied.

Following are recommendations for some areas identified that may enhance controls:

- We recommend the use of automated time cards in all departments to document each employee's workday from start to finish. These time cards should indicate clearly the date and time of all hours worked each day. The hours worked each day can then be summarized as to regular, overtime, vacation, sick, holiday, comp, flex, stand-by, or part-time pay. For

*Continued*



**CITY OF MERIDIAN, MISSISSIPPI**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended September 30, 2018

employees that use timecards that require manual calculations, a time report form should be developed that recaps each day's time by the above categories and clearly indicates the date and time of day the hours were worked. We recommend the employees be required to sign a statement authenticating the time entered for each time card. Requiring signed statements can help impress on employees the need for accuracy and honesty in filling out the time cards.

- Time entered should be properly and clearly approved by department heads or supervisors who are knowledgeable about their employees' attendance, hours, and work assignments during the pay period and the authenticity of the hours reported. The review should include all hours reported and approval documented for any time submitted that is outside the regular work hours (i.e. vacation, sick, holiday, comp and flex time). The department head/supervisor responsible for approval should remit a signed representation of approval and an affirmative statement that they have reviewed each time card for accuracy.
- We recommend that prior to payroll disbursement, the payroll department review payroll reports produced after processing payroll each pay period for any unusual or irregular items. Any discrepancies noted should be researched, properly identified, and cleared. This review should be documented for each pay period.
- We recommend that the internal audit functions include periodic surprise payroll pay-outs (pick up of paycheck or paystub) to aid in detecting the existence of fictitious employees. We further recommend that internal audit functions include periodic detailed review of payroll to include (1) tracing employee names to employment authorization forms, (2) tracing pay rates to authorization forms, (3) tracing hours worked to time records, (4) checking the clerical accuracy of the payroll, and (5) checking the account distribution for reasonableness based on knowledge of the operations and payroll costs of the various departments.
- Procedures should be implemented to ensure that any extended vacation and sick pay is properly approved by a designated administrative employee independent of that department.
- The City should clearly define employees that qualify to accrue holiday or comp time or to work flex time. There should be clear and documented procedures for when comp time or flex time is allowed. Authorization of paid/accrued holidays, comp time, and flex time should be documented and approved by management. The use of such hours should be further reviewed by management outside of the department for necessity and reasonableness.
- Holiday hours and comp time accrued/used/available should be maintained by one individual in a reliable and clear format that is maintained on a regular basis and available for review. All accruals of time should be further reviewed and monitored for compliance with City policies and to ensure that the hours used do not exceed the hours accrued.
- The policy for accruing vacation and sick leave when employees are on unpaid leave or using extended vacation or sick leave for medical purposes, etc. should be clearly defined.
- Any extended vacation or sick time taken should require further approval by management outside the department.

*Continued*



**CITY OF MERIDIAN, MISSISSIPPI**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended September 30, 2018

**Views of Responsible Officials and Planned Corrective Actions**

The Executive Branch of the City of Meridian has attempted to implement a comprehensive electronic time keeping system during previous fiscal years, but ultimately the software needed was not deemed a priority once the budget was submitted for approval and was removed during the budget revision process with the Legislative Branch. The software needed was ultimately approved this fiscal year after executive personnel reported payroll irregularities to the city's external auditor and a State of MS LEO. The City of Meridian is now in the process of gradually moving toward automated time cards and electronic time keeping. Public Works and the Police Department remain to be transitioned to electronic time cards. Electronic time keeping will allow for more flexibility in generating a variety of reports. Currently the City Attorney is working on a more comprehensive comp/flex time policy that can be used across all departments, which will also clarify those that are eligible for comp/flex time. Time clock plus software is capable of keeping up with comp/flex time electronically. This feature will be considered to be made active when a policy has been approved for use. Time approval for hours worked by employees is approved by the supervisor and the department head before being submitting to Human Resources and the final approval is conducted by the CAO and the HR Director. Once payroll is ran, the payroll reports are reviewed for errors that need to be resolved, before payroll checks are printed. All payouts for vacation and sick time are handled according to the leave policy that the City operates within. All holiday hours are maintained in Great Plains electronically. Vacation, sick, and holiday hours are automatically accrued by the computer (GP). The accrual factor for vacation and sick is within the leave policy for the city. Any extended use of vacation or sick after three days requires an explanation and completion of the proper leave paperwork if necessary.

**Section III - Findings and Questioned Costs – Major Federal Award Programs Audit**

No audit findings required to be reported in accordance with 2 CFR section 200.516(a) were reported.

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**BREAZEALE, SAUNDERS & O'NEIL, LTD.**

CERTIFIED PUBLIC ACCOUNTANTS

**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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 29, 2019. 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.

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

Jackson, Mississippi  
April 29, 2019

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OFFICE OF THE  
STATE AUDITOR

