

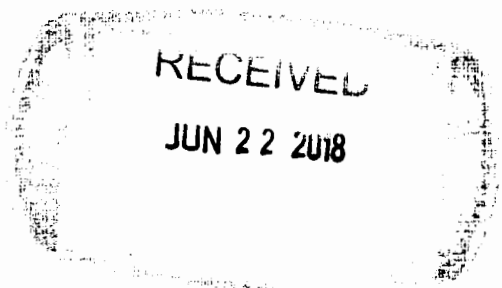


The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content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

CITY OF MERIDIAN, MISSISSIPPI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2017**



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, 2017

TABLE OF CONTENTS (Page 1 of 4)

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	1
Letter of Transmittal	3 - 7
GFOA Certificate of Achievement	8
Organizational Structure	9
Listing of City Officials	10
<u>FINANCIAL SECTION</u>	11
Independent Auditors' Report	13 - 15
Management's Discussion and Analysis	17 - 27
Basic Financial Statements:	29
Government-Wide Financial Statements:	
Statement of Net Position	30 - 31
Statement of Activities	32 - 33
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	34 - 35
Reconciliation of the Balance Sheet of Governmental Funds to the	
Statement of Net Position	36
Statement of Revenues, Expenditures, and Changes in Fund Balances	37
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities	38
Statement of Revenues, Expenditures, and Changes in Fund Balances –	
Budget and Actual (Budgetary Basis) – General Fund	39 - 41
Proprietary Funds:	
Statement of Net Position	42 - 43
Statement of Revenues, Expenses, and Changes in Net Position	45
Statement of Cash Flows	46 - 47
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities	48
Component Units:	
Statement of Net Position	49
Statement of Activities	50
Notes to Financial Statements	51 - 110

CITY OF MERIDIAN, MISSISSIPPI
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2017

TABLE OF CONTENTS (Page 2 of 4)

	<u>Schedule</u>	<u>Page</u>
<u>FINANCIAL SECTION (Continued)</u>		
Required Supplementary Information:		111
Public Employees' Retirement System of Mississippi – Schedule of the City's Proportionate Share of Net Pension Liability	1	112
Public Employees' Retirement System of Mississippi – Schedule of the City's Contributions	2	113
Mississippi Municipal Retirement Systems – Meridian General Plan – Schedule of Changes in Net Pension Liability and Related Ratios	3	114
Mississippi Municipal Retirement Systems – Meridian General Plan – Schedule of the City's Contributions	4	115
Mississippi Municipal Retirement Systems – Meridian Fire & Police Plan – Schedule of Changes in Net Pension Liability and Related Ratios	5	116
Mississippi Municipal Retirement Systems – Meridian Fire & Police Plan – Schedule of the City's Contributions	6	117
Supplementary Information:		
Combining and Individual Fund Statements and Schedules:		119
Nonmajor Governmental Funds:		120 - 121
Combining Balance Sheet	7	122
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	8	123
Combining Balance Sheet – Nonmajor Capital Projects Funds	9	124 - 125
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds	10	126 - 127
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis):		
Debt Service Fund	11	128
Special Revenue Fund	12	129
Capital Projects Funds	13	130
Schedule of General Fund Expenditures by Departments and Divisions	14	132 - 133
Nonmajor Enterprise Funds:		135
Combining Statement of Net Position	15	136
Combining Statement of Revenues, Expenses, and Changes in Net Position	16	137
Combining Statement of Cash Flows	17	138

CITY OF MERIDIAN, MISSISSIPPI
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2017

TABLE OF CONTENTS (Page 3 of 4)

	<u>Schedule</u>	<u>Page</u>
<u>FINANCIAL SECTION (Continued)</u>		
Internal Service Funds:		139
Combining Statement of Net Position	18	140
Combining Statement of Revenues, Expenses, and Changes in Net Position	19	141
Combining Statement of Cash Flows	20	142
Fiduciary Funds:		143
Combining Statement of Fiduciary Assets and Liabilities	21	144
Combining Statement of Changes in Fiduciary Assets and Liabilities	22	145 - 147
Nonmajor Component Units:		149
Combining Statement of Net Position	23	150
Combining Statement of Activities	24	151
Other Supplementary Information:		153
Schedule Reconciling Original Ad Valorem Tax Rolls to Fund Collections	25	154 - 155
Schedule of Investments	26	156
Schedule of Surety Bonds for Municipal Officials	27	157
Schedule of Changes in Long-Term Debt	28	159
Schedule of Long-Term Debt Maturities	29	160 - 161
<u>STATISTICAL SECTION</u>		163
Net Position by Component	30	165
Changes in Net Position	31	166 - 167
Governmental Activities Tax Revenues by Source	32	168
Fund Balances of Governmental Funds	33	169
Changes in Fund Balances of Governmental Funds	34	170 - 171
General Government Tax Revenues by Source	35	172
Assessed Value and Estimated Actual Value of Taxable Property	36	173
Property Tax Rates – Direct and Overlapping Governments	37	174
Principal Property Taxpayers	38	175
Property Tax Levies and Collections	39	176
Ratios of Outstanding Debt by Type	40	177
Ratios of General Obligation Bonded Debt Outstanding	41	178
Direct and Overlapping Governmental Activities Debt	42	179
Legal Debt Margin Information	43	180
Pledged-Revenue Coverage	44	181

CITY OF MERIDIAN, MISSISSIPPI
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2017

TABLE OF CONTENTS (Page 4 of 4)

	<u>Schedule</u>	<u>Page</u>
<u>STATISTICAL SECTION (CONTINUED)</u>		
Demographic and Economic Statistics	45	182
Principal Employers	46	183
Full-time Equivalent City Government Employees by Function	47	184
Operating Indicators by Function	48	185
Capital Asset Statistics by Function	49	186
<u>SINGLE AUDIT SECTION</u>		187
Schedule of Expenditures of Federal Awards	50	188 - 189
Notes to the Schedule of Expenditures of Federal Awards		190
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 <i>Government Auditing Standards</i>		191 - 192
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance		193 - 195
Schedule of Findings and Questioned Costs		196 - 197
Independent Auditors' Report on Compliance with State of Mississippi Office of the State Auditor Requirements		199

INTRODUCTORY SECTION

(This page intentionally left blank)



CITY OF MERIDIAN

May 30, 2018

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

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, 2017.

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, 2017, 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, 2017, 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.

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

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

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

Profile of the Government

The City, incorporated in 1860, is located in east central Mississippi, and is the county seat of Lauderdale County. The City currently occupies a land area of approximately 54.3 square miles and has an official 2010 population of 41,148. The City is empowered to levy a property tax on real and personal properties, utilities and motor vehicles located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing authorities and approved by the appropriate court of jurisdiction.

The City has operated under the mayor-council form of government since 1985. Legislative authority is vested in a part-time governing city council consisting of five council members elected by wards. The city council is responsible, among other things, for passing ordinances, adopting the budget and hiring an independent accountant to provide a full and complete examination of all books of the City at the end of each fiscal year. Executive authority is vested in a full-time mayor elected at-large. The mayor is responsible, among other things, for enforcing the charter and ordinances of the municipality and all general laws applicable thereto, for overseeing day-to-day operation of the City, appointing the heads of the various departments subject to council confirmation, annually reporting to council and the public on the work of the previous year, making recommendations for action by the council and supervising all of the departments of the City. The mayor may approve ordinances adopted by the council or veto such action within ten (10) business days, stating the reasons for such veto. No ordinance so vetoed shall take effect unless council within ten (10) business days resolves to override the veto by a vote of two-thirds (2/3) of the members present and voting to override. If the mayor takes no action to approve or veto an ordinance, there is a period of fifteen (15) business days before the ordinance could become effective. The mayor and council serve concurrent, four-year terms.

The City provides a full range of services, including police and fire protection; general administration; construction and maintenance of streets, drainage ways and other infrastructure; waste and trash collection and disposal; water and sewer services; community and economic development services; and recreational activities and cultural events. Discretely presented

component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The Meridian Airport Authority, the Meridian Transportation Commission, the Meridian and Bonita Lakes Development Authority and the Meridian Urban Renewal Authority are reported as discretely presented component units.

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

Factors Affecting Financial Condition

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

Local economy. The City continues to have a diverse economy with industries ranging from electronic music and sound equipment to aircraft parts and steel fabrication to distribution centers for office products, flower bulbs, and beverages. Meridian is the center of a large trade area and continues to meet the medical, retail, industrial, cultural and recreational needs of hundreds of thousands of people in east Mississippi and west Alabama.

Meridian is 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 members 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

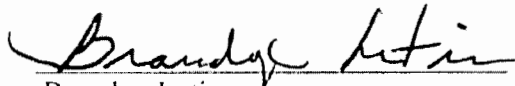
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report ("CAFR") for the fiscal year ended September 30, 2016. This is the twenty-first consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

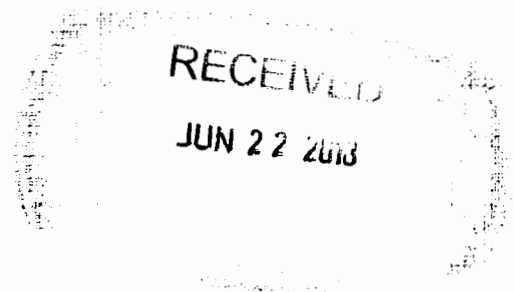
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Sincerely,


Percy Bland, III
Mayor


Brandye Latimer
CFO/City Clerk





Government Finance Officers Association

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

Presented to

**City of Meridian
Mississippi**

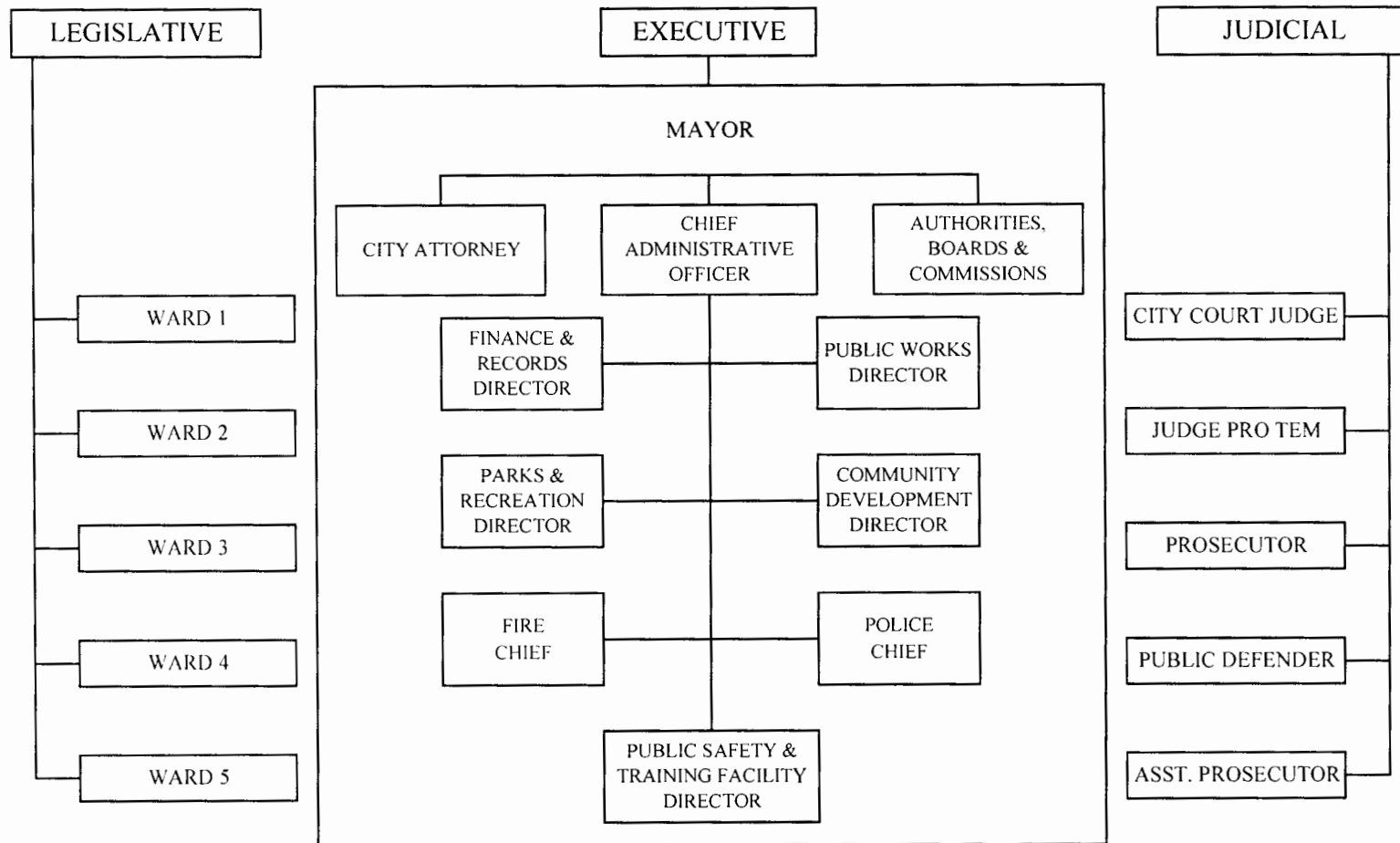
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrell

Executive Director/CEO

CITY OF MERIDIAN, MISSISSIPPI
Organizational Structure
September 30, 2017



CITY OF MERIDIAN, MISSISSIPPI

Listing of City Officials

September 30, 2017

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	David Whitaker
Public Works Director	Hugh Smith
Parks & Recreation Director	Kelvin McGruder
Community Development Director	H. C. Partridge, Jr.
Fire Chief	Anthony Clayton
Police Chief	Benny Dubose
Public Safety & Training Facility Director (Interim)	Douglas Stephens
City Attorney	Bill Hammack

FINANCIAL SECTION

(This page intentionally left blank)

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

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, 2017, 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 85.46 percent, 87.41 percent, and 98.07 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 circumstances, but not for the purpose of expressing an opinion on the effectiveness

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

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, 2017, 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 112 through 117 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.

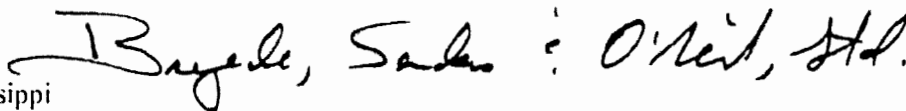
The Honorable Mayor Percy Bland, III and
Honorable Members of the City Council
City of Meridian, Mississippi
Page three

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 May 30, 2018, 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
May 30, 2018

(This page intentionally left blank)

CITY OF MERIDIAN, MISSISSIPPI
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2017

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, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 - 7 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$55,740 (*net position*). Of this amount, the \$(59,424) *deficit unrestricted net position* is largely due to the City's \$56,380 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 \$15,850. This decrease in net position is largely attributable to a \$9,940 increase in expenses for culture and recreation and a \$4,401 increase in public works expenses.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$27,318, an increase of \$3,232 in comparison with the prior year. Approximately 15 percent of this total amount, \$4,196, 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 \$4,196 or 12 percent of total general fund expenditures.
- The City's total debt increased by \$24,039 (31.7 percent) during the current fiscal year. The increase is due to (1) a \$20,000 bond issue for the construction, equipping, and furnishing of the Mississippi Arts and Entertainment Center, (2) \$7,383 proceeds drawn on the EPA Water Pollution Control Revolving Loan Fund Program for the rehabilitation of the South Wastewater Treatment Plant, and (3) \$1,972 in loans for the purchase of standard fleet vehicles, specialty vehicles and a pumper fire truck. This was offset by the payment of \$5,316 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 (3) The Meridian Transportation Commission, and (4) Meridian and Bonita Lakes Development Authority. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. 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, and the 2017 General Obligation Bonds fund, which are considered to be major funds. Data from the other 16 nonmajor governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental funds financial statements can be found on pages 34 - 41 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 42 - 47 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 48 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 51 - 110 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 111 - 117 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 119 - 151 of this report.

Government-wide Financial Analysis

The following table presents the City's net positions at September 30, 2017 compared to September 30, 2016.

City of Meridian's Net Position

<u>Description</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 37,554	30,314	26,147	25,388	63,701	55,702
Capital assets, net	<u>97,784</u>	<u>93,258</u>	<u>37,158</u>	<u>33,286</u>	<u>134,942</u>	<u>126,544</u>
Total assets	<u>135,338</u>	<u>123,572</u>	<u>63,305</u>	<u>58,674</u>	<u>198,643</u>	<u>182,246</u>
Deferred outflows of resources	<u>5,585</u>	<u>10,376</u>	<u>878</u>	<u>1,629</u>	<u>6,463</u>	<u>12,005</u>
Long-term liabilities outstanding	111,668	95,644	24,744	17,597	136,412	113,241
Other liabilities	<u>9,914</u>	<u>5,850</u>	<u>2,368</u>	<u>2,858</u>	<u>12,282</u>	<u>8,708</u>
Total liabilities	<u>121,582</u>	<u>101,494</u>	<u>27,112</u>	<u>20,455</u>	<u>148,694</u>	<u>121,949</u>
Deferred inflows of resources	<u>553</u>	<u>584</u>	<u>119</u>	<u>127</u>	<u>672</u>	<u>711</u>
Net position:						
Net investment in capital assets	72,890	65,945	21,492	25,555	94,382	91,500
Restricted	10,914	5,329	9,869	9,155	20,783	14,484
Unrestricted (deficit)	<u>(65,016)</u>	<u>(39,404)</u>	<u>5,591</u>	<u>5,010</u>	<u>(59,425)</u>	<u>(34,394)</u>
Total net position	<u>\$ 18,788</u>	<u>31,870</u>	<u>36,952</u>	<u>39,720</u>	<u>55,740</u>	<u>71,590</u>

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 \$55,740 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (169 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 (37 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(59,425) in *deficit unrestricted net position* is largely due to the City's \$48,626 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 an increase of \$714 in restricted net position reported in connection with the City's business-type activities. This is a result of a \$753 increase in funds available for debt service and a \$39 decrease in funds authorized for capital projects in the water and sewer fund.

The City's net position decreased \$15,850 during the current fiscal year. This decrease in net position is largely attributable to a \$9,940 increase in expenses for culture and recreation and a \$4,401 increase in public works expenses.

The following table presents the City's a summary of the changes in net position for the fiscal year ended September 30, 2017 compared to the fiscal year ended September 30, 2016.

City of Meridian's Changes in Net Position

<u>Description</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,422	1,676	14,585	16,155	17,007	17,831
Operating grants and contributions	887	586	-	-	887	586
Capital grants and contributions	2,958	1,156	-	1,748	2,958	2,904
General revenues:						
Property taxes	15,492	14,932	65	16	15,557	14,948
Other taxes	19,390	17,730	-	-	19,390	17,730
Grants and contributions not restricted to specific programs	74	70	-	-	74	70
Unrestricted investment earnings	113	78	117	123	230	201
Total revenues	<u>41,336</u>	<u>36,228</u>	<u>14,767</u>	<u>18,042</u>	<u>56,103</u>	<u>54,270</u>

RECEIVED

JUN 22 2018

<u>Description</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Expenses:						
General government	\$ 10,681	9,120	-	-	10,681	9,120
Public safety	19,137	16,855	-	-	19,137	16,855
Public works	12,861	8,459	-	-	12,861	8,459
Culture and recreation	13,062	3,122	-	-	13,062	3,122
Economic development	24	1	-	-	24	1
Interest on long-term debt	1,867	1,334	-	-	1,867	1,334
Sanitation	-	-	2,206	1,891	2,206	1,891
Water and sewer	-	-	11,290	10,921	11,290	10,921
Golf Course, Union Station and Concessions	-	-	825	775	825	775
Total expenses	<u>57,632</u>	<u>38,891</u>	<u>14,321</u>	<u>13,587</u>	<u>71,593</u>	<u>52,478</u>
Excess (deficiency) of revenues over (under) expenses before transfers	(16,296)	(2,663)	446	4,455	(15,850)	1,792
Transfers	<u>3,214</u>	<u>(1,435)</u>	<u>(3,214)</u>	<u>1,435</u>	<u>-</u>	<u>-</u>
Change in net position	(13,082)	(4,098)	(2,768)	5,890	(15,850)	1,792
Net position - beginning	<u>31,870</u>	<u>35,968</u>	<u>39,720</u>	<u>33,830</u>	<u>71,590</u>	<u>69,798</u>
Net position - ending	\$ <u>18,788</u>	<u>31,870</u>	<u>36,952</u>	<u>39,720</u>	<u>55,740</u>	<u>71,590</u>

Governmental activities. Governmental activities decreased the City's net position by \$13,082. Key elements of these changes in net position are as follows:

- Property tax revenues increased \$560 or four percent in 2017 compared to 2016. This increase in property tax receipts is primarily due to a 1.18 mills or nine percent increase in the 2017 debt service millage rate.
- Charges for services increased \$746 or 45 percent in 2017 compared to 2016. This was mostly due to an \$845 increase in public safety charges for services.
- Operating grants and contributions increased \$301 or 51 percent in 2017 compared to 2016. This increase was largely due to a \$237 increase in operating grants for public safety.
- Capital grants and contributions increased \$1,802 or 156 percent in 2017 compared to 2016. This was due to a \$2,200 increase in capital grants for public works offset by a \$373 decrease for culture and recreation.
- Other taxes (which include sales taxes) increased \$1,660 or nine percent.

- Total revenues increased \$5,108 or 14 percent. This was mainly due to a \$1,802 increase in capital grants and contributions, a \$1,607 increase in sale tax revenue and a \$746 increase in charges for services.
- Total expenses increased \$18,741 or 48 percent. This was primarily due to a \$2,282 increase in public safety expenditures, \$4,401 increase in public works expenditures, and \$9,940 increase in culture and recreation expenditures.

Business-type activities. Business-type activities decreased the City's net position by \$2,768. This is primarily due to a \$1,533 decrease in water and sewer charges for services and a \$1,748 decrease in water and sewer capital grants and contributions.

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 \$27,318, an increase of \$3,232 in comparison with the prior year. Of this total, \$21,624 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 \$332 is considered *nonspendable* because it has been used for inventory and land held for resale. A total of \$768 has been assigned, meaning there are limitations resulting from its intended use. A total of \$398 has been *committed* through formal action of the City Council for construction or acquisition of capital assets. The remaining \$4,196 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 \$4,196, while total fund balance was \$5,333. 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 12 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 \$3,648 during the current fiscal year. This was primarily due to a \$973 increase in general government expenditures, a \$306 increase in public safety expenditures and a \$778 increase in public works expenditures.

The debt service fund has a total fund balance of \$4,206, all of which is restricted for the payment of debt service. The net increase of \$260 during the current year in the debt service fund is a result of the timing of payment due dates of long-term debt.

The 2017 General Obligation Bonds fund has a total fund balance of \$11,223, 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 increased

\$11,223 during the current fiscal year. This increase represents proceeds of the \$20,000 bond issue less bond issue costs and 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 \$6,310, and those for the waste collection and disposal fund amounted to \$23. The total decrease in net position for the waste collection and disposal fund is \$354 and the water and sewer fund net position decreased by \$2,102.

General Fund Budgetary Highlights

There was no change 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	\$ (719)
Finance and records	55
Community development	52
Parks and recreation	253
Public works	(364)
Police	465
Fire	<u>258</u>
Total	\$ <u>-</u>

Actual revenues were under the final amended budget by \$698.

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	\$ 721
Finance and records	179
Community development	220
Parks and recreation	220
Public works	288
Police	173
Fire	157
Public safety & training facility	15
Arts district parking garage	<u>13</u>
Total	\$ <u>1,986</u>

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to \$132,942 (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:

- Engineering services for pedestrian improvements along Highway 80.
- Continued repair and replacement of a collapsed drainage structure located within a City drainage easement on North Frontage Road.
- Continued replacement of South Waste Water Treatment Plant air blowers, digester blowers, process pumps, and associated electrical upgrades.
- Completion of a new community center at Velma Young Park.
- Replacement of sidewalks, curb cuts, and pedestrian crossings and installation of decorative lighting and landscaping along 5th Street.

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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 8,197	8,203	250	324	8,447	8,527
Right of ways	3	3	105	30	108	33
Collections – historical treasures	141	141	-	-	141	141
Building and system	32,768	31,993	26,587	28,696	59,355	60,689
Improvements other than buildings	2,344	2,382	184	191	2,528	2,573
Machinery and equipment	8,482	6,094	2,523	1,540	11,005	7,634
Infrastructure	42,490	43,355	-	-	42,490	43,355
Construction in progress	<u>3,359</u>	<u>1,087</u>	<u>7,509</u>	<u>2,505</u>	<u>10,868</u>	<u>3,592</u>
Total	\$ <u>97,784</u>	<u>93,258</u>	<u>37,158</u>	<u>33,286</u>	<u>134,942</u>	<u>126,544</u>

Additional information on the City's capital assets can be found in note 5 on pages 76 - 79 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$56,665. Of this amount, \$52,715 comprises debt backed by the full faith and credit of the City, \$645 is special obligation bonds, \$2,900 is tax increment financing bonds and \$405 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 increased by \$16,160 (40 percent) during the current fiscal year. The increase is due to the issuance of new bonds exceeding retirements.

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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General obligation bonds	\$ 52,715	36,105	-	-	52,715	36,105
Special obligation bonds	645	730	-	-	645	730
Limited obligation tax increment financing bonds	2,900	3,155	-	-	2,900	3,155
Special assessment debt with governmental commitment	<u>405</u>	<u>515</u>	<u>-</u>	<u>-</u>	<u>405</u>	<u>515</u>
Total	\$ <u>56,665</u>	<u>40,505</u>	<u>-</u>	<u>-</u>	<u>56,665</u>	<u>40,505</u>

The City's general obligation bonds received an "A2" rating from Moody's Investors Service in November, 2017 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 \$53,221 which is significantly in excess of the City's net outstanding general obligation debt of \$30,852 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 84 - 89 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 a decrease from the rate of 4.9 percent a year ago. The statewide average is 4.3 percent as compared to the national average of 3.9 percent.
- The revitalization of the City continued with the issuance of 536 building permits with a construction value of \$29 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 1.6 percent versus the national average which increased 2.2 percent.
- Sales tax collections year-to-date in fiscal year 2018 are down 2.4 percent from the previous fiscal year. During the first eight months of fiscal year 2018, the City has received \$9,134 in sales tax collections, compared to \$9,364 received during the same period of fiscal year 2017.

All of these factors were considered in preparing the City's budget for the 2018 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund decreased to \$4,196. The City has appropriated \$2,674 of this amount for spending in the 2018 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.

(This page intentionally left blank)

BASIC FINANCIAL STATEMENTS

CITY OF MERIDIAN, MISSISSIPPI

Statement of Net Position

September 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 4,093,912	4,507,492	8,601,404	1,668,724
Investments	1,350,000	-	1,350,000	-
Receivables, net:				
Taxes	1,224,792	-	1,224,792	-
Accounts	716,517	2,032,260	2,748,777	1,068,945
Special assessments	364,304	-	364,304	-
Intergovernmental	180,155	7,177,749	7,357,904	227,972
Interest	1,369	-	1,369	48,721
Miscellaneous	8,950	198	9,148	-
Due from component units	4,435	-	4,435	-
Internal balances	(133,243)	133,243	-	-
Inventory	44,447	740,970	785,417	414,849
Prepaid items	255,093	115,575	370,668	53,215
Temporarily restricted assets:				
Cash and investments	27,116,997	11,440,150	38,557,147	127,162
Taxes receivable	235,585	-	235,585	-
Intergovernmental receivables	1,987,294	-	1,987,294	-
Leverage loans receivable	-	-	-	5,691,198
Land held for resale	103,042	-	103,042	-
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	3,358,644	7,508,483	10,867,127	324,636
Capital assets net of accumulated depreciation:				
Buildings	32,768,244	-	32,768,244	13,464,286
Water and sewer system	-	26,586,598	26,586,598	-
Improvements other than buildings	2,343,792	184,356	2,528,148	14,091,212
Machinery and equipment	8,482,382	2,523,334	11,005,716	258,603
Infrastructure	42,490,219	-	42,490,219	-
Total assets	135,338,145	63,305,338	198,643,483	39,908,144
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred loss on refundings	323,779	-	323,779	-
Deferred outflows related to net pension liability	5,261,493	878,124	6,139,617	171,020
Total deferred outflows of resources	5,585,272	878,124	6,463,396	171,020

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
Statement of Net Position
September 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>LIABILITIES</u>				
Accounts payable and other current liabilities	\$ 1,754,941	989,121	2,744,062	1,000,073
Accrued interest	454,478	-	454,478	-
Accrued salaries	571,980	107,214	679,194	-
Accrued sales tax	-	12,837	12,837	-
Liabilities payable from restricted assets	7,133,279	1,258,306	8,391,585	-
Unearned revenue	-	-	-	3,841
Noncurrent liabilities:				
Due within one year:				
Bonds, loans and leases payable	5,301,781	382,429	5,684,210	178,052
Bonds and loans payable from restricted assets	-	1,288,514	1,288,514	-
Compensated absences	371,440	52,607	424,047	24,165
Claims and judgments	580,947	-	580,947	-
Due in more than one year:				
Bonds, loans and leases payable	56,045,070	15,159,802	71,204,872	2,716,440
Compensated absences	742,880	106,809	849,689	158,489
Net pension liability	<u>48,625,977</u>	<u>7,753,992</u>	<u>56,379,969</u>	<u>5,984,422</u>
Total liabilities	<u>121,582,773</u>	<u>27,111,631</u>	<u>148,694,404</u>	<u>10,065,482</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred gain on refundings	-	23,831	23,831	-
Deferred inflows related to net pension liability	<u>552,601</u>	<u>95,609</u>	<u>648,210</u>	<u>43,709</u>
Total deferred inflows of resources	<u>552,601</u>	<u>119,440</u>	<u>672,041</u>	<u>43,709</u>
<u>NET POSITION</u>				
Net investment in capital assets	72,889,445	21,492,066	94,381,511	29,695,114
Restricted for:				
Debt service	5,320,948	8,702,457	14,023,405	-
Sowashee Creek maintenance	288,862	-	288,862	-
Construction/acquisition of capital assets	457,232	1,166,466	1,623,698	127,162
Mississippi Arts and Entertainment Center construction	3,707,916	-	3,707,916	-
Damage repairs and stabilization	62,068	-	62,068	-
Purposes of grantors/donors	447,068	-	447,068	-
Law enforcement	630,221	-	630,221	-
Unrestricted (deficit)	<u>(65,015,717)</u>	<u>5,591,402</u>	<u>(59,424,315)</u>	<u>147,697</u>
Total net position	\$ 18,788,043	36,952,391	55,740,434	29,969,973

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, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 10,680,617	380,230	-	-
Public safety	19,137,207	1,893,596	747,312	18,248
Public works	12,860,625	-	-	2,714,955
Culture and recreation	13,062,001	148,516	139,504	224,486
Economic development	24,590	-	-	-
Interest on long-term debt	1,866,644	-	-	-
Total governmental activities	<u>57,631,684</u>	<u>2,422,342</u>	<u>886,816</u>	<u>2,957,689</u>
Business-type activities:				
Water and sewer	11,289,615	12,459,704	-	-
Waste collection and disposal	2,206,357	1,832,468	-	-
Golf course	468,824	216,935	-	-
Union Station	322,002	55,621	-	-
Concessions	34,595	20,003	-	-
Total business-type activities	<u>14,321,393</u>	<u>14,584,731</u>	<u>-</u>	<u>-</u>
Total primary government	\$ <u>71,953,077</u>	<u>17,007,073</u>	<u>886,816</u>	<u>2,957,689</u>
Component units:				
Meridian Airport Authority	\$ 13,314,814	10,729,665	74,771	240,797
Nonmajor component units	134,631	194,866	22,060	-
Total component units	\$ <u>13,449,445</u>	<u>10,924,531</u>	<u>96,831</u>	<u>240,797</u>

General revenues:

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

Transfers

Total general revenues and transfers

Change in net position

Net position, October 1, 2016

Net position, September 30, 2017

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
(10,300,387)	-	(10,300,387)	-
(16,478,051)	-	(16,478,051)	-
(10,145,670)	-	(10,145,670)	-
(12,549,495)	-	(12,549,495)	-
(24,590)	-	(24,590)	-
(1,866,644)	-	(1,866,644)	-
<u>(51,364,837)</u>	<u>-</u>	<u>(51,364,837)</u>	<u>-</u>
-	1,170,089	1,170,089	-
-	(373,889)	(373,889)	-
-	(251,889)	(251,889)	-
-	(266,381)	(266,381)	-
-	(14,592)	(14,592)	-
<u>-</u>	<u>263,338</u>	<u>263,338</u>	<u>-</u>
<u>(51,364,837)</u>	<u>263,338</u>	<u>(51,101,499)</u>	<u>-</u>
-	-	-	(2,269,581)
-	-	-	82,295
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,187,286)</u>
15,492,109	65,113	15,557,222	-
16,038,148	-	16,038,148	-
2,600,540	-	2,600,540	-
720,864	-	720,864	-
30,584	-	30,584	-
74,245	-	74,245	-
112,427	117,173	229,600	2,501
<u>3,213,771</u>	<u>(3,213,771)</u>	<u>-</u>	<u>-</u>
<u>38,282,688</u>	<u>(3,031,485)</u>	<u>35,251,203</u>	<u>2,501</u>
(13,082,149)	(2,768,147)	(15,850,296)	(2,184,785)
<u>31,870,192</u>	<u>39,720,538</u>	<u>71,590,730</u>	<u>32,154,758</u>
\$ <u>18,788,043</u>	<u>36,952,391</u>	<u>55,740,434</u>	<u>29,969,973</u>

CITY OF MERIDIAN, MISSISSIPPI

Balance Sheet
 Governmental Funds
 September 30, 2017

	<u>General</u>	<u>Debt Service</u>	<u>2017 General Obligation Bonds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 3,107,336	-	-	6,829	3,114,165
Investments	1,350,000	-	-	-	1,350,000
Receivables, net:					
Taxes	1,224,792	-	-	-	1,224,792
Accounts	716,517	-	-	-	716,517
Intergovernmental	180,155	-	-	-	180,155
Interest	865	504	-	-	1,369
Miscellaneous	8,950	-	-	-	8,950
Due from other funds	213,532	-	-	809,858	1,023,390
Due from component units	4,435	-	-	-	4,435
Prepaid items	228,805	-	-	-	228,805
Land held for resale	103,042	-	-	-	103,042
Restricted assets:					
Cash and cash equivalents	346,641	3,775,592	15,039,173	7,555,591	26,716,997
Investments	-	400,000	-	-	400,000
Receivables, net:					
Taxes	-	31,987	-	203,598	235,585
Special assessments receivable	-	364,304	-	-	364,304
Intergovernmental receivables	-	-	-	1,987,294	1,987,294
Total assets	\$ <u>7,485,070</u>	<u>4,572,387</u>	<u>15,039,173</u>	<u>10,563,170</u>	<u>37,659,800</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI

Balance Sheet
Governmental Funds
September 30, 2017

	<u>General</u>	<u>Debt Service</u>	<u>2017 General Obligation Bonds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 1,076,173	-	-	3,380	1,079,553
Accrued salaries	571,980	-	-	-	571,980
Due to other funds	157,576	-	-	1,034,951	1,192,527
Liabilities payable from restricted assets:					
Accounts payable	-	2,499	3,816,262	2,957,261	6,776,022
Deposits payable	346,641	-	-	-	346,641
Unearned revenue	-	-	-	10,616	10,616
Total liabilities	<u>2,152,370</u>	<u>2,499</u>	<u>3,816,262</u>	<u>4,006,208</u>	<u>9,977,339</u>
Deferred inflows of resources -					
Unavailable revenue - special assessments	-	364,304	-	-	364,304
Fund balances:					
Nonspendable:					
Prepaid items	228,805	-	-	-	228,805
Land held for resale	103,042	-	-	-	103,042
Restricted for:					
Debt service	-	4,205,584	-	1,569,842	5,775,426
Purposes of grantors/donors	-	-	-	447,068	447,068
Law enforcement	-	-	-	630,221	630,221
Mississippi Arts and Entertainment Center construction	-	-	11,222,911	-	11,222,911
Sowashee Creek maintenance	-	-	-	288,862	288,862
Construction/acquisition of capital assets	-	-	-	612,642	612,642
Damage repairs and stabilization	-	-	-	62,068	62,068
Paving and sidewalk projects	-	-	-	2,584,923	2,584,923
Committed to:					
Construction/acquisition of capital assets	29,900	-	-	-	29,900
Workforce development	21,500	-	-	-	21,500
Urban renewal and redevelopment	-	-	-	345,894	345,894
Assigned to:					
General government activities	408,495	-	-	-	408,495
Public safety	-	-	-	6,829	6,829
Public works	311,797	-	-	-	311,797
Sports events and other recreation	32,810	-	-	8,613	41,423
Unassigned	<u>4,196,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,196,351</u>
Total fund balances	<u>5,332,700</u>	<u>4,205,584</u>	<u>11,222,911</u>	<u>6,556,962</u>	<u>27,318,157</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>7,485,070</u>	<u>4,572,387</u>	<u>15,039,173</u>	<u>10,563,170</u>	<u>37,659,800</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, 2017

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

Fund balances - total governmental funds	\$ 27,318,157
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	97,784,496
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.	364,304
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.	(107,063,614)
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 \$30,025).	<u>384,700</u>
Net position of governmental activities	\$ <u>18,788,043</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, 2017

	<u>General</u>	<u>Debt Service</u>	<u>2017 General Obligation Bonds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes:					
Property	\$ 10,116,059	5,028,120	-	-	15,144,179
Sales	14,014,829	-	-	2,023,319	16,038,148
Franchise	2,600,540	-	-	-	2,600,540
County road	720,864	-	-	-	720,864
Motor fuel	30,584	-	-	-	30,584
Licenses and permits	257,976	-	-	-	257,976
Intergovernmental	304,635	-	-	3,427,965	3,732,600
Charges for services	148,516	-	-	-	148,516
Fines and forfeitures	658,471	-	-	1,235,125	1,893,596
Special assessments	-	73,208	-	-	73,208
Payments in lieu of taxes	226,458	-	-	-	226,458
Local contributions	-	-	-	167,902	167,902
Interest on investments	44,455	5,515	40,596	21,861	112,427
Interest costs and damages	124,508	-	-	-	124,508
Miscellaneous	149,039	-	-	6,405	155,444
Total revenues	<u>29,396,934</u>	<u>5,106,843</u>	<u>40,596</u>	<u>6,882,577</u>	<u>41,426,950</u>
Expenditures:					
Current:					
General government	8,602,523	-	-	-	8,602,523
Public safety	17,187,680	-	-	827,839	18,015,519
Public works	5,754,827	-	-	-	5,754,827
Culture and recreation	2,794,253	-	9,796,685	145,576	12,736,514
Economic development	-	-	-	34,590	34,590
Capital outlay	-	-	-	10,664,041	10,664,041
Debt service:					
Principal retirement	153,950	3,870,150	-	-	4,024,100
Interest and fiscal charges	24,395	1,415,050	-	469,104	1,908,549
Bond issuance costs	-	-	585,500	-	585,500
Total expenditures	<u>34,517,628</u>	<u>5,285,200</u>	<u>10,382,185</u>	<u>12,141,150</u>	<u>62,326,163</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,120,694)</u>	<u>(178,357)</u>	<u>(10,341,589)</u>	<u>(5,258,573)</u>	<u>(20,899,213)</u>
Other financing sources (uses):					
Transfers in	2,205,180	437,900	-	967,269	3,610,349
Transfers out	(732,800)	-	(14,095)	(1,076,954)	(1,823,849)
General obligation bonds issued	-	-	20,000,000	-	20,000,000
Premium on bonds	-	-	1,578,595	-	1,578,595
Loan proceeds	-	-	-	765,849	765,849
Total other financing sources (uses)	<u>1,472,380</u>	<u>437,900</u>	<u>21,564,500</u>	<u>656,164</u>	<u>24,130,944</u>
Net change in fund balances	<u>(3,648,314)</u>	<u>259,543</u>	<u>11,222,911</u>	<u>(4,602,409)</u>	<u>3,231,731</u>
Fund balances, October 1, 2016	<u>8,981,014</u>	<u>3,946,041</u>	<u>-</u>	<u>11,159,371</u>	<u>24,086,426</u>
Fund balances, September 30, 2017	<u>\$ 5,332,700</u>	<u>4,205,584</u>	<u>11,222,911</u>	<u>6,556,962</u>	<u>27,318,157</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, 2017

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

Net change in fund balances - total governmental funds	\$ 3,231,731
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	3,166,882
Governmental funds do not report contributed capital assets because they do not provide current financial resources. However, in the statement of activities the fair values of contributed capital assets are recorded as capital contributions.	18,248
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.	(50,682)
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.	1,392,271
Special assessment revenues related to prior periods reported as revenues in the governmental funds are not reported as revenues in the statement of activities.	(76,244)
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.	(18,288,758)
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.	(2,219,456)
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.	(279,682)
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 \$1,022).	<u>23,541</u>
Change in net position of governmental activities	\$ <u>(13,082,149)</u>

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

CITY OF MERIDIAN, MISSISSIPPI

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>(Budgetary</u> <u>Basis)</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Ad valorem	\$ 9,841,044	9,841,044	10,162,674	321,630
Sales	14,600,000	14,600,000	13,733,044	(866,956)
County road	700,000	700,000	721,299	21,299
Gasoline	30,000	30,000	30,584	584
Payment in lieu of taxes	100,000	100,000	176,903	76,903
Intergovernmental:				
Alcoholic beverage	50,000	50,000	58,625	8,625
State Fire Insurance Fund	265,000	265,000	230,390	(34,610)
Municipal aid	20,000	20,000	20,520	520
Franchise:				
Mississippi Power Company	2,200,000	2,200,000	1,968,822	(231,178)
Atmos Energy	130,000	130,000	130,767	767
Comcast Cable Company	450,000	450,000	435,381	(14,619)
East Mississippi Electric Power Assn.	50,000	50,000	53,290	3,290
Contact Network, Inc.	-	-	6,807	6,807
Telepak Networks, Inc.	-	-	28,616	28,616
Fines and forfeitures	1,000,000	1,000,000	658,471	(341,529)
Licenses and permits:				
Privilege license	140,000	140,000	117,499	(22,501)
Building and allied permits	110,000	110,000	140,477	30,477
Charges for services:				
Garbage collection	1,865,000	1,865,000	1,823,148	(41,852)
Recreation	125,000	125,000	92,861	(32,139)
Enterprise Funds	645,500	1,630,500	1,630,500	-
Training fees	100,000	100,000	65,648	(34,352)
Miscellaneous	325,000	325,000	726,775	401,775
Interest on investments	50,120	50,120	44,446	(5,674)
Interest costs and damages	100,000	100,000	126,361	26,361
Total revenues	<u>32,896,664</u>	<u>33,881,664</u>	<u>33,183,908</u>	<u>(697,756)</u>
Expenditures:				
General government:				
Personnel services	1,519,869	1,455,719	1,314,681	141,038
Supplies and expenses	959,624	919,624	838,087	81,537
Transfers and other charges	2,437,958	1,822,643	1,323,816	498,827
Total general government	<u>4,917,451</u>	<u>4,197,986</u>	<u>3,476,584</u>	<u>721,402</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, 2017

	Budgeted Amounts		Actual (Budgetary Basis) Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures (continued):				
Finance and records:				
Personnel services	\$ 1,293,700	1,273,700	1,248,091	25,609
Supplies and expenses	1,750,765	1,733,760	1,615,755	118,005
Capital outlay	51,000	51,000	50,421	579
Transfers and other charges	35,000	127,005	92,004	35,001
Total finance and records	<u>3,130,465</u>	<u>3,185,465</u>	<u>3,006,271</u>	<u>179,194</u>
Community development:				
Personnel services	1,365,680	1,365,680	1,333,070	32,610
Supplies and expenses	292,545	287,710	240,232	47,478
Capital outlay	41,711	49,049	34,540	14,509
Transfers and other charges	406,110	455,810	330,096	125,714
Total community development	<u>2,106,046</u>	<u>2,158,249</u>	<u>1,937,938</u>	<u>220,311</u>
Parks and recreation:				
Personnel services	1,733,183	1,904,148	1,769,421	134,727
Supplies and expenses	823,705	823,705	791,096	32,609
Capital outlay	148,867	148,867	123,833	25,034
Transfers and other charges	240,000	322,150	294,148	28,002
Total parks and recreation	<u>2,945,755</u>	<u>3,198,870</u>	<u>2,978,498</u>	<u>220,372</u>
Public works:				
Personnel services	3,964,121	3,598,686	3,556,413	42,273
Supplies and expenses	1,432,094	1,521,242	1,493,554	27,688
Capital outlay	475,050	387,487	205,901	181,586
Transfers and other charges	1,970,000	1,970,000	1,933,592	36,408
Total public works	<u>7,841,265</u>	<u>7,477,415</u>	<u>7,189,460</u>	<u>287,955</u>
Police:				
Personnel services	6,727,960	7,277,960	7,256,587	21,373
Supplies and expenses	1,863,846	1,763,846	1,700,601	63,245
Capital outlay	457,980	497,980	423,070	74,910
Transfers and other charges	58,500	33,500	20,530	12,970
Total police	<u>9,108,286</u>	<u>9,573,286</u>	<u>9,400,788</u>	<u>172,498</u>
Fire:				
Personnel services	6,435,449	6,727,449	6,599,642	127,807
Supplies and expenses	757,740	933,726	910,810	22,916
Capital outlay	280,577	83,577	76,980	6,597
Transfers and other charges	37,237	24,251	24,251	-
Total fire	<u>7,511,003</u>	<u>7,769,003</u>	<u>7,611,683</u>	<u>157,320</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, 2017

	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	Final Budget -
			<u>Amounts</u>	Positive
				(Negative)
Expenditures (continued):				
Public Safety & Training Facility:				
Personnel services	\$ 237,463	265,363	265,224	139
Supplies and expenses	<u>187,261</u>	<u>159,361</u>	<u>144,996</u>	<u>14,365</u>
Total public safety & training facility	<u>424,724</u>	<u>424,724</u>	<u>410,220</u>	<u>14,504</u>
Arts District Parking Garage -				
Supplies and expenses	<u>89,100</u>	<u>89,100</u>	<u>76,524</u>	<u>12,576</u>
Total expenditures	<u>38,074,095</u>	<u>38,074,098</u>	<u>36,087,966</u>	<u>1,986,132</u>
Net change in fund balances	\$ <u>(5,177,431)</u>	<u>(4,192,434)</u>	(2,904,058)	<u>1,288,376</u>
Fund balances, October 1, 2016			<u>9,059,172</u>	
Fund balances, September 30, 2017			\$ <u>6,155,114</u>	

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

RECEIVED
JUN 22 2018

CITY OF MERIDIAN, MISSISSIPPI

Statement of Net Position

Proprietary Funds

September 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer	Waste Collection & Disposal	Nonmajor Enterprise Funds	Total Enterprise Funds	
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 4,170,007	252,913	84,572	4,507,492	979,747
Restricted cash and cash equivalents:					
Customer deposits	1,075,684	-	-	1,075,684	-
Revenue bond construction funds	714,832	-	-	714,832	-
Other construction funds	899,864	-	-	899,864	-
Revenue bond debt service account	8,591,680	-	-	8,591,680	-
Receivables:					
Accounts	2,202,728	230,532	-	2,433,260	-
Less allowance for uncollectibles	(401,000)	-	-	(401,000)	-
Intergovernmental	7,177,749	-	-	7,177,749	-
Miscellaneous	-	-	198	198	-
Due from other funds	703,163	9,229	-	712,392	65,919
Inventory	733,253	-	7,717	740,970	44,447
Prepaid items	63,531	-	52,044	115,575	-
Total current assets	25,931,491	492,674	144,531	26,568,696	1,090,113
Noncurrent assets:					
Restricted cash and cash equivalents:					
Revenue bond contingent account	79,045	-	-	79,045	-
Revenue bond depreciation account	79,045	-	-	79,045	-
Total restricted cash, cash equivalents and investments	158,090	-	-	158,090	-
Capital assets:					
Land	249,787	-	-	249,787	-
Right of ways	105,143	-	-	105,143	-
Buildings	-	-	126,628	126,628	-
Water and sewer system	104,974,840	-	-	104,974,840	-
Improvements other than buildings	-	-	438,053	438,053	-
Machinery and equipment	6,159,896	36,659	380,500	6,577,055	-
Construction in progress	7,508,483	-	-	7,508,483	-
Total capital assets	118,998,149	36,659	945,181	119,979,989	-
Less accumulated depreciation	(82,167,519)	(1,650)	(653,119)	(82,822,288)	-
Capital assets (net of accumulated depreciation)	36,830,630	35,009	292,062	37,157,701	-
Total noncurrent assets	36,988,720	35,009	292,062	37,315,791	-
Total assets	62,920,211	527,683	436,593	63,884,487	1,090,113
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred outflows related to net pension liability	774,277	14,880	88,967	878,124	-

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
Statement of Net Position
Proprietary Funds
September 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	<u>Water & Sewer</u>	<u>Waste Collection & Disposal</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Funds</u>
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	\$ 617,912	344,550	26,659	989,121	675,388
Promissory loans	376,402	6,027	-	382,429	-
Liabilities payable from restricted assets:					
Customer deposits	1,075,684	-	-	1,075,684	-
Accounts payable	135,309	-	-	135,309	-
Promissory loans	1,288,514	-	-	1,288,514	-
Interest payable	47,313	-	-	47,313	-
Accrued liabilities:					
Payroll	86,325	5,914	14,975	107,214	-
Compensated absences	52,607	-	-	52,607	-
Sales tax	11,360	-	1,477	12,837	-
Due to other funds	429,585	83	179,506	609,174	-
Total current liabilities	4,121,011	356,574	222,617	4,700,202	675,388
Noncurrent liabilities:					
Compensated absences	106,809	-	-	106,809	-
Promissory loans (plus unamortized premium of \$465,768)	15,129,170	30,632	-	15,159,802	-
Net pension liability	6,850,594	131,176	772,222	7,753,992	-
Total noncurrent liabilities	22,086,573	161,808	772,222	23,020,603	-
Total liabilities	26,207,584	518,382	994,839	27,720,805	675,388
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred gain on refundings	23,831	-	-	23,831	-
Deferred inflows related to net pension liability	84,266	1,620	9,723	95,609	-
Total deferred inflows of resources	108,097	1,620	9,723	119,440	-
<u>NET POSITION</u>					
Net investment in capital assets	21,200,004	-	292,062	21,492,066	-
Restricted for:					
Debt service	8,702,457	-	-	8,702,457	-
Capital projects	1,166,466	-	-	1,166,466	-
Unrestricted (deficit)	6,309,880	22,561	(771,064)	5,561,377	414,725
Total net position (deficit)	\$ 37,378,807	22,561	(479,002)	36,922,366	414,725
Reconciliation to government-wide statement of net position:					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				30,025	
Net position of business-type activities				\$ 36,952,391	

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

(This page intentionally left blank)

CITY OF MERIDIAN, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer	Waste Collection & Disposal	Nonmajor Enterprise Funds	Total Enterprise Funds	
Operating revenues:					
Charges for sales and services:					
Water sales	\$ 6,522,173	-	-	6,522,173	-
Sewer charges	5,360,407	-	-	5,360,407	-
Tap fees	53,465	-	-	53,465	-
Garbage collection fees	-	1,779,579	-	1,779,579	-
Out-of-county tonnage	-	52,889	-	52,889	-
Memberships	-	-	49,705	49,705	-
Green fees	-	-	69,113	69,113	-
Cart rental	-	-	53,783	53,783	-
Concessions	-	-	63,557	63,557	-
Internal service charges	-	-	-	-	3,937,726
Rental income	-	-	55,621	55,621	-
Miscellaneous	523,659	-	780	524,439	-
Total operating revenues	<u>12,459,704</u>	<u>1,832,468</u>	<u>292,559</u>	<u>14,584,731</u>	<u>3,937,726</u>
Operating expenses:					
Personnel services	4,144,944	71,233	453,752	4,669,929	-
Supplies and materials	484,047	1,089	69,802	554,938	597,204
Rent and utilities	1,235,420	944	69,854	1,306,218	-
Operation, maintenance, and repairs	845,177	2,789	125,578	973,544	-
Garbage disposal services	-	2,125,328	-	2,125,328	-
Depreciation and amortization	2,779,620	1,650	24,234	2,805,504	-
Claims paid	-	-	-	-	3,354,532
Miscellaneous	1,670,383	3,324	80,604	1,754,311	-
Total operating expenses	<u>11,159,591</u>	<u>2,206,357</u>	<u>823,824</u>	<u>14,189,772</u>	<u>3,951,736</u>
Operating income (loss)	<u>1,300,113</u>	<u>(373,889)</u>	<u>(531,265)</u>	<u>394,959</u>	<u>(14,010)</u>
Nonoperating revenues (expenses):					
Ad valorem taxes	-	65,113	-	65,113	-
Interest income	115,966	888	319	117,173	2,513
Interest expense	(129,491)	-	(1)	(129,492)	-
Loss on disposal of capital asset	(495)	-	(1,596)	(2,091)	-
Transfer of capital assets to governmental funds	(1,386,726)	(1,963)	(4,807)	(1,393,496)	-
Total nonoperating revenues (expenses)	<u>(1,400,746)</u>	<u>64,038</u>	<u>(6,085)</u>	<u>(1,342,793)</u>	<u>2,513</u>
Loss before capital contributions and transfers	<u>(100,633)</u>	<u>(309,851)</u>	<u>(537,350)</u>	<u>(947,834)</u>	<u>(11,497)</u>
Capital contributions and transfers:					
Capital contributions	1,225	-	-	1,225	-
Transfers in	-	-	225,000	225,000	35,000
Transfers out	(2,002,500)	(44,000)	-	(2,046,500)	-
Total capital contributions and transfers	<u>(2,001,275)</u>	<u>(44,000)</u>	<u>225,000</u>	<u>(1,820,275)</u>	<u>35,000</u>
Change in net position	<u>(2,101,908)</u>	<u>(353,851)</u>	<u>(312,350)</u>	<u>(2,768,109)</u>	<u>23,503</u>
Net position (deficit), October 1, 2016	<u>39,480,715</u>	<u>376,412</u>	<u>(166,652)</u>		<u>391,222</u>
Net position (deficit), September 30, 2017	<u>\$ 37,378,807</u>	<u>22,561</u>	<u>(479,002)</u>		<u>414,725</u>
Reconciliation to government-wide statement of activities:					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				(38)	
Change in net position of business-type activities				<u>\$ (2,768,147)</u>	

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

CITY OF MERIDIAN, MISSISSIPPI
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	<u>Water & Sewer</u>	<u>Waste Collection & Disposal</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	
Cash flows from operating activities:					
Receipts from customers and users	\$ 12,024,227	1,818,579	298,985	14,141,791	-
Receipts from internal users	-	-	-	-	4,307,967
Payments to suppliers	(4,672,611)	(1,967,675)	(353,537)	(6,993,823)	(4,213,923)
Payments to employees	(2,831,328)	(52,086)	(368,748)	(3,252,162)	-
Payments for internal services	(728,521)	(9,010)	(29,938)	(767,469)	-
Net cash provided by (used in) operating activities	<u>3,791,767</u>	<u>(210,192)</u>	<u>(453,238)</u>	<u>3,128,337</u>	<u>94,044</u>
Cash flows from noncapital financing activities:					
Ad valorem taxes received	-	65,113	-	65,113	-
Transfers from other funds	-	-	496,109	496,109	35,000
Transfers to other funds	(2,002,500)	(44,000)	-	(2,046,500)	-
Net cash provided by (used in) noncapital financing activities	<u>(2,002,500)</u>	<u>21,113</u>	<u>496,109</u>	<u>(1,485,278)</u>	<u>35,000</u>
Cash flows from capital and related financing activities:					
Capital contributions	2,667,668	-	-	2,667,668	-
Proceeds from promissory loans	1,169,732	36,659	-	1,206,391	-
Acquisition and construction of capital assets	(7,976,625)	(36,659)	(58,027)	(8,071,311)	-
Payments on long-term debt:					
Promissory notes	(1,266,346)	-	-	(1,266,346)	-
Capital lease payments	(26,192)	-	(86)	(26,278)	-
Interest paid on debt	(42,434)	-	(1)	(42,435)	-
Net cash used in capital and related financing activities	<u>(5,474,197)</u>	<u>-</u>	<u>(58,114)</u>	<u>(5,532,311)</u>	<u>-</u>
Cash flows from investing activities -					
Interest received	<u>49,593</u>	<u>888</u>	<u>319</u>	<u>50,800</u>	<u>2,513</u>
Net increase (decrease) in cash and cash equivalents	(3,635,337)	(188,191)	(14,924)	(3,838,452)	131,557
Cash and cash equivalents, October 1, 2016 (including \$11,407,833 in restricted accounts)	<u>19,245,494</u>	<u>441,104</u>	<u>99,496</u>	<u>19,786,094</u>	<u>848,190</u>
Cash and cash equivalents, September 30, 2017 (including \$11,440,150 in restricted accounts)	\$ <u>15,610,157</u>	<u>252,913</u>	<u>84,572</u>	<u>15,947,642</u>	<u>979,747</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water & Sewer	Waste Collection & Disposal	Nonmajor Enterprise Funds	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,300,113	(373,889)	(531,265)	394,959	(14,010)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,779,620	1,650	24,234	2,805,504	-
Changes in assets and liabilities:					
Accounts receivable	122,833	(9,096)	6,426	120,163	-
Receivables - miscellaneous	-	-	-	-	16,874
Due from other funds	(701,087)	(4,793)	-	(705,880)	353,368
Inventory	(114,059)	-	(1,401)	(115,460)	7,974
Prepaid items	4,301	-	(49,960)	(45,659)	-
Deferred outflows related to net pension liability	663,059	12,703	74,983	750,745	-
Accounts payable	(681,240)	166,316	11,603	(503,321)	(270,162)
Accrued liabilities	23,668	(646)	(10,540)	12,482	-
Customer deposits	142,776	-	-	142,776	-
Due to other funds	355,848	(517)	32,122	387,453	-
Deferred inflows related to net pension liability	(4,737)	(91)	(8,893)	(13,721)	-
Net pension liability	(99,328)	(1,829)	(547)	(101,704)	-
Total adjustments	2,491,654	163,697	78,027	2,733,378	108,054
Net cash provided by (used in) operating activities	\$ 3,791,767	(210,192)	(453,238)	3,128,337	94,044
Noncash investing, capital, and financing activities:					
Amortization of debt premium/discount	\$ (63,514)	-	-	(63,514)	-
Amortization of gain/loss on debt refunding	\$ (2,859)	-	-	(2,859)	-
Capital assets transferred to governmental funds	\$ (1,386,726)	(1,963)	(4,807)	(1,393,496)	-
Capital assets transferred from governmental funds	\$ 1,225	-	-	1,225	-
Accrued interest added to loan principal	\$ 205,345	-	-	205,345	-

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, 2017

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,422,363
Intergovernmental receivables - County	<u>176,345</u>
Total assets	\$ <u>1,598,708</u>
<u>LIABILITIES</u>	
Intergovernmental payables:	
Schools	\$ 1,392,522
PERS	171,101
State	<u>35,085</u>
Total liabilities	\$ <u>1,598,708</u>

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

CITY OF MERIDIAN, MISSISSIPPI

Statement of Net Position

Component Units

September 30, 2017

	<u>Meridian Airport Authority</u>	<u>Nonmajor Component Units</u>	<u>Total Component Units</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,604,284	64,440	1,668,724
Receivables:			
Accounts	1,068,945	-	1,068,945
Intergovernmental:			
Federal	196,392	-	196,392
State	31,580	-	31,580
Interest	-	48,721	48,721
Inventory	414,849	-	414,849
Prepaid items	53,215	-	53,215
Restricted assets - cash	127,162	-	127,162
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	324,636	-	324,636
Capital assets (net of accumulated depreciation):			
Buildings	13,464,286	-	13,464,286
Improvements other than buildings	14,091,212	-	14,091,212
Machinery and equipment	<u>258,603</u>	<u>-</u>	<u>258,603</u>
Total assets	<u>34,103,785</u>	<u>5,804,359</u>	<u>39,908,144</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows related to net pension liability	<u>171,020</u>	<u>-</u>	<u>171,020</u>
<u>LIABILITIES</u>			
Accounts payable	950,240	22,577	972,817
Accrued liabilities	-	27,256	27,256
Unearned revenue	3,841	-	3,841
Noncurrent liabilities:			
Due within one year -			
Note payable	90,404	87,648	178,052
Compensated absences	24,165	-	24,165
Due in more than one year:			
Note payable	821,840	1,894,600	2,716,440
Compensated absences	158,489	-	158,489
Net pension liability	<u>5,984,422</u>	<u>-</u>	<u>5,984,422</u>
Total liabilities	<u>8,033,401</u>	<u>2,032,081</u>	<u>10,065,482</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows related to net pension liability	<u>43,709</u>	<u>-</u>	<u>43,709</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	29,695,114	-	29,695,114
Restricted for capital projects	127,162	-	127,162
Unrestricted (deficit)	<u>(3,624,581)</u>	<u>3,772,278</u>	<u>147,697</u>
Total net position	\$ <u>26,197,695</u>	<u>3,772,278</u>	<u>29,969,973</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, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Meridian Airport Authority</u>	<u>Nonmajor Component Units</u>	<u>Total</u>
Component units:							
Meridian Airport Authority	\$ 13,314,814	10,729,665	74,771	240,797	(2,269,581)	-	(2,269,581)
Nonmajor component units	<u>134,631</u>	<u>194,866</u>	<u>22,060</u>	<u>-</u>	<u>-</u>	<u>82,295</u>	<u>82,295</u>
Total component units	\$ <u>13,449,445</u>	<u>10,924,531</u>	<u>96,831</u>	<u>240,797</u>	(2,269,581)	82,295	(2,187,286)
General revenues -							
Interest income					<u>2,436</u>	<u>65</u>	<u>2,501</u>
Change in net position					(2,267,145)	82,360	(2,184,785)
Net position, October 1, 2016					<u>28,464,840</u>	<u>3,689,918</u>	<u>32,154,758</u>
Net position, September 30, 2017					\$ <u>26,197,695</u>	<u>3,772,278</u>	<u>29,969,973</u>

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(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, 2017

(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.

The Meridian Transportation Commission

The Meridian Transportation Commission ("MTC") was created by the City on November 7, 1972, in accordance with Title 21, Chapter 27, Article 13 of the Mississippi Code of 1972 to manage the local mass transit system of the City and to provide public transportation systems and facilities. MTC has a five-member board appointed by the City's Mayor and approved by the City Council, members of which may be removed at the will of the City. The City finances a significant portion of MTC's annual operations; therefore, MTC is considered financially dependent on the City. Effective February 29, 2012, MTC's board elected to discontinue all transportation services. All vehicles were transferred to the Mississippi Department of Transportation. MTC remained in a dormant state until July 6, 2017, when the City Council passed a resolution terminating the Commission.

Meridian and Bonita Lakes Development Authority

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

(1) Summary of Significant Accounting Policies (Continued)

(a) Reporting Entity (Continued)

MAA and MTC have September 30 year ends, whereas MURA and MBLDA have a December 31 year end. As noted above, MTC was terminated July 6, 2017, as a result MTC's financial statements are presented as of date of termination.

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 23rd Avenue
Meridian, Mississippi

The Meridian Transportation Commission
P.O. Box 1430
Meridian, Mississippi

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

Related Organizations:

With approval of the City Council, the City's Mayor is responsible for appointing a voting majority of members to the boards and commissions listed below. The City also makes other types of ministerial approvals for these organizations; however, the City's accountability for these organizations does not extend beyond making the appointments or approvals.

Following is a list of related organizations:

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(1) Summary of Significant Accounting Policies (Continued)

(a) Reporting Entity (Continued)

- 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 reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(1) Summary of Significant Accounting Policies (Continued)

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

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

The City reports the following major governmental funds:

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

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

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

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

The **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 collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt.

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

Additionally, the City reports the following fund types:

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

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 and to other governmental units on a cost reimbursement basis.

The **agency funds** which account for dedicated property tax assessments and collections forwarded to the Public Employees' Retirement System ("PERS"), Meridian Community College, and Meridian Separate School District; and

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

RECEIVED
JUN 22 2013

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

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

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 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.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

(1) Summary of Significant Accounting Policies (Continued)

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

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.

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

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

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

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

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

The tax rate of the City is expressed in terms of mills (ten mills equal one cent). For the year ended September 30, 2017, the City's 2017 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>2017</u>	<u>2016</u>	
General	29.75	29.75	-
Solid waste fund	.18	.18	-
Fire and police disability retirement fund (closed)	5.17	5.67	(.50)
General municipal retirement fund (closed)	1.44	2.12	(.68)
Debt service (general bonds and interest)	14.30	13.12	1.18
Meridian Separate School District	62.82	62.82	-
Meridian Community College	<u>7.00</u>	<u>7.00</u>	<u>-</u>
Total mills	<u>120.66</u>	<u>120.66</u>	<u>-</u>

(g) **Inventories and Prepaid Items**

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

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

(1) Summary of Significant Accounting Policies (Continued)

(i) Restricted Assets

Certain proceeds of the City's enterprise fund water and sewer revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Revenues collected from operations of the system are transferred to various accounts established pursuant to the revenue bond ordinance. Certain other assets are classified as restricted because their use is limited by parties external to the City, including citizens, grantors, other governments, and courts. Restrictions may also be imposed by laws through constitutional provisions or legally enforceable enabling legislation.

The "revenue bond operation and maintenance" account receives sufficient amounts to provide for the payment of current expenses to be paid each month, plus any prior month deficiencies. The "revenue bond construction" accounts are used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond contingent" account is used to report resources set aside to pay for unforeseen contingencies arising from the operation and maintenance of the system, including the construction of reasonable and proper improvements, betterments and extensions, upon written certification of the engineers. The "revenue bond depreciation" account is used to report resources set aside to pay for replacing such parts of the system as may need replacement in order to keep the system operating in an economical and efficient manner, upon written certification of the engineers. Any surplus remaining after all deposits and transfers required and allowed by the bond resolution are to be used solely for purposes pertaining to the system. As of September 30, 2017, all accounts required under the bond resolution were fully funded as required.

(j) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost as outlined below and an estimated useful life in excess of one year.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(1) Summary of Significant Accounting Policies (Continued)

(j) Capital Assets (Continued)

Capital asset thresholds are as follows:

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

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, 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 \$352,211. Of this amount, \$222,719 was included as part of the cost of capital assets under construction.

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

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

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

(1) Summary of Significant Accounting Policies (Continued)

(k) Compensated Absences

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

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

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

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

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

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

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

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

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

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

(m) **Other Post-Employment Benefits**

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

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

In addition to assets, the statement of net position 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.

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:

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

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

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

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.

(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.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(1) Summary of Significant Accounting Policies (Continued)

(p) Fund Balances/Net Position (Continued)

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. 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.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

(1) Summary of Significant Accounting Policies (Continued)

(p) Fund Balances/Net Position (Continued)

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 2017, the City implemented the following new standards issued by GASB:

GASB Statement No. 77, Tax Abatement Disclosures, effective for financial reporting periods beginning after December 15, 2015 – The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The implementation of this Statement did not have a material impact on the City's basic financial statements.

GASB Statement No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14, effective for financial reporting periods beginning after June 15, 2016 – the objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as Amended. The implementation of this Statement did not have a material impact on the City's basic financial statements.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(1) Summary of Significant Accounting Policies (Continued)

(q) New Accounting Pronouncements (Continued)

GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for financial reporting periods beginning after June 15, 2016 – The requirements of this Statement will improve financial reporting by enhancing consistency in the application of financial reporting requirements to certain pension issues. 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. 85, *Omnibus 2017*, effective for financial reporting periods beginning after June 15, 2017.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*, effective for financial reporting periods beginning after June 15, 2017.
- GASB Statement No. 87, *Leases*, effective for financial reporting periods beginning after December 15, 2019.

(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, certain 2016 financial statement amounts have been reclassified to conform with the 2017 financial statement presentation. Such reclassifications had no material effect on the City's financial position, changes in financial position, or cash flows.

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(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	\$ (56,665,000)
Premium on refunded debt issue	(1,928,781)
Promissory loans payable	(2,704,060)
Accrued interest payable	(454,478)
Capital leases payable	(49,010)
Compensated absences	(1,114,320)
Claims and judgments	(580,947)
Net pension liability	(48,625,977)
Deferred inflows/outflows related to net pension liability	4,708,892
Deferred loss on refunding	323,779
Prepaid insurance on bond issue	<u>26,288</u>
Net adjustment to reduce fund balances – total governmental funds to arrive at net position – governmental activities	\$ <u>(107,063,614)</u>

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

<u>Description</u>	<u>Amount</u>
Net position of the internal service funds	\$ 414,725
Less internal payable representing charges in excess of cost to business-type activities	<u>(30,025)</u>
Net adjustment to increase fund balances – total governmental funds to arrive at net position – governmental activities	\$ <u>384,700</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

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

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

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

<u>Description</u>	<u>Amount</u>
Capital outlay	\$ 8,315,825
Depreciation expense	<u>(5,148,943)</u>
Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net position of governmental activities	\$ <u>3,166,882</u>

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

<u>Description</u>	<u>Amount</u>
Forfeited vehicles	\$ <u>18,248</u>
Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net position of governmental activities	\$ <u>18,248</u>

RECEIVED
JUN 22 2018

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(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	\$ 4,024,100
Amortization of bond premiums, prepaid insurance, and deferred loss on refunding	31,586
Issuance of general obligation bonds	(20,000,000)
Premium on bond issue	(1,578,595)
Proceeds from promissory loans	<u>(765,849)</u>
Net adjustment to reduce net change in fund balances – total governmental funds to arrive at change in net position of governmental activities	\$ <u>(18,288,758)</u>

Another element of that reconciliation explains that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds”. The details of this difference are as follows:

<u>Description</u>	<u>Amount</u>
Compensated absences	\$ (91,705)
Accrued interest expense	3,248
Claims and judgments	<u>(191,225)</u>
Net adjustment to reduce net change in fund balances – total governmental funds to arrive at change in net position of governmental activities	\$ <u>(279,682)</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

(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	\$ 23,503
Loss from charges to business-type activities	<u>38</u>
Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net position of governmental activities	\$ <u>23,541</u>

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

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

<u>Description</u>	<u>Amount</u>
Internal receivable representing charges in excess of cost to business-type activities:	
Prior year	\$ 30,063
Current year activities	<u>(38)</u>
Net adjustment to increase net position – total enterprise funds to arrive at net position – business-type activities	\$ <u>30,025</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

(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 2017, the original total budgeted expenditures were \$99,950,506 and were increased by amendments to \$117,666,506.

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, 2017

(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>
Net change in fund balances – budgetary basis	\$ (2,904,058)
Basis differences:	
Net accrued revenues and related receivables	(1,923,860)
Net accrued expenditures and related liabilities	<u>1,179,604</u>
Net change in fund balances – GAAP basis	\$ <u>(3,648,314)</u>

(c) Deficit Net Position

The Golf Course fund (a nonmajor enterprise fund) had a deficit net position at September 30, 2017, of \$283,147. This deficit will be remedied by transfers from the General Fund in subsequent years.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

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

(c) **Deficit Net Position (Continued)**

Union Station (a nonmajor enterprise fund) had a deficit net position at September 30, 2017, of \$232,371. This deficit will be remedied by 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 \$48,425,211 and the bank balance was \$49,230,024. 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 \$1,795,886 and the bank balance was \$1,812,954. These bank balances were covered by federal depository insurance or collateralized in accordance with State law as described above.

Investments

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

<u>Description</u>	<u>Fair Value</u>	<u>Maturity Date (Within One Year)</u>
Unrestricted certificates of deposit:		
Citizens National Bank	\$ 675,000	12/26/2017
Community Bank	<u>675,000</u>	12/28/2017
Total unrestricted	1,350,000	
Restricted certificates of deposit -		
Citizens National Bank	<u>400,000</u>	7/10/2018
Total investments	\$ <u>1,750,000</u>	

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(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	1,501,763
Carrying amount of deposits (including certificates of deposits)	<u>48,425,211</u>
Total cash and investments	\$ <u>49,930,914</u>
Cash and cash equivalents	\$ 8,601,404
Cash and investments – restricted	38,557,147
Investments	<u>1,350,000</u>
Total reported on the government-wide statement of net position	48,508,551
Cash and cash equivalents reported on the statement of fiduciary assets and liabilities not included on the government-wide statement of net position	<u>1,422,363</u>
Total reported	\$ <u>49,930,914</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(5) Capital Assets

Primary government:

Capital asset activity for the year ended September 30, 2017, was as follows:

	Balance October 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2017</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,202,705	-	5,340	8,197,365
Right of ways	2,600	-	-	2,600
Collections - historical treasures	141,250	-	-	141,250
Construction-in-progress	<u>1,086,737</u>	<u>6,184,015</u>	<u>3,912,108</u>	<u>3,358,644</u>
Total capital assets, not being depreciated	<u>9,433,292</u>	<u>6,184,015</u>	<u>3,917,448</u>	<u>11,699,859</u>
Capital assets, being depreciated:				
Buildings	42,973,026	1,587,276	-	44,560,302
Improvements other than buildings	5,297,472	122,475	272,713	5,147,234
Machinery and equipment	19,577,499	3,550,791	645,635	22,482,655
Infrastructure	<u>111,332,429</u>	<u>2,256,419</u>	<u>-</u>	<u>113,588,848</u>
Total capital assets, being depreciated	<u>179,180,426</u>	<u>7,516,961</u>	<u>918,348</u>	<u>185,779,039</u>
Less accumulated depreciation for:				
Buildings	10,979,706	812,352	-	11,792,058
Improvements other than buildings	2,915,974	160,181	272,713	2,803,442
Machinery and equipment	13,483,129	1,054,913	537,769	14,000,273
Infrastructure	<u>67,977,132</u>	<u>3,121,497</u>	<u>-</u>	<u>71,098,629</u>
Total accumulated depreciation	<u>95,355,941</u>	<u>5,148,943</u>	<u>810,482</u>	<u>99,694,402</u>
Total capital assets, being depreciated, net	<u>83,824,485</u>	<u>2,368,018</u>	<u>107,866</u>	<u>86,084,637</u>
Total governmental activities capital assets, net	\$ <u>93,257,777</u>	<u>8,552,033</u>	<u>4,025,314</u>	<u>97,784,496</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(5) Capital Assets (Continued)

	Balance October 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2017</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 249,787	-	-	249,787
Right of ways	105,143	-	-	105,143
Construction-in-progress	<u>2,505,029</u>	<u>6,390,180</u>	<u>1,386,726</u>	<u>7,508,483</u>
Total capital assets, not being depreciated	<u>2,859,959</u>	<u>6,390,180</u>	<u>1,386,726</u>	<u>7,863,413</u>
Capital assets, being depreciated:				
Buildings	126,628	-	-	126,628
Water and sewer system	104,719,031	255,809	-	104,974,840
Improvements other than buildings	438,053	-	-	438,053
Machinery and equipment	<u>5,252,370</u>	<u>1,425,323</u>	<u>100,638</u>	<u>6,577,055</u>
Total capital assets, being depreciated	<u>110,536,082</u>	<u>1,681,132</u>	<u>100,638</u>	<u>112,116,576</u>
Less accumulated depreciation for:				
Buildings	126,628	-	-	126,628
Water and sewer system	76,023,085	2,365,157	-	78,388,242
Improvements other than buildings	247,184	6,513	-	253,697
Machinery and equipment	<u>3,712,889</u>	<u>433,834</u>	<u>93,002</u>	<u>4,053,721</u>
Total accumulated depreciation	<u>80,109,786</u>	<u>2,805,504</u>	<u>93,002</u>	<u>82,822,288</u>
Total capital assets, being depreciated, net	<u>30,426,296</u>	<u>(1,124,372)</u>	<u>7,636</u>	<u>29,294,288</u>
Total business-type activities capital assets, net	\$ <u>33,286,255</u>	<u>5,265,808</u>	<u>1,394,362</u>	<u>37,157,701</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(5) Capital Assets (Continued)

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

	<u>Amount</u>
Governmental activities:	
General government	\$ 747,195
Public safety	702,210
Public works	3,601,779
Culture and recreation	<u>97,759</u>
Total depreciation expense - governmental activities	\$ <u>5,148,943</u>
Business-type activities:	
Water and sewer department	\$ 2,779,620
Waste collection and disposal	1,650
Golf course	23,982
Union Station	<u>252</u>
Total depreciation expense - business-type activities	\$ <u>2,805,504</u>

Construction-in-progress is composed of:

Governmental activities:	
Emergency drainage structure replacement	\$ 3,256,067
Highway 80 pedestrian improvements	60,530
Planet Playground	<u>42,047</u>
Total governmental activities	<u>3,358,644</u>
Business-type activities:	
Wastewater treatment plant air blowers and electrical upgrade	7,432,942
Water treatment plant upgrades at B Street and North Plant	<u>75,541</u>
Total business-type activities	<u>7,508,483</u>
Total construction-in-progress	\$ <u>10,867,127</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(5) Capital Assets (Continued)

Discretely presented component units:

Capital asset activity for the year ended September 30, 2017, was as follows:

	Balance October 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2017</u>
Meridian Airport Authority:				
Capital assets, not being depreciated:				
Land	\$ 2,468,621	-	-	2,468,621
Construction-in-progress	<u>376,874</u>	<u>592,381</u>	<u>644,619</u>	<u>324,636</u>
Total capital assets, not being depreciated	<u>2,845,495</u>	<u>592,381</u>	<u>644,619</u>	<u>2,793,257</u>
Capital assets, being depreciated:				
Buildings	17,107,877	443,992	50,000	17,501,869
Improvements other than buildings	31,869,598	345,597	-	32,215,195
Machinery and equipment	<u>2,680,956</u>	<u>309,743</u>	<u>170,479</u>	<u>2,820,220</u>
Total capital assets, being depreciated	<u>51,658,431</u>	<u>1,099,332</u>	<u>220,479</u>	<u>52,537,284</u>
Less accumulated depreciation for:				
Buildings	3,465,904	621,679	50,000	4,037,583
Improvements other than buildings	16,724,112	1,399,871	-	18,123,983
Machinery and equipment	<u>2,437,559</u>	<u>262,202</u>	<u>138,144</u>	<u>2,561,617</u>
Total accumulated depreciation	<u>22,627,575</u>	<u>2,283,752</u>	<u>188,144</u>	<u>24,723,183</u>
Total capital assets, being depreciated, net	<u>29,030,856</u>	<u>(1,184,420)</u>	<u>32,335</u>	<u>27,814,101</u>
Total Meridian Airport Authority	\$ <u>31,876,351</u>	<u>(592,039)</u>	<u>676,954</u>	<u>30,607,358</u>
Nonmajor component units:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 57,217	-	57,217	-
Less accumulated depreciation	<u>57,217</u>	<u>-</u>	<u>57,217</u>	<u>-</u>
Total nonmajor component units	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(6) Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2017, is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 35,508
	Nonmajor Enterprise Funds	178,024
Nonmajor Governmental Funds	General Fund	97,578
	Nonmajor Governmental Funds	296,280
	Water & Sewer Fund	416,000
Water & Sewer Fund	Nonmajor Governmental Funds	703,163
Waste Collection & Disposal Fund	General Fund	9,229
Internal Service Funds	General Fund	50,769
	Water & Sewer Fund	13,585
	Waste Collection & Disposal Fund	83
	Nonmajor Enterprise Funds	<u>1,482</u>
Total due to/from other funds		\$ <u>1,801,701</u>

Due to primary government

Due from component units

General Fund	Meridian Airport Authority	\$ <u>4,435</u>
--------------	----------------------------	-----------------

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

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

Interfund transfers:

<u>Transfers out:</u>	<u>Transfers in:</u>					<u>Total transfers out</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Funds</u>	
General Fund	\$ -	437,900	34,900	225,000	35,000	732,800
2017 General Obligation Bonds	-		14,095			14,095
Nonmajor						
Governmental Funds	574,680	-	502,274	-	-	1,076,954
Water & Sewer Fund	1,586,500	-	416,000	-	-	2,002,500
Waste Collection & Disposal Fund	44,000	-	-	-	-	44,000
Total transfers in	\$ 2,205,180	437,900	967,269	225,000	35,000	3,870,349

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

The water & sewer fund, waste collection and disposal fund, and a nonmajor enterprise 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, waste collection and disposal fund, and nonmajor enterprise fund statements 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 from the General Fund</u>	<u>Transferred to the General Fund</u>
Cost of assets transferred	\$ 12,248	1,454,795
Accumulated depreciation	(11,023)	(61,299)
Net carrying value of assets transferred	\$ 1,225	1,393,496

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, 2017

(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, 2017, follows:

<u>Description</u>	<u>Governmental Activities</u>
Machinery and equipment	\$ 120,387
Less accumulated depreciation	<u>(120,387)</u>
Total leased equipment capitalized	\$ <u> -</u>

The future minimum lease obligations and the net present value of minimum lease commitments at September 30, 2017, follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>
2018	\$ 25,925
2019	<u>25,925</u>
Total minimum lease commitments	51,850
Less amount representing imputed interest	<u>(2,840)</u>
Present value of minimum lease payments	49,010
Current portion of obligations under capital leases	<u>(24,043)</u>
Obligations under capital leases, less current installments	\$ <u>24,967</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(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, 2017.

Meridian Airport Authority (a discretely presented component unit) leases refueling trucks for use in the operations of Meridian Aviation with monthly lease payments beginning May, 2015. This lease term expires in May, 2018. Costs for this lease totaled \$36,819 for the year ended September 30, 2017.

The future minimum lease payments for the operating leases at September 30, 2017, are as follows:

<u>Year Ending September 30,</u>	<u>City of Meridian</u>	<u>Meridian Airport Authority</u>
2018	\$ 327,800	26,250
2019	327,800	-
2020	306,900	-
2021	305,000	-
2022	305,000	-
2023-2027	1,525,000	-
2028-2032	1,525,000	-
2033-2037	<u>203,333</u>	<u>-</u>
Total future minimum lease payments	\$ <u>4,825,833</u>	<u>26,250</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(8) Long-Term Liabilities

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

	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities:		
Outstanding bonds:		
General government	1.2 - 5.5%	\$ 52,715,000
Special obligation bonds – parking facilities	3.3 - 5.375%	645,000
Limited obligation bonds – tax increment financing	5.0 - 8.75%	2,900,000
Special assessment debt with City commitment	4.5 - 6.25%	405,000
Plus unamortized premium on debt refunding		1,928,781
Other debt:		
Promissory loans	.25 – 1.42%	2,704,060
Capital leases	3.77%	49,010
Compensated absences		1,114,320
Claims and judgments		580,947
Net pension liability		<u>48,625,977</u>
Total governmental activities		111,668,095
Less current portion payable		<u>(6,254,168)</u>
Governmental activities, net		<u>\$ 105,413,927</u>
Business-type activities:		
Water & sewer promissory loans	.5 - 4.0%	\$ 16,301,463
Plus unamortized premium on debt refunding		<u>529,282</u>
Total promissory loans		16,830,745
Compensated absences		159,416
Net pension liability		<u>7,753,992</u>
Total business-type activities		24,744,153
Less current portion payable		<u>(1,723,550)</u>
Business activities, net		<u>\$ 23,020,603</u>
Discretely presented component units:		
Promissory loans	2.83% - 5.5%	\$ 2,894,492
Compensated absences		182,654
Net pension liability		<u>5,984,422</u>
Total discretely presented component units		9,061,568
Less current portion payable		<u>(202,217)</u>
Discretely presented component units, net		<u>\$ 8,859,351</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(8) Long-Term Liabilities (Continued)

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

Year Ending September 30,	Governmental Activities					Total
	General Obligation Bonds	Special Obligation Bonds	Limited Obligations Bonds	Special Assessment Debt	Promissory Loans	
2018	\$ 5,932,538	124,669	512,375	137,645	576,978	7,284,205
2019	5,463,338	129,831	513,375	136,255	587,847	6,830,646
2020	5,491,802	129,456	512,156	139,490	584,805	6,857,709
2021	5,527,678	128,813	513,531	42,040	558,508	6,770,570
2022	5,553,791	127,900	507,500	-	464,489	6,653,680
2023-2027	22,422,837	131,719	1,437,594	-	24,490	24,016,640
2028-2032	10,365,956	-	-	-	-	10,365,956
2033-3037	7,482,987	-	-	-	-	7,482,987
Total	\$ 68,240,927	772,388	3,996,531	455,430	2,797,117	76,262,393
Interest included in above totals	\$ 15,525,927	127,388	1,096,531	50,430	93,057	16,893,333

Year Ending September 30,	Business-type Activities	Discretely Presented Component Units
	Promissory Loans	Promissory Loans
2018	\$ 1,874,492	311,101
2019	1,807,106	311,100
2020	1,811,156	311,100
2021	1,668,276	311,099
2022	1,582,286	311,100
2023-2027	4,399,674	1,439,444
2028-2032	2,722,860	975,490
2033-2037	2,722,860	-
2038-2042	44,429	-
Total	\$ 18,633,139	3,970,434
Interest included in above totals	\$ 2,331,676	1,075,942

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(8) Long-Term Liabilities (Continued)

A summary of changes in the long-term liabilities during the year ended September 30, 2017, follows:

<u>Description</u>	<u>October 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30, 2017</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation debt	\$ 36,105,000	20,000,000	3,390,000	52,715,000	4,150,000
Special obligation bonds	730,000	-	85,000	645,000	90,000
Limited obligation bonds	3,155,000	-	255,000	2,900,000	275,000
Special assessment with					
City commitment	515,000	-	110,000	405,000	115,000
Unamortized premiums/discounts	<u>423,595</u>	<u>1,578,595</u>	<u>73,409</u>	<u>1,928,781</u>	<u>102,716</u>
Total bonds payable	40,928,595	21,578,595	3,913,409	58,593,781	4,732,716
Promissory loans	2,076,889	765,849	138,678	2,704,060	545,022
Capital leases	94,432	-	45,422	49,010	24,043
Compensated absences	1,022,615	1,341,387	1,249,682	1,114,320	371,440
Claims and judgments	389,722	767,800	576,575	580,947	580,947
Net pension liability	<u>51,131,326</u>	<u>-</u>	<u>2,505,349</u>	<u>48,625,977</u>	<u>-</u>
Governmental activities long-term liabilities	\$ <u>95,643,579</u>	<u>24,453,631</u>	<u>8,429,115</u>	<u>111,668,095</u>	<u>6,254,168</u>
Business-type activities:					
Promissory loans	\$ 8,978,323	8,589,485	1,266,345	16,301,463	1,607,429
Unamortized premiums/discounts	592,796	-	63,514	529,282	63,514
Capital leases	26,277	-	26,277	-	-
Compensated absences	135,937	84,172	60,693	159,416	52,607
Net pension liability	<u>7,864,042</u>	<u>-</u>	<u>110,050</u>	<u>7,753,992</u>	<u>-</u>
Business-type activities long-term liabilities	\$ <u>17,597,375</u>	<u>8,673,657</u>	<u>1,526,879</u>	<u>24,744,153</u>	<u>1,723,550</u>
Discretely presented component units:					
Meridian Airport Authority:					
Promissory loans	\$ 1,000,000	-	87,756	912,244	90,404
Compensated absences	191,831	23,084	32,261	182,654	24,165
Net pension liability	5,358,749	625,673	-	5,984,422	-
Meridian Urban Renewal Authority -					
Promissory loans	<u>2,065,000</u>	<u>-</u>	<u>82,752</u>	<u>1,982,248</u>	<u>87,648</u>
Discretely presented component units	\$ <u>8,615,580</u>	<u>648,757</u>	<u>202,769</u>	<u>9,061,568</u>	<u>202,217</u>

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(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 \$54,670,000.

During fiscal year 2017, the City issued general obligation bonds in the amount of \$20,000,000. The proceeds from this bond issue were contributed for the construction, equipping, and furnishing of the Mississippi Arts and Entertainment Center. These bonds are payable from collections of the special prepared food and beverage tax and are not included in the City's legal debt limit under the State of Mississippi 2005 House Bill No. 1770.

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 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.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(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 \$54,670,000.

During fiscal year 2017, the City issued general obligation bonds in the amount of \$20,000,000. The proceeds from this bond issue were contributed for the construction, equipping, and furnishing of the Mississippi Arts and Entertainment Center. These bonds are payable from collections of the special prepared food and beverage tax and are not included in the City's legal debt limit under the State of Mississippi 2005 House Bill No. 1770.

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 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.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(8) Long-Term Liabilities (Continued)

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 are to be used for the rehabilitation of the South Wastewater Treatment Plant. The City has drawn \$8,786,072 against these loan funds as of September 30, 2017. 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.

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

RECEIVED
JUN 22 2018

(8) Long-Term Liabilities (Continued)

two new wells, with appurtenances, and treatment facility repairs and rehabilitation at both treatment plants. The project had not begun as of September 30, 2017, and no funds had been drawn on this loan during fiscal year 2017.

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, 2018, with an automatic extension for one year. As of September 30, 2017, 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	\$ 2,023,319	467,729	23.12%
Limited obligation bonds:			
Crossroads improvements	481,294	481,125	99.96%
Riverbirch improvements	33,875	33,500	98.89%
Special assessment debt – paving projects	142,208	138,675	97.52%

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 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.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

(9) Lessor Operating Leases

Discretely Presented Component Units:

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

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

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, 2017, 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>
2018	\$ 50,865	86,074
2019	15,937	73,207
2020	13,619	65,227
2021	9,406	57,247
2022	7,300	32,985
Thereafter	<u>11,200</u>	<u>194,242</u>
Total minimum future rentals	\$ <u>108,327</u>	<u>508,982</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

(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, 2017

(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, 2017, 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, 2017, follows:

<u>Description</u>	<u>City of Meridian</u>	<u>Meridian Airport Authority</u>
Employer contributions	\$ <u>2,967,048</u>	<u>371,803</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, 2017, 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>46,545,503</u>	<u>5,984,422</u>

The net pension liability was measured as of June 30, 2017, 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, 2017

(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, 2017 and 2016 were as follows:

<u>Description</u>	<u>City of Meridian</u>	<u>Meridian Airport Authority</u>
Proportionate share – June 30, 2017	0.28%	0.036%
Proportionate share – June 30, 2016	<u>0.26%</u>	<u>0.030%</u>
Increase (decrease)	<u>0.02%</u>	<u>0.006%</u>

For the year ended September 30, 2017, the City and MAA recognized pension expense of \$7,634,930 and \$1,377,027, respectively. At September 30, 2017, 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	\$ 614,648	339,629
Net difference between projected and actual earnings on plan investments	286,661	-
Changes of assumptions	928,780	73,650
Changes in proportion	3,169,822	234,931
City contributions subsequent to the measurement date	<u>831,328</u>	<u>-</u>
Totals	\$ <u>5,831,239</u>	<u>648,210</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

(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	\$ (381,265)	37,597
Net difference between projected and actual earnings on plan investments	462,389	-
Changes of assumptions	(11,006)	6,112
MAA contributions subsequent to the measurement date	<u>100,902</u>	<u>-</u>
Totals	\$ <u>171,020</u>	<u>43,709</u>

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, 2018.

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>
2018	\$ 3,027,628	7,100
2019	1,858,137	7,100
2020	365,024	7,100
2021	<u>(899,088)</u>	<u>5,109</u>
Total	\$ <u>4,351,701</u>	<u>26,409</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

(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, 2017, 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	3.75 – 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, 2017, 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, 2017

(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, 2017, 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	1.00	0.00
Total	<u>100.00%</u>	

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, 2017

(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>61,047,535</u>	<u>46,545,503</u>	<u>34,505,666</u>
MAA's proportionate share of the net pension liability	\$ <u>7,848,969</u>	<u>5,984,422</u>	<u>4,436,443</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, 2017

(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, 2017

(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, 2017 (measurement date), the following employees were covered by the plans:

<u>Description</u>	<u>Meridian General</u>	<u>Meridian Fire & Police</u>
Active employees	1	-
Inactive members or their beneficiaries currently receiving benefits	41	130
Inactive members entitled to but not yet receiving benefits	—	—
Total	<u>42</u>	<u>130</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

(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, 2017, the City levied 6.61 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 2017, 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. The City's contributions to the Meridian General Plan and the Meridian Fire and Police Plan for the fiscal year ended September 30, 2017, were \$491,891 and \$1,757,712, 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, 2017, 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, 2017, actuarial valuations were determined using the following actuarial information and assumptions:

<u>Description</u>	<u>Assumptions</u>
Valuation date	June 30, 2017
Actuarial cost method	Entry age
Amortization method	Level dollar closed
Remaining amortization period	17 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.75%
Projected salary increases#	4.00% - 5.50%
*Includes price inflation at	3.00%
#Includes wage inflation at	3.75%
Cost of living adjustments	None

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(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, 2017 valuation have been revised to reflect the results of the experience investigation for the four-year period ending June 30, 2016, which was adopted by the PERS Board of Trustees on April 25, 2017. Further details can be found on the PERS website (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 the current employer contribution rate (6.61 mills). 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, 2017 were as follows:

	<u>Meridian General Plan</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at September 30, 2016	\$ <u>6,432,496</u>	<u>3,053,245</u>	<u>3,379,251</u>
Changes for the year:			
Interest	471,793	-	471,793
Difference between expected and actual experience	45,421	-	45,421
Changes of assumptions	6,705	-	6,705
Contributions – employer	-	514,966	(514,966)
Contributions – employee	-	4,488	(4,488)
Net investment income	-	428,676	(428,676)
Benefit payments, including refunds of employee contributions	(689,684)	(689,684)	-
Administrative expense	-	(10,299)	10,299
Other changes	-	3,565	(3,565)
Net changes	<u>(165,765)</u>	<u>251,712</u>	<u>(417,477)</u>
Balance at September 30, 2017	\$ <u>6,266,731</u>	<u>3,304,957</u>	<u>2,961,774</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(10) Defined Benefit Pension Plans (Continued)

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

	<u>Meridian Fire & Police Plan</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at September 30, 2016	\$ <u>17,308,838</u>	<u>8,135,213</u>	<u>9,173,625</u>
Changes for the year:			
Interest	1,270,520	-	1,270,520
Difference between expected and actual experience	(665,204)	-	(665,204)
Changes of assumptions	37,160	-	37,160
Contributions – employer	-	1,773,349	(1,773,349)
Net investment income	-	1,198,539	(1,198,539)
Benefit payments, including refunds of employee contributions	(1,830,058)	(1,830,058)	-
Administrative expense	-	(35,467)	35,467
Other changes	-	6,988	(6,988)
Net changes	<u>(1,187,582)</u>	<u>1,113,351</u>	<u>(2,300,933)</u>
Balance at September 30, 2017	\$ <u>16,121,256</u>	<u>9,248,564</u>	<u>6,872,692</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>3,417,427</u>	<u>2,961,774</u>	<u>2,562,608</u>
Meridian Fire and Police	\$ <u>8,106,401</u>	<u>6,872,692</u>	<u>5,798,114</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, 2017

(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, 2017, each plan recognized pension expense as follows:

<u>Description</u>	<u>Meridian General</u>	<u>Meridian Fire & Police</u>
Pension expense	\$ <u>322,250</u>	<u>129,840</u>

At September 30, 2017, 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>
<i>Meridian General:</i>		
Net difference between projected and actual earnings on plan investments	\$ 9,308	-
City contributions subsequent to the measurement date	<u>50,759</u>	-
Total Meridian General	\$ <u>60,067</u>	-
<i>Meridian Fire and Police:</i>		
Net difference between projected and actual earnings on plan investments	\$ 66,475	-
City contributions subsequent to the measurement date	<u>181,836</u>	-
Total Meridian Fire and Police	\$ <u>248,311</u>	-

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, 2018.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

(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 & Police</u>
2018	\$ 25,716	85,792
2019	25,716	85,790
2020	(2,315)	9,221
2021	<u>(39,809)</u>	<u>(114,328)</u>
Total	\$ <u>9,308</u>	<u>66,475</u>

Payable to Pension Plan

As of September 30, 2017, the City reported a payable of \$502,664 for the outstanding amount of contributions to the pension plans required for the year ended September 30, 2017.

Summary of Pension Plan Balances

The City's pension related balances presented on the Statement of Net Position as of September 30, 2017, by individual plan are as follows:

	<u>PERS</u>	<u>Meridian General</u>	<u>Meridian Fire & Police</u>	<u>Totals</u>
Deferred outflows related to net pension liability	\$ <u>5,831,239</u>	<u>60,067</u>	<u>248,311</u>	<u>6,139,617</u>
Net pension liability	\$ <u>46,545,503</u>	<u>2,961,774</u>	<u>6,872,692</u>	<u>56,379,969</u>
Deferred inflows related to net pension liability	\$ <u>648,210</u>	<u>-</u>	<u>-</u>	<u>648,210</u>
Pension expense	\$ <u>7,634,930</u>	<u>322,250</u>	<u>129,840</u>	<u>8,087,020</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(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 2017, 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, 2017 and 2016, follows:

<u>Description</u>	<u>2017</u>	<u>2016</u>
Unpaid claims, beginning of year	\$ 389,722	13,384
Incurred claims (including IBNR's)	767,800	1,065,193
Claim payments	<u>(576,575)</u>	<u>(688,855)</u>
Unpaid claims, end of year	\$ <u>580,947</u>	<u>389,722</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, 2017

(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, 2017 and 2016, follows:

<u>Description</u>	<u>2017</u>	<u>2016</u>
Unpaid claims, beginning of year	\$ 876,691	490,405
Incurred claims (including IBNR's)	1,596,947	2,357,357
Claim payments	<u>(1,862,396)</u>	<u>(1,971,071)</u>
Unpaid claims, end of year	\$ <u>611,242</u>	<u>876,691</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. It is anticipated that the City and the EPA will enter into a consent decree within fiscal year 2018. Capital expenditures and increased operational expenditures related to the sewer system will be required as part of the remedy. Such expenditures will require significant increases in rates for water and sewer system services. Until the consent decree is finalized, the final outcome of this matter cannot be determined.

(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.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

(13) Contingent Liabilities (Continued)

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-four (24) ad valorem tax abatement agreements with sixteen (16) different businesses as of September 30, 2017. 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 1st 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.

The City abated the following taxes for the fiscal year ended September 30, 2017:

<u>Description</u>	<u>Assessed Valuation</u>	<u>Fiscal Year 2017 Ad Valorem Taxes Abated</u>
Real property tax abatements ending December 31, 2017 through 2023	\$ 4,555,018	231,577
Personal property tax abatements ending December 31, 2017 through 2023	<u>833,488</u>	<u>42,375</u>
Totals	\$ <u>5,388,506</u>	<u>273,952</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2017

(15) Construction and Other Significant Commitments

The City has approved projects at the South Waste Water Treatment Plant, including (1) the replacement of plant air blowers and digester blowers, addition of variable frequency drives for improved air control, upgrades to the air distributions system, replacement of process pumps, and associated electrical; and (2) electrical upgrades, including the replacement of generator No. 1 and associated automatic transfer switch, replacement of motor control centers, replacement of underground conduits and wires, and new overhead and underground conduits and wires. The total estimated cost of these projects is \$8,839,151 and is being funded by a Water Pollution Control Revolving Loan Fund agreement through the Mississippi Department of Environmental Quality.

The City has committed to an emergency repair contract totaling \$3,486,627 due to the unexpected collapse of a drainage structure located on North Frontage Road. The collapsed structure is located within a City drainage easement and created a risk of significant flood to a large area of commercial development. The City has received a National Resources Conservation Service grant totaling \$3,300,000 for the funding of these repairs.

The City has executed a preliminary engineering services contract for the design of concrete sidewalks along the south side of Highway 80 beginning at 71st place and ending at US Highway 19. The preliminary engineering services are being paid from local funds.

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 \$42,047 during 2017 to match the community's fundraising efforts.

The City has pledged to contribute \$1,000,000 over a six-year period towards the development of the Mississippi Children's Museum – Meridian ("Museum"). The first payment of \$250,000 was contributed during 2017. The Museum will operate in downtown Meridian, Mississippi under the guidance and umbrella of the Mississippi Children's Museum, a non-profit corporation.

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").

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2017

(15) Construction and Other Significant Commitments (Continued)

The City has pledged to contribute \$1,000,000 over a ten-year period beginning in fiscal year 2015, towards the START Campaign for the Mississippi Arts and Entertainment Center ("Center"). The third contribution of \$100,000 was made during fiscal year 2017. The Center was approved by the Mississippi State Legislature and is scheduled to open in the spring of 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 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	\$ 1,937,421
Committed to grant match for slope stabilization	29,900
Committed for workforce development	21,500

(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, 2017

(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 May 30, 2018, (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, 2017, the City authorized and directed the issuance of \$8,024,000 in General Obligation Refunding Bonds, Series 2017. The purpose of this bond issue is to refund the Series 2007 and Series 2009 General Obligation Bonds.

In February, 2018, the City authorized and approved the execution of a \$9,991,214 equipment lease purchase agreement for energy efficiency and conservation equipment pursuant to the Mississippi Development Authority's Capital Lease Program. The equipment financed includes an advanced metering infrastructure system upgrade for the water utility and lighting upgrades in City buildings.

REQUIRED SUPPLEMENTARY INFORMATION

RECEIVED
JUN 22 2018

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 Years¹

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.280872%	0.260207%	0.253100%
City's proportionate share of the net pension liability	\$ 46,545,503	46,442,492	38,645,070
City's covered payroll	\$ 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	258.33%	279.00%	244.39%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%

¹GASB 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.

²The 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 Years¹

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 2,967,048	2,742,339	2,508,000
Contributions in relation to the statutorily required contribution	<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>
City's covered payroll	\$ <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>

¹GASB 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:

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

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 Years¹

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

¹GASB 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.

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

³Payroll 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: The assumed rates of mortality have been revised to reflect the results of the experience investigation for the four-year period ending June 30, 2016 and adopted by the PERS Board on April 25, 2017.

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 Years¹

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

¹GASB 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.

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

³Payroll 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, 2017 were based on the June 30, 2015 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 Years¹

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

¹GASB 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.

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

³Payroll 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: The assumed rates of mortality have been revised to reflect the results of the experience investigation for the four-year period ending June 30, 2016 and adopted by the PERS Board on April 25, 2017.

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 Years¹

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

¹GASB 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.

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

³Payroll 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, 2017 were based on the June 30, 2015 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

(This page intentionally left blank)

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

The special revenue fund is used to account for revenue sources from grants and contributions, a special 2% prepared food and beverage sales tax, interest on investments, narcotics related forfeitures, and miscellaneous registration fees and rentals. These revenue sources are restricted to expenditures for public safety, culture and recreation, and economic development.

Capital Projects Funds

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

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

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

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.

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

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.

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds (Continued)

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

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

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.

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) 19th Street and the Highland Park Bridge, (2) Parkway Avenue and 38th Street, and (3) 65th 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.

SCHEDULE 7

CITY OF MERIDIAN, MISSISSIPPI
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 6,829	-	6,829
Due from other funds	67,678	742,180	809,858
Restricted assets:			
Cash and cash equivalents	4,146,067	3,409,524	7,555,591
Receivables, net:			
Taxes	203,598	-	203,598
Intergovernmental receivables	<u>56,341</u>	<u>1,930,953</u>	<u>1,987,294</u>
Total assets	\$ <u>4,480,513</u>	<u>6,082,657</u>	<u>10,563,170</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 3,380	-	3,380
Due to other funds	37,091	997,860	1,034,951
Liabilities payable from restricted assets:			
Accounts payable	1,420,959	1,536,302	2,957,261
Unearned revenue	<u>10,616</u>	<u>-</u>	<u>10,616</u>
Total liabilities	<u>1,472,046</u>	<u>2,534,162</u>	<u>4,006,208</u>
Fund balances:			
Restricted for:			
Debt service	1,569,842	-	1,569,842
Purposes of grantors/donors	447,068	-	447,068
Law enforcement	630,221	-	630,221
Sowashee Creek maintenance	-	288,862	288,862
Construction/acquisition of capital assets	-	612,642	612,642
Flood damage repairs	-	62,068	62,068
Paving and sidewalk projects	-	2,584,923	2,584,923
Committed to -			
Urban renewal and redevelopment	345,894	-	345,894
Assigned to:			
Public safety	6,829	-	6,829
Sports events and other recreation	<u>8,613</u>	<u>-</u>	<u>8,613</u>
Total fund balances	<u>3,008,467</u>	<u>3,548,495</u>	<u>6,556,962</u>
Total liabilities and fund balances	\$ <u>4,480,513</u>	<u>6,082,657</u>	<u>10,563,170</u>

SCHEDULE 8**CITY OF MERIDIAN, MISSISSIPPI****Combining Statement of Revenues, Expenditures, and Changes in Fund Balances****Nonmajor Governmental Funds****For the Fiscal Year Ended September 30, 2017**

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Taxes -			
Sales	\$ 2,023,319	-	2,023,319
Intergovernmental	488,524	2,939,441	3,427,965
Fines and forfeitures	1,235,125	-	1,235,125
Local contributions	167,902	-	167,902
Interest on investments	4,521	17,340	21,861
Miscellaneous	6,405	-	6,405
Total revenues	<u>3,925,796</u>	<u>2,956,781</u>	<u>6,882,577</u>
Expenditures:			
Current:			
Public safety	827,839	-	827,839
Culture and recreation	145,576	-	145,576
Economic development	34,590	-	34,590
Capital outlay	-	10,664,041	10,664,041
Debt service -			
Interest and fiscal charges	469,104	-	469,104
Total expenditures	<u>1,477,109</u>	<u>10,664,041</u>	<u>12,141,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,448,687</u>	<u>(7,707,260)</u>	<u>(5,258,573)</u>
Other financing sources (uses):			
Transfers in	19,095	948,174	967,269
Transfers out	(462,384)	(614,570)	(1,076,954)
Loan proceeds	-	765,849	765,849
Total other financing sources (uses)	<u>(443,289)</u>	<u>1,099,453</u>	<u>656,164</u>
Net change in fund balances	2,005,398	(6,607,807)	(4,602,409)
Fund balances, October 1, 2016	<u>1,003,069</u>	<u>10,156,302</u>	<u>11,159,371</u>
Fund balances, September 30, 2017	<u>\$ 3,008,467</u>	<u>3,548,495</u>	<u>6,556,962</u>

RECEIVED

JUN 22 2018

CITY OF MERIDIAN, MISSISSIPPI

Combining Balance Sheet

Nonmajor Governmental Funds

Nonmajor Capital Projects Funds

September 30, 2017

	<u>Sowashee Project</u>	<u>2003 Flood Damage</u>	<u>City Hall Improvements</u>	<u>Safe Routes to School Project</u>	<u>2011 General Obligation Bonds</u>	<u>35th Avenue & 40th Street Bridge Replacement</u>
<u>ASSETS</u>						
Due from other funds	\$ -	-	-	35,779	-	-
Restricted assets:						
Cash and cash equivalents	288,862	-	137,329	46,232	1,209	42,840
Intergovernmental receivables	-	-	-	17,738	-	-
Total assets	\$ 288,862	-	137,329	99,749	1,209	42,840
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Due to other funds	\$ -	-	-	99,749	-	-
Liabilities payable from restricted assets -						
Accounts payable	-	-	-	-	-	-
Total liabilities	-	-	-	99,749	-	-
Fund balances:						
Restricted for:						
Sowashee Creek maintenance	288,862	-	-	-	-	-
Construction/acquisition of capital assets	-	-	137,329	-	1,209	42,840
Damage repairs and stabilization	-	-	-	-	-	-
Paving and sidewalk projects	-	-	-	-	-	-
Total fund balances	288,862	-	137,329	-	1,209	42,840
Total liabilities and fund balances	\$ 288,862	-	137,329	99,749	1,209	42,840

SCHEDULE 9

2012 General Obligation Bonds	Downtown Streetscape	Highway 39 Signalization	Velma Young Community Center	Drainage Structure Collapse Emergency	2016 General Obligation Bonds	Vehicle Loans	Slope Stabilization	Drainage Structure Repair	Total Nonmajor Capital Projects Funds
138,338	81,181	-	-	-	-	-	70,882	416,000	742,180
550,876	12,583	3,360	-	68,200	2,257,180	493	-	360	3,409,524
-	1,161	-	52,500	-	-	-	80,466	1,779,088	1,930,953
<u>689,214</u>	<u>94,925</u>	<u>3,360</u>	<u>52,500</u>	<u>68,200</u>	<u>2,257,180</u>	<u>493</u>	<u>151,348</u>	<u>2,195,448</u>	<u>6,082,657</u>
135,164	-	-	38,589	-	22,778	-	66,815	634,765	997,860
-	94,925	-	2,500	6,132	203,529	-	84,533	1,144,683	1,536,302
<u>135,164</u>	<u>94,925</u>	<u>-</u>	<u>41,089</u>	<u>6,132</u>	<u>226,307</u>	<u>-</u>	<u>151,348</u>	<u>1,779,448</u>	<u>2,534,162</u>
-	-	-	-	-	-	-	-	-	288,862
-	-	3,360	11,411	-	-	493	-	416,000	612,642
-	-	-	-	62,068	-	-	-	-	62,068
<u>554,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,030,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,584,923</u>
<u>554,050</u>	<u>-</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>3,548,495</u>
<u>689,214</u>	<u>94,925</u>	<u>3,360</u>	<u>52,500</u>	<u>68,200</u>	<u>2,257,180</u>	<u>493</u>	<u>151,348</u>	<u>2,195,448</u>	<u>6,082,657</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, 2017

	<u>Sowashee Project</u>	<u>2003 Flood Damage</u>	<u>City Hall Improvements</u>	<u>Safe Routes to School Project</u>	<u>2011 General Obligation Bonds</u>	<u>35th Avenue & 40th Street Bridge Replacement</u>
Revenues:						
Intergovernmental:						
Federal	\$ -	-	-	-	-	-
Lauderdale County	-	-	-	-	-	-
Interest on investments	670	154	315	-	3	98
Total revenues	<u>670</u>	<u>154</u>	<u>315</u>	<u>-</u>	<u>3</u>	<u>98</u>
Expenditures:						
Construction/acquisition of capital assets	-	-	1,140	-	-	-
Engineering and other	4,350	-	-	35,851	-	-
Total expenditures	<u>4,350</u>	<u>-</u>	<u>1,140</u>	<u>35,851</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,680)</u>	<u>154</u>	<u>(825)</u>	<u>(35,851)</u>	<u>3</u>	<u>98</u>
Other financing sources (uses):						
Transfers in	-	-	-	35,779	-	-
Transfers out	-	(77,551)	-	-	-	-
Loan proceeds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(77,551)</u>	<u>-</u>	<u>35,779</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(3,680)</u>	<u>(77,397)</u>	<u>(825)</u>	<u>(72)</u>	<u>3</u>	<u>98</u>
Fund Balances, October 1, 2016	<u>292,542</u>	<u>77,397</u>	<u>138,154</u>	<u>72</u>	<u>1,206</u>	<u>42,742</u>
Fund balances, September 30, 2017	\$ <u>288,862</u>	<u>-</u>	<u>137,329</u>	<u>-</u>	<u>1,209</u>	<u>42,840</u>

SCHEDULE 10

<u>2012</u> <u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Downtown</u> <u>Streetscape</u>	<u>Highway 39</u> <u>Signalization</u>	<u>Velma</u> <u>Young</u> <u>Community</u> <u>Center</u>	<u>Drainage</u> <u>Structure</u> <u>Collapse</u> <u>Emergency</u>	<u>2016</u> <u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Vehicle</u> <u>Loans</u>	<u>Slope</u> <u>Stabilization</u>	<u>Drainage</u> <u>Structure</u> <u>Repair</u>	<u>Total</u> <u>Nonmajor</u> <u>Capital</u> <u>Projects</u> <u>Funds</u>
-	844,673	10,728	174,486	-	-	-	80,466	1,779,088	2,889,441
-	-	-	50,000	-	-	-	-	-	50,000
2,360	190	1	1,087	242	11,727	493	-	-	17,340
<u>2,360</u>	<u>844,863</u>	<u>10,729</u>	<u>225,573</u>	<u>242</u>	<u>11,727</u>	<u>493</u>	<u>80,466</u>	<u>1,779,088</u>	<u>2,956,781</u>
26,568	1,260,224	-	1,019,486	-	4,930,508	1,177,344	151,348	1,432,578	9,999,196
3	144,586	-	43,292	90,253	-	-	-	346,510	664,845
<u>26,571</u>	<u>1,404,810</u>	<u>-</u>	<u>1,062,778</u>	<u>90,253</u>	<u>4,930,508</u>	<u>1,177,344</u>	<u>151,348</u>	<u>1,779,088</u>	<u>10,664,041</u>
<u>(24,211)</u>	<u>(559,947)</u>	<u>10,729</u>	<u>(837,205)</u>	<u>(90,011)</u>	<u>(4,918,781)</u>	<u>(1,176,851)</u>	<u>(70,882)</u>	<u>-</u>	<u>(7,707,260)</u>
-	425,513	-	-	-	-	-	70,882	416,000	948,174
(479,496)	-	(34,745)	-	-	(22,778)	-	-	-	(614,570)
-	-	-	-	-	-	765,849	-	-	765,849
<u>(479,496)</u>	<u>425,513</u>	<u>(34,745)</u>	<u>-</u>	<u>-</u>	<u>(22,778)</u>	<u>765,849</u>	<u>70,882</u>	<u>416,000</u>	<u>1,099,453</u>
(503,707)	(134,434)	(24,016)	(837,205)	(90,011)	(4,941,559)	(411,002)	-	416,000	(6,607,807)
<u>1,057,757</u>	<u>134,434</u>	<u>27,376</u>	<u>848,616</u>	<u>152,079</u>	<u>6,972,432</u>	<u>411,495</u>	<u>-</u>	<u>-</u>	<u>10,156,302</u>
<u>554,050</u>	<u>-</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>3,548,495</u>

SCHEDULE 11**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, 2017**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis) <u>Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$ 4,850,000	5,500,000	5,551,391	51,391
Expenditures - debt service	<u>4,850,000</u>	<u>5,500,000</u>	<u>5,277,587</u>	<u>222,413</u>
Net change in fund balances	\$ <u>-</u>	<u>-</u>	273,804	<u>273,804</u>
Fund Balance, October 1, 2016			<u>3,946,041</u>	
Fund Balance, September 30, 2017			\$ <u>4,219,845</u>	

SCHEDULE 12**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, 2017**

	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	(Budgetary	Final Budget -
			Basis)	Positive
			<u>Amounts</u>	(Negative)
Revenues	\$ 820,000	820,000	3,662,306	2,842,306
Expenditures -				
Project costs	<u>1,000,000</u>	<u>1,500,000</u>	<u>1,737,135</u>	<u>(237,135)</u>
Net change in fund balances	\$ <u>(180,000)</u>	<u>(680,000)</u>	1,925,171	<u>2,605,171</u>
Fund balances, October 1, 2016			<u>1,003,524</u>	
Fund balances, September 30, 2017			\$ <u>2,928,695</u>	

SCHEDULE 13**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, 2017**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis) <u>Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$ 1,112,000	18,112,000	24,845,164	6,733,164
Expenditures - capital outlay	<u>3,000,000</u>	<u>20,000,000</u>	<u>16,791,387</u>	<u>3,208,613</u>
Net change in fund balances	\$ <u>(1,888,000)</u>	<u>(1,888,000)</u>	8,053,777	<u>9,941,777</u>
Fund balance, October 1, 2016			<u>11,784,442</u>	
Fund balance, September 30, 2017			\$ <u>19,838,219</u>	

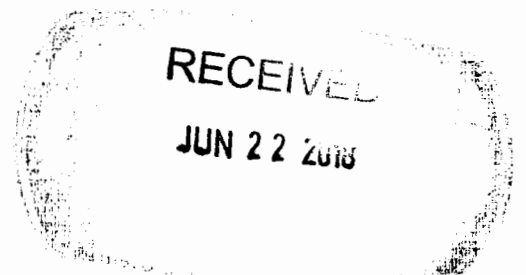
(This page intentionally left blank)

CITY OF MERIDIAN, MISSISSIPPI
Schedule of General Fund Expenditures
By Departments and Divisions
For the Fiscal Year Ended September 30, 2017
(With Comparative Totals for the Fiscal Year Ended September 30, 2016)

	<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 & Training Facility</u>
Personnel services:						
Salaries - regular	\$ 877,775	873,470	848,219	4,052,935	4,504,307	181,938
Salaries - overtime	1,672	4,829	9,893	643,384	667,253	-
Salaries - temporaries	64,981	16,518	111,235	10,477	98,100	-
Fringe benefits	360,808	340,565	346,239	1,796,412	1,911,011	82,778
Total personnel services	<u>1,305,236</u>	<u>1,235,382</u>	<u>1,315,586</u>	<u>6,503,208</u>	<u>7,180,671</u>	<u>264,716</u>
Contractual services and supplies:						
Supplies - office	8,277	8,336	3,939	2,718	3,774	362
Supplies - operating	1,435	6,834	4,521	3,182	54,170	32,874
Supplies - household	-	5,256	1,334	13,886	4,955	1,352
Supplies - uniforms and clothing	882	-	8,630	14,634	64,862	1,214
Supplies - materials direct	-	-	159	-	-	-
Materials - small tools and workorders	2,016	555	5,038	2,356	926	1,303
Professional services	472,559	121,276	20,853	6,957	441,667	7,436
Telephone	9,700	105,249	11,425	9,738	24,918	2,146
Postage	3,498	3,543	8,580	458	543	-
Travel	21,293	16,162	11,640	23,874	18,849	-
Freight	-	-	-	273	-	-
Advertising and publishing	47,603	2,289	13,041	47	-	-
Printing and binding	3,595	2,479	2,883	742	4,703	-
Insurance	84,672	42,584	52,536	192,801	352,190	22,275
Utilities	-	1,181,649	7,179	93,627	52,342	29,064
Operating and maintenance - buildings	614	36,660	13,790	17,479	10,459	4,536
Operating and maintenance - grounds	3,747	-	128	-	58	6,382
Operating and maintenance - equipment	2,774	8,756	1,529	20,074	7,885	3,573
Operating and maintenance - vehicles	5,837	129	47,956	88,426	406,867	8,610
Operating and maintenance - computer services	9,803	87,033	34,058	56,037	89,853	22,686
Rentals	3,984	8,358	3,041	-	-	-
Judgments and claims	1,605	28,514	11,486	292,995	117,674	33
Dues and subscriptions	12,466	2,797	3,110	1,825	568	-
Public relations	201,223	-	100	4,609	176	-
Refunds	-	-	1,000	-	-	-
Job training	9,568	7,002	4,245	22,883	-	5,156
Safety	-	-	-	45,752	-	498
Hospital and medical	14,310	-	-	21,836	16,763	-
Total contractual services & supplies	<u>921,461</u>	<u>1,675,461</u>	<u>272,201</u>	<u>937,209</u>	<u>1,674,202</u>	<u>149,500</u>
Capital outlay:						
Land	-	-	-	482	-	-
Buildings	-	-	-	18,777	305,000	-
Machinery and equipment	-	47,646	15,848	21,440	87,343	-
Improvement other than buildings	-	70,500	-	-	-	-
Vehicles	-	-	24,158	5,351	-	-
Total capital outlay	<u>-</u>	<u>118,146</u>	<u>40,006</u>	<u>46,050</u>	<u>392,343</u>	<u>-</u>
Debt service:						
Principal	-	22,268	8,477	34,389	27,691	-
Interest	-	173	547	16,662	3,064	-
Total debt service	<u>-</u>	<u>22,441</u>	<u>9,024</u>	<u>51,051</u>	<u>30,755</u>	<u>-</u>
Transfers and other charges:						
Transfer to other funds	409,900	-	88,000	-	5,000	-
Special projects	522,000	153,158	220,106	24,251	12,500	-
Miscellaneous contributions	741,816	-	-	-	3,030	-
Other projects and charges	-	-	-	-	-	-
Total transfers and other charges	<u>1,673,716</u>	<u>153,158</u>	<u>308,106</u>	<u>24,251</u>	<u>20,530</u>	<u>-</u>
Total General Fund expenditures - 2017	<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>
Total General Fund expenditures - 2016	<u>3,183,834</u>	<u>3,094,577</u>	<u>2,267,745</u>	<u>8,457,168</u>	<u>8,077,294</u>	<u>378,578</u>
Increase (decrease)	<u>\$ 716,579</u>	<u>110,011</u>	<u>(322,822)</u>	<u>(895,399)</u>	<u>1,221,207</u>	<u>35,638</u>

SCHEDULE 14

Public Works	Parks, Recreation & Cultural Affairs	Arts District Parking Garage	Totals		Increase (Decrease)
			2017	2016	
2,097,369	789,309	-	14,225,322	12,852,127	1,373,195
87,340	16,107	-	1,430,478	1,337,366	93,112
389,488	507,098	-	1,197,897	900,322	297,575
953,506	435,136	-	6,226,455	5,843,998	382,457
<u>3,527,703</u>	<u>1,747,650</u>	<u>-</u>	<u>23,080,152</u>	<u>20,933,813</u>	<u>2,146,339</u>
3,172	1,285	-	31,863	28,885	2,978
80,387	71,036	-	254,439	274,813	(20,374)
4,807	16,885	-	48,475	45,505	2,970
26,577	6,477	-	123,276	112,356	10,920
143,655	4,852	-	148,666	260,411	(111,745)
12,162	5,607	-	29,963	23,685	6,278
346,938	91,342	-	1,509,028	1,413,029	95,999
5,090	8,133	146	176,545	163,869	12,676
1,132	1,584	35	19,373	9,223	10,150
3,076	3,070	-	97,964	109,379	(11,415)
240	-	-	513	-	513
543	42	-	63,565	16,201	47,364
249	2,545	-	17,196	9,647	7,549
287,383	87,602	10,649	1,132,692	1,068,308	64,384
73,895	209,603	23,748	1,671,107	1,635,226	35,881
24,740	59,026	39,930	207,234	222,672	(15,438)
2,708	54,987	2,260	70,270	119,339	(49,069)
72,223	54,024	5,196	176,034	181,954	(5,920)
323,611	57,707	-	939,143	883,697	55,446
33,306	16,287	-	349,063	344,256	4,807
53,727	2,094	-	71,204	51,989	19,215
65,433	6,716	-	524,456	390,524	133,932
2,760	465	-	23,991	38,861	(14,870)
-	-	-	206,108	48,672	157,436
-	-	-	1,000	1,810	(810)
8,746	4,003	-	61,603	88,483	(26,880)
15,653	2,735	-	64,638	62,333	2,305
549	-	-	53,458	49,519	3,939
<u>1,592,762</u>	<u>768,107</u>	<u>81,964</u>	<u>8,072,867</u>	<u>7,654,646</u>	<u>418,221</u>
-	-	-	482	205,000	(204,518)
13,919	63,000	-	400,696	347,572	53,124
236,898	55,562	-	464,737	598,812	(134,075)
32,003	29,714	-	132,217	212,802	(80,585)
<u>257,700</u>	<u>-</u>	<u>-</u>	<u>287,209</u>	<u>1,225,285</u>	<u>(938,076)</u>
<u>540,520</u>	<u>148,276</u>	<u>-</u>	<u>1,285,341</u>	<u>2,589,471</u>	<u>(1,304,130)</u>
36,353	24,772	-	153,950	90,305	63,645
2,349	1,600	-	24,395	6,847	17,548
<u>38,702</u>	<u>26,372</u>	<u>-</u>	<u>178,345</u>	<u>97,152</u>	<u>81,193</u>
29,900	200,000	-	732,800	1,428,949	(696,149)
77,821	130,220	-	1,140,056	631,244	508,812
-	-	-	744,846	559,000	185,846
16,021	-	-	16,021	22,689	(6,668)
<u>123,742</u>	<u>330,220</u>	<u>-</u>	<u>2,633,723</u>	<u>2,641,882</u>	<u>(8,159)</u>
5,823,429	3,020,625	81,964	35,250,428	33,916,964	1,333,464
<u>4,977,267</u>	<u>3,422,195</u>	<u>58,306</u>	<u>33,916,964</u>	<u>33,916,964</u>	<u>-</u>
<u>846,162</u>	<u>(401,570)</u>	<u>23,658</u>	<u>1,333,464</u>	<u>1,333,464</u>	<u>-</u>



(This page intentionally left blank)

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 15**CITY OF MERIDIAN, MISSISSIPPI****Combining Statement of Net Position****Nonmajor Enterprise Funds****September 30, 2017**

	<u>Golf Course</u>	<u>Union Station</u>	<u>Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 1,078	209	83,285	84,572
Receivables - miscellaneous	-	198	-	198
Inventory	6,928	-	789	7,717
Prepaid items	<u>671</u>	<u>51,373</u>	<u>-</u>	<u>52,044</u>
Total current assets	<u>8,677</u>	<u>51,780</u>	<u>84,074</u>	<u>144,531</u>
Capital assets:				
Buildings	126,628	-	-	126,628
Improvements other than buildings	431,753	6,300	-	438,053
Machinery and equipment	<u>335,690</u>	<u>44,810</u>	<u>-</u>	<u>380,500</u>
Total capital assets	894,071	51,110	-	945,181
Less accumulated depreciation	<u>(609,290)</u>	<u>(43,829)</u>	<u>-</u>	<u>(653,119)</u>
Capital assets (net of accumulated depreciation)	<u>284,781</u>	<u>7,281</u>	<u>-</u>	<u>292,062</u>
Total assets	<u>293,458</u>	<u>59,061</u>	<u>84,074</u>	<u>436,593</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows related to net pension liability	<u>59,632</u>	<u>23,384</u>	<u>5,951</u>	<u>88,967</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	5,898	20,761	-	26,659
Accrued liabilities:				
Payroll	10,481	4,318	176	14,975
Sales tax	1,260	-	217	1,477
Due to other funds	<u>81,505</u>	<u>98,001</u>	<u>-</u>	<u>179,506</u>
Total current liabilities	<u>99,144</u>	<u>123,080</u>	<u>393</u>	<u>222,617</u>
Noncurrent liabilities -				
Net pension liability	<u>530,613</u>	<u>189,142</u>	<u>52,467</u>	<u>772,222</u>
Total liabilities	<u>629,757</u>	<u>312,222</u>	<u>52,860</u>	<u>994,839</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows related to net pension liability	<u>6,480</u>	<u>2,594</u>	<u>649</u>	<u>9,723</u>
<u>NET POSITION</u>				
Net investment in capital assets	284,781	7,281	-	292,062
Unrestricted (deficit)	<u>(567,928)</u>	<u>(239,652)</u>	<u>36,516</u>	<u>(771,064)</u>
Total net position (deficit)	<u>\$ (283,147)</u>	<u>(232,371)</u>	<u>36,516</u>	<u>(479,002)</u>

SCHEDULE 16**CITY OF MERIDIAN, MISSISSIPPI**

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

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2017

	<u>Golf Course</u>	<u>Union Station</u>	<u>Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:				
Charges for sales and services:				
Memberships	\$ 49,705	-	-	49,705
Green fees	69,113	-	-	69,113
Cart rental	53,783	-	-	53,783
Concessions	44,260	-	19,297	63,557
Rental income	-	55,621	-	55,621
Miscellaneous	74	-	706	780
Total operating revenues	<u>216,935</u>	<u>55,621</u>	<u>20,003</u>	<u>292,559</u>
Operating expenses:				
Personnel services	309,077	122,903	21,772	453,752
Supplies and materials	44,724	12,255	12,823	69,802
Rent and utilities	16,089	53,765	-	69,854
Operation, maintenance, and repairs	64,056	61,522	-	125,578
Depreciation	23,982	252	-	24,234
Miscellaneous	10,895	69,709	-	80,604
Total operating expenses	<u>468,823</u>	<u>320,406</u>	<u>34,595</u>	<u>823,824</u>
Operating loss	<u>(251,888)</u>	<u>(264,785)</u>	<u>(14,592)</u>	<u>(531,265)</u>
Nonoperating revenues (expenses):				
Interest income	53	59	207	319
Interest expense	(1)	-	-	(1)
Loss on disposal of capital asset	-	(1,596)	-	(1,596)
Transfer of capital asset to general fund	(4,807)	-	-	(4,807)
Total nonoperating revenues (expenses)	<u>(4,755)</u>	<u>(1,537)</u>	<u>207</u>	<u>(6,085)</u>
Loss before transfers	<u>(256,643)</u>	<u>(266,322)</u>	<u>(14,385)</u>	<u>(537,350)</u>
Transfers -				
Transfers in	<u>200,000</u>	<u>25,000</u>	<u>-</u>	<u>225,000</u>
Change in net position	<u>(56,643)</u>	<u>(241,322)</u>	<u>(14,385)</u>	<u>(312,350)</u>
Net position (deficit), October 1, 2016	<u>(226,504)</u>	<u>8,951</u>	<u>50,901</u>	<u>(166,652)</u>
Net position (deficit), September 30, 2017	<u>\$ (283,147)</u>	<u>(232,371)</u>	<u>36,516</u>	<u>(479,002)</u>

SCHEDULE 17

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended September 30, 2017

	<u>Golf Course</u>	<u>Union Station</u>	<u>Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash flows from operating activities:				
Receipts from customers and users	\$ 216,935	62,047	20,003	298,985
Payments to suppliers	(87,162)	(253,448)	(12,927)	(353,537)
Payments to employees	(252,706)	(98,351)	(17,691)	(368,748)
Payments for internal services	(22,615)	(7,323)	-	(29,938)
Net cash used in operating activities	<u>(145,548)</u>	<u>(297,075)</u>	<u>(10,615)</u>	<u>(453,238)</u>
Cash flows from noncapital financing activities -				
Transfers from other funds	<u>200,000</u>	<u>296,109</u>	<u>-</u>	<u>496,109</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(58,027)	-	-	(58,027)
Principal payments - capital lease	(86)	-	-	(86)
Interest payments - capital lease	(1)	-	-	(1)
Net cash used in capital and related financing activities	<u>(58,114)</u>	<u>-</u>	<u>-</u>	<u>(58,114)</u>
Cash flows from investing activities -				
Interest received	<u>53</u>	<u>59</u>	<u>207</u>	<u>319</u>
Net decrease in cash and cash equivalents	<u>(3,609)</u>	<u>(907)</u>	<u>(10,408)</u>	<u>(14,924)</u>
Cash and cash equivalents, October 1, 2016	<u>4,687</u>	<u>1,116</u>	<u>93,693</u>	<u>99,496</u>
Cash and cash equivalents, September 30, 2017	<u>\$ 1,078</u>	<u>209</u>	<u>83,285</u>	<u>84,572</u>
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (251,888)	(264,785)	(14,592)	(531,265)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation	23,982	252	-	24,234
Changes in assets and liabilities:				
Accounts receivable	-	6,426	-	6,426
Inventory	(1,824)	-	423	(1,401)
Prepaid items	5	(49,965)	-	(49,960)
Deferred outflows related to net pension liability	51,310	18,591	5,082	74,983
Accounts payable	1,045	11,073	(515)	11,603
Accrued liabilities	(9,084)	(1,211)	(245)	(10,540)
Due to other funds	49,427	(17,305)	-	32,122
Net pension liability	(8,155)	(6)	(732)	(8,893)
Deferred inflows related to net pension liability	(366)	(145)	(36)	(547)
Total adjustments	<u>106,340</u>	<u>(32,290)</u>	<u>3,977</u>	<u>78,027</u>
Net cash used in operating activities	<u>\$ (145,548)</u>	<u>(297,075)</u>	<u>(10,615)</u>	<u>(453,238)</u>
Noncash investing, capital, and financing activities -				
Noncash capital contributions -				
Capital assets transferred to the general fund	<u>\$ (4,807)</u>	<u>-</u>	<u>-</u>	<u>(4,807)</u>

INTERNAL SERVICE FUNDS

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

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

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

Health and Life Insurance Reserve Fund – This fund is used to account for the receipts, 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.

RECEIVED
JUN 22 2018

SCHEDULE 18

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Net Position
Internal Service Funds
September 30, 2017

	<u>Municipal Supply</u>	<u>Municipal Office Supply</u>	<u>Health and Life Insurance Reserve</u>	<u>Unemployment Compensation</u>	<u>Total Internal Service Funds</u>
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 150,987	47,408	737,534	43,818	979,747
Due from other funds:					
General fund	50,769	-	-	-	50,769
Water and sewer fund	13,585	-	-	-	13,585
Waste collection & disposal fund	83	-	-	-	83
Golf Course Fund	1,482	-	-	-	1,482
Inventory	<u>43,519</u>	<u>928</u>	<u>-</u>	<u>-</u>	<u>44,447</u>
Total current assets	<u>260,425</u>	<u>48,336</u>	<u>737,534</u>	<u>43,818</u>	<u>1,090,113</u>
<u>LIABILITIES</u>					
Current liabilities -					
Accounts payable	<u>64,146</u>	<u>-</u>	<u>611,242</u>	<u>-</u>	<u>675,388</u>
Total current liabilities	<u>64,146</u>	<u>-</u>	<u>611,242</u>	<u>-</u>	<u>675,388</u>
<u>NET POSITION</u>					
Unrestricted	\$ <u>196,279</u>	<u>48,336</u>	<u>126,292</u>	<u>43,818</u>	<u>414,725</u>

SCHEDULE 19**CITY OF MERIDIAN, MISSISSIPPI**

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the Fiscal Year Ended September 30, 2017

	<u>Municipal Supply</u>	<u>Municipal Office Supply</u>	<u>Health and Life Insurance Reserve</u>	<u>Unemployment Compensation</u>	<u>Total Internal Service Funds</u>
Operating revenues:					
Charges for sales and services	\$ 572,050	3,426	-	-	575,476
Premiums	<u>-</u>	<u>-</u>	<u>3,362,250</u>	<u>-</u>	<u>3,362,250</u>
Total operating revenues	<u>572,050</u>	<u>3,426</u>	<u>3,362,250</u>	<u>-</u>	<u>3,937,726</u>
Operating expenses:					
Costs of sales and services	592,340	4,864	-	-	597,204
Claims paid	<u>-</u>	<u>-</u>	<u>3,331,897</u>	<u>22,635</u>	<u>3,354,532</u>
Total operating expenses	<u>592,340</u>	<u>4,864</u>	<u>3,331,897</u>	<u>22,635</u>	<u>3,951,736</u>
Operating income (loss)	(20,290)	(1,438)	30,353	(22,635)	(14,010)
Nonoperating revenues -					
Interest income	<u>337</u>	<u>110</u>	<u>1,989</u>	<u>77</u>	<u>2,513</u>
Income (loss) before transfers in	(19,953)	(1,328)	32,342	(22,558)	(11,497)
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>35,000</u>
Change in net position	(19,953)	(1,328)	32,342	12,442	23,503
Net position, October 1, 2016	<u>216,232</u>	<u>49,664</u>	<u>93,950</u>	<u>31,376</u>	<u>391,222</u>
Net position, September 30, 2017	\$ <u>196,279</u>	<u>48,336</u>	<u>126,292</u>	<u>43,818</u>	<u>414,725</u>

SCHEDULE 20

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended September 30, 2017

	<u>Municipal Supply</u>	<u>Municipal Office Supply</u>	<u>Health and Life Insurance Reserve</u>	<u>Unemployment Compensation</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities:					
Receipts from internal users	\$ 587,997	3,426	3,716,544	-	4,307,967
Payments to suppliers	<u>(590,442)</u>	<u>(3,500)</u>	<u>(3,597,346)</u>	<u>(22,635)</u>	<u>(4,213,923)</u>
Net cash provided by (used in) operating activities	(2,445)	(74)	119,198	(22,635)	94,044
Cash flows from noncapital financing activities -					
Transfers from other funds	-	-	-	35,000	35,000
Cash flows from investing activities -					
Interest received	<u>337</u>	<u>110</u>	<u>1,989</u>	<u>77</u>	<u>2,513</u>
Net increase (decrease) in cash and cash equivalents	(2,108)	36	121,187	12,442	131,557
Cash and cash equivalents, October 1, 2016	<u>153,095</u>	<u>47,372</u>	<u>616,347</u>	<u>31,376</u>	<u>848,190</u>
Cash and cash equivalents, September 30, 2017	\$ <u>150,987</u>	<u>47,408</u>	<u>737,534</u>	<u>43,818</u>	<u>979,747</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ <u>(20,290)</u>	<u>(1,438)</u>	<u>30,353</u>	<u>(22,635)</u>	<u>(14,010)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in assets and liabilities:					
Receivables - miscellaneous	-	-	16,874	-	16,874
Due from other funds	15,948	-	337,420	-	353,368
Inventory	6,610	1,364	-	-	7,974
Accounts payable	<u>(4,713)</u>	<u>-</u>	<u>(265,449)</u>	<u>-</u>	<u>(270,162)</u>
Total adjustments	<u>17,845</u>	<u>1,364</u>	<u>88,845</u>	<u>-</u>	<u>108,054</u>
Net cash provided by (used in) operating activities	\$ <u>(2,445)</u>	<u>(74)</u>	<u>119,198</u>	<u>(22,635)</u>	<u>94,044</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.

RECEIVED
JUN 22 2013

SCHEDULE 21

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2017

	<u>Firemen & Policemen Disability & Relief</u>	<u>General Retirement</u>	<u>Meridian Community College</u>	<u>Meridian Separate School District</u>	<u>State Police Fines & Fees</u>	<u>Meridian Separate School District Bonds & Interest</u>	<u>Total Agency Funds</u>
<u>ASSETS</u>							
Cash and cash equivalents	\$ 119,127	33,223	116,568	988,121	35,085	130,239	1,422,363
Intergovernmental receivables -							
County	<u>13,649</u>	<u>5,102</u>	<u>15,582</u>	<u>124,249</u>	<u>-</u>	<u>17,763</u>	<u>176,345</u>
Total assets	\$ <u>132,776</u>	<u>38,325</u>	<u>132,150</u>	<u>1,112,370</u>	<u>35,085</u>	<u>148,002</u>	<u>1,598,708</u>
<u>LIABILITIES</u>							
Intergovernmental payables:							
Schools	\$ -	-	132,150	1,112,370	-	148,002	1,392,522
PERS	132,776	38,325	-	-	-	-	171,101
State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,085</u>	<u>-</u>	<u>35,085</u>
Total liabilities	\$ <u>132,776</u>	<u>38,325</u>	<u>132,150</u>	<u>1,112,370</u>	<u>35,085</u>	<u>148,002</u>	<u>1,598,708</u>

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended September 30, 2017

	Balance October 1, 2016	Additions	Deletions	Balance September 30, 2017
	<hr/> Firemen & Policemen Disability & Relief <hr/>			
<u>ASSETS</u>				
Cash and cash equivalents	\$ 127,814	1,757,712	1,766,399	119,127
Intergovernmental - county	<u>14,759</u>	<u>13,649</u>	<u>14,759</u>	<u>13,649</u>
Total assets	\$ <u>142,573</u>	<u>1,771,361</u>	<u>1,781,158</u>	<u>132,776</u>

<u>LIABILITIES</u>				
Intergovernmental - PERS	\$ <u>142,573</u>	<u>1,771,361</u>	<u>1,781,158</u>	<u>132,776</u>

	<hr/> General Retirement <hr/>			
<u>ASSETS</u>				
Cash and cash equivalents	\$ 47,789	491,891	506,457	33,223
Intergovernmental - county	<u>5,518</u>	<u>5,102</u>	<u>5,518</u>	<u>5,102</u>
Total assets	\$ <u>53,307</u>	<u>496,993</u>	<u>511,975</u>	<u>38,325</u>

<u>LIABILITIES</u>				
Intergovernmental - PERS	\$ <u>53,307</u>	<u>496,993</u>	<u>511,975</u>	<u>38,325</u>

	<hr/> Meridian Community College <hr/>			
<u>ASSETS</u>				
Cash and cash equivalents	\$ 108,643	2,344,299	2,336,374	116,568
Intergovernmental - county	<u>17,004</u>	<u>15,582</u>	<u>17,004</u>	<u>15,582</u>
Total assets	\$ <u>125,647</u>	<u>2,359,881</u>	<u>2,353,378</u>	<u>132,150</u>

<u>LIABILITIES</u>				
Intergovernmental - schools	\$ <u>125,647</u>	<u>2,359,881</u>	<u>2,353,378</u>	<u>132,150</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended September 30, 2017

	Balance October 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2017</u>
Meridian Separate School District				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 918,134	18,579,647	18,509,660	988,121
Intergovernmental - county	<u>137,220</u>	<u>124,249</u>	<u>137,220</u>	<u>124,249</u>
Total assets	\$ <u>1,055,354</u>	<u>18,703,896</u>	<u>18,646,880</u>	<u>1,112,370</u>
<u>LIABILITIES</u>				
Intergovernmental - schools	\$ <u>1,055,354</u>	<u>18,703,896</u>	<u>18,646,880</u>	<u>1,112,370</u>
State Police Fines & Fees				
<u>ASSETS</u>				
Cash and cash equivalents	\$ <u>39,130</u>	<u>627,941</u>	<u>631,986</u>	<u>35,085</u>
<u>LIABILITIES</u>				
Intergovernmental - state	\$ <u>39,130</u>	<u>627,941</u>	<u>631,986</u>	<u>35,085</u>
Meridian Separate School District Bonds & Interest				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 123,853	2,619,565	2,613,179	130,239
Intergovernmental - county	<u>19,384</u>	<u>17,763</u>	<u>19,384</u>	<u>17,763</u>
Total assets	\$ <u>143,237</u>	<u>2,637,328</u>	<u>2,632,563</u>	<u>148,002</u>
<u>LIABILITIES</u>				
Intergovernmental - schools	\$ <u>143,237</u>	<u>2,637,328</u>	<u>2,632,563</u>	<u>148,002</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended September 30, 2017

	Balance October 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2017</u>
	<hr/> <div>Total Agency Funds</div> <hr/>			
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,365,363	26,421,055	26,364,055	1,422,363
Intergovernmental receivables	<u>193,885</u>	<u>176,345</u>	<u>193,885</u>	<u>176,345</u>
Total assets	\$ <u>1,559,248</u>	<u>26,597,400</u>	<u>26,557,940</u>	<u>1,598,708</u>
 <u>LIABILITIES</u>				
Intergovernmental payables	\$ <u>1,559,248</u>	<u>26,597,400</u>	<u>26,557,940</u>	<u>1,598,708</u>

(This page intentionally left blank)

NONMAJOR COMPONENT UNITS

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

The Meridian Transportation Commission – The Meridian Transportation Commission (“MTC”) (a discretely presented component unit) is a legally separate entity established by resolution of the City Council of the City of Meridian. MTC was established to account for and manage the local public mass transit system. MTC was terminated July 6, 2017, as a result MTC’s financial statements are presented as of date of termination.

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 23**CITY OF MERIDIAN, MISSISSIPPI****Combining Statement of Net Position****Nonmajor Component Units****September 30, 2017**

	<u>Meridian Urban Renewal Authority</u>	<u>The Meridian Transportation Commission</u>	<u>Meridian and Bonita Lakes Development Authority</u>	<u>Total Nonmajor Component Units</u>
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 55,469	-	8,971	64,440
Receivables -				
Interest	<u>48,721</u>	<u>-</u>	<u>-</u>	<u>48,721</u>
Total current assets	104,190	-	8,971	113,161
MLEC leverage loans receivable	<u>5,691,198</u>	<u>-</u>	<u>-</u>	<u>5,691,198</u>
Total assets	<u>5,795,388</u>	<u>-</u>	<u>8,971</u>	<u>5,804,359</u>
<u>LIABILITIES</u>				
Current liabilities:				
Current portion of note payable	87,648	-	-	87,648
Accounts payable	18,151	-	4,426	22,577
Accrued interest	<u>27,256</u>	<u>-</u>	<u>-</u>	<u>27,256</u>
Total current liabilities	<u>133,055</u>	<u>-</u>	<u>4,426</u>	<u>137,481</u>
Noncurrent liabilities -				
Note payable, less current portion	<u>1,894,600</u>	<u>-</u>	<u>-</u>	<u>1,894,600</u>
Total liabilities	<u>2,027,655</u>	<u>-</u>	<u>4,426</u>	<u>2,032,081</u>
<u>NET POSITION</u>				
Unrestricted	<u>3,767,733</u>	<u>-</u>	<u>4,545</u>	<u>3,772,278</u>
Total net position	\$ <u>3,767,733</u>	<u>-</u>	<u>4,545</u>	<u>3,772,278</u>

SCHEDULE 24

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Activities
Nonmajor Component Units
For the Fiscal Year Ended September 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Meridian Urban Renewal Authority</u>	<u>The Meridian Transportation Commission</u>	<u>Meridian and Bonita Lakes Development Authority</u>	<u>Total Nonmajor Component Units</u>
Nonmajor component units:								
Meridian Urban Renewal Authority	\$ 125,164	194,866	370	-	70,072	-	-	70,072
The Meridian Transportation Commission	7,209	-	21,470	-	-	14,261	-	14,261
Meridian and Bonita Lakes Development Authority	<u>2,258</u>	<u>-</u>	<u>220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,038)</u>	<u>(2,038)</u>
Total nonmajor component units	\$ <u>134,631</u>	<u>194,866</u>	<u>22,060</u>	<u>-</u>	70,072	14,261	(2,038)	82,295
General revenues -								
Interest income					<u>64</u>	<u>-</u>	<u>1</u>	<u>65</u>
Change in net position					70,136	14,261	(2,037)	82,360
Net position (deficit), October 1, 2016					<u>3,697,597</u>	<u>(14,261)</u>	<u>6,582</u>	<u>3,689,918</u>
Net position, September 30, 2017					\$ <u>3,767,733</u>	<u>-</u>	<u>4,545</u>	<u>3,772,278</u>

(This page intentionally left blank)

OTHER SUPPLEMENTARY INFORMATION

RECEIVED

JUN 22 2018

CITY OF MERIDIAN, MISSISSIPPI
Schedule Reconciling Original Ad Valorem
Tax Rolls to Fund Collections
For the Fiscal Year Ended September 30, 2017

	<u>Assessed Value</u>	<u>Millage</u>	<u>Ad Valorem Taxes</u>
City of Meridian:			
Realty	\$ 230,958,173	50.84	\$ 11,741,914
Personal property - other than auto	54,003,999	50.84	2,745,563
Public utilities	31,150,463	50.84	1,583,690
Personal autos - 2016 rates	3,833,752	50.84	194,908
Personal autos - 2017 rates	<u>30,835,194</u>	50.84	<u>1,567,661</u>
Total City of Meridian valuation	\$ <u>350,781,581</u>		17,833,736
Less homestead exemption allowed			<u>(949,348)</u>
Total City ad valorem taxes			16,884,388
Adjustments to original tax roll:			
Homestead exemption chargebacks		\$ 4,909	
Realty		(48,804)	
Personal		(6,511)	
Homestead exemption		<u>(11,008)</u>	(61,414)
Add (deduct):			
Actual homestead reimbursement		555,578	
Motor vehicle rent tax		91,247	
Payments in lieu of taxes		176,903	
Prior year tax collections		32,345	
Mobile homes		5,456	
Aircraft		<u>9,613</u>	<u>871,142</u>
Total City to account for			<u>17,694,116</u>
<u>Separate School District:</u>			
Realty	\$ 224,318,094	69.82	15,661,889
Personal property - other than auto	58,611,333	69.82	4,092,243
Public utilities	45,949,577	69.82	3,208,200
Personal autos - 2016 rates	3,592,765	69.82	250,847
Personal autos - 2017 rates	<u>28,768,010</u>	69.82	<u>2,008,582</u>
Total Separate School District valuation	\$ <u>361,239,779</u>		25,221,761
Less homestead exemption allowed			<u>(1,746,750)</u>
Total Separate School District ad valorem taxes			23,475,011
Adjustments to original tax roll:			
Homestead exemption chargebacks		18,415	
Realty		(67,781)	
Personal		(2,697)	
Homestead exemption		<u>(7,905)</u>	(59,968)
Add (deduct):			
Prior year tax collections		43,470	
Mobile homes		22,115	<u>65,585</u>
Total Separate School District to account for			<u>23,480,628</u>
Total City of Meridian and Separate School District to account for			\$ <u>41,174,744</u>

(Continued)

SCHEDULE 25 (Page 2 of 2)

CITY OF MERIDIAN, MISSISSIPPI
Schedule Reconciling Original Ad Valorem
Tax Rolls to Fund Collections
For the Fiscal Year Ended September 30, 2017

	<u>Taxes</u>	<u>Homestead Reimbursement</u>	<u>Total</u>
Accounted for as follows:			
General Fund	\$ 9,835,600	327,074	10,162,674
General Fund - Pilot	176,903	-	176,903
General Bond and Interest	4,695,136	156,270	4,851,406
School Bond and Interest	2,619,565	-	2,619,565
Police and Fire Disability	1,701,215	56,498	1,757,713
General Retirement	476,155	15,736	491,891
School Fund	<u>20,763,146</u>	<u>-</u>	<u>20,763,146</u>
Total accounted for	\$ <u>40,267,720</u>	<u>555,578</u>	40,823,298
Balance represented by:			
Real property held from tax sale			8,083
Unpaid personal property			94,095
Sold to state			62,472
Tax collector's commission			186,381
Held by tax collector			<u>415</u>
Total ad valorem taxes		\$	<u>41,174,744</u>

SCHEDULE 26**CITY OF MERIDIAN, MISSISSIPPI**

Schedule of Investments

September 30, 2017

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
General fund - unrestricted:				
Certificate of deposit	06/27/17	12/26/17	0.15%	\$ 675,000
Certificate of deposit	06/29/17	12/28/17	0.35%	<u>675,000</u>
Total general fund investments - unrestricted				\$ <u>1,350,000</u>
Debt service fund - restricted -				
Certificate of deposit	03/10/17	07/10/18	0.25%	\$ <u>400,000</u>

SCHEDULE 27

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2017

<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
David Whitaker	City Clerk/CFO	Western Surety Company	50,000
Brandye Latimer	Assistant Director, Finance & Record/Deputy Clerk	Western Surety Company	50,000
Benny Dubose	Police Chief	Western Surety Company	50,000
Blanket Policy	All city employees	Travelers	50,000

(This page intentionally left blank)

SCHEDULE 28

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Changes in Long-Term Debt
For the Fiscal Year Ended September 30, 2017

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance October 1, 2016</u>	<u>Principal Payments</u>	<u>New Issues</u>	<u>Balance September 30, 2017</u>
Governmental activities:							
Public Improvement of 2006	06/01/2006	4.00-5.50%	\$ 10,000,000	1,010,000	495,000	-	515,000
Water and Sewer Improvement of 2007	04/01/2007	3.75-5.25%	3,600,000	2,360,000	170,000	-	2,190,000
Public Improvement of 2008	04/22/2008	2.60-3.65%	1,000,000	540,000	70,000	-	470,000
Public Improvement of 2009	06/01/2009	3.00-4.00%	10,000,000	7,485,000	425,000	-	7,060,000
Refunding Bonds of 2011	06/30/2011	2.00-2.50%	3,960,000	1,020,000	500,000	-	520,000
Public Improvement of 2011	03/01/2011	3.10-4.40%	4,500,000	3,700,000	180,000	-	3,520,000
Public Improvement of 2012	04/12/2012	1.90-2.70%	4,500,000	3,435,000	380,000	-	3,055,000
Water and Sewer Improvement of 2013	03/05/2014	2.20%	1,200,000	875,000	115,000	-	760,000
Refunding Bonds of 2014	08/14/2014	2.00-3.00%	8,410,000	8,180,000	400,000	-	7,780,000
Public Improvement of 2016	03/24/2016	1.20-1.625%	7,500,000	7,500,000	655,000	-	6,845,000
General Obligation Bonds 2017	02/15/2017	2.00-5.00%	20,000,000	-	-	20,000,000	20,000,000
Total general obligations bonds			74,670,000	36,105,000	3,390,000	20,000,000	52,715,000
Special Obligation Bonds 2003B	07/01/2003	3.30-5.375%	1,500,000	730,000	85,000	-	645,000
Total special obligation bonds			1,500,000	730,000	85,000	-	645,000
Limited Obligation Tax Increment Bonds	12/17/2009	8.75%	4,000,000	2,985,000	230,000	-	2,755,000
Limited Obligation Tax Increment Bonds	03/01/2010	5.00%	300,000	170,000	25,000	-	145,000
Total tax increment bonds			4,300,000	3,155,000	255,000	-	2,900,000
Energy Conservation Loan	03/01/2011	0.25%	210,000	60,374	30,149	-	30,225
Vehicle loan	04/28/2016	1.42%	442,267	442,267	90,342	-	351,925
Fire truck loan	08/18/2016	1.42%	1,078,338	1,078,338	18,187	-	1,060,151
Vehicle loan	11/28/2016	1.42%	1,261,760	495,910	-	765,849	1,261,759
Total promissory loans			2,992,365	2,076,889	138,678	765,849	2,704,060
Special Assessment Public Improvement	06/01/2000	5.20-6.25%	1,125,000	340,000	80,000	-	260,000
Special Assessment Public Imp 2001	08/01/2001	4.50-6.00%	500,000	175,000	30,000	-	145,000
Total special assessment			1,625,000	515,000	110,000	-	405,000
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	709,066	22,268	22,268	-	-
Municipal Asset Management - tasers	06/22/2015	3.77%	120,387	72,164	23,154	-	49,010
Total capital leases			829,453	94,432	45,422	-	49,010
Total governmental activities			\$ 85,916,818	42,676,321	4,024,100	20,765,849	59,418,070
Business-type activities:							
EPA Clean Water State Revolving Fund Loan	10/01/2010	1.75%	\$ 9,044,496	1,608,323	-	7,383,094	8,991,417
Water and sewer promissory loan	01/31/2013	0.50-4.00%	12,415,000	7,370,000	1,165,000	-	6,205,000
Vehicle loan	04/28/2016	1.42%	495,910	-	101,345	495,910	394,565
Vehicle loan	11/28/2016	1.42%	673,822	-	-	673,822	673,822
Vehicle loan	11/28/2016	1.42%	36,659	-	-	36,659	36,659
Total promissory loans			22,665,887	8,978,323	1,266,345	8,589,485	16,301,463
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	1,053,181	26,191	26,191	-	-
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	3,460	86	86	-	-
Total capital leases			1,056,641	26,277	26,277	-	-
Total business-type activities			\$ 23,722,528	9,004,600	1,292,622	8,589,485	16,301,463

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Long-Term Debt Maturities
September 30, 2017

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance September 30, 2017</u>	<u>2018</u>
<u>Governmental activities:</u>					
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	180,000
Public Improvement of 2008	04/22/2008	2.60-3.65%	1,000,000	470,000	70,000
Public Improvement of 2009	06/01/2009	3.00-4.00%	10,000,000	7,060,000	445,000
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
Public Improvement of 2012	04/12/2012	1.90-2.70%	4,500,000	3,055,000	395,000
Water and Sewer Improvement of 2013	03/05/2014	2.20%	1,200,000	760,000	120,000
Refunding Bonds of 2014	08/14/2014	2.00-3.00%	8,410,000	7,780,000	410,000
Public Improvement of 2016	03/24/2016	1.20-1.625%	7,500,000	6,845,000	675,000
General Obligation Bonds 2017	02/15/2017	2.00-5.00%	<u>20,000,000</u>	<u>20,000,000</u>	<u>630,000</u>
Total general obligations bonds			<u>74,670,000</u>	<u>52,715,000</u>	<u>4,150,000</u>
Special Obligation Bonds 2003B	07/01/2003	3.30-5.375%	<u>1,500,000</u>	<u>645,000</u>	<u>90,000</u>
Total special obligation bonds			<u>1,500,000</u>	<u>645,000</u>	<u>90,000</u>
Limited Obligation Tax Increment Bonds	12/17/2009	8.75%	4,000,000	2,755,000	250,000
Limited Obligation Tax Increment Bonds	03/01/2010	5.00%	<u>300,000</u>	<u>145,000</u>	<u>25,000</u>
Total tax increment bonds			<u>4,300,000</u>	<u>2,900,000</u>	<u>275,000</u>
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	91,797
Fire truck loan	08/18/2016	1.42%	1,078,338	1,060,151	215,668
Vehicle loan	11/28/2016	1.42%	<u>1,261,760</u>	<u>1,261,759</u>	<u>207,332</u>
Total promissory loans			<u>2,992,365</u>	<u>2,704,060</u>	<u>545,022</u>
Special Assessment Public Improvement	06/01/2000	5.50-6.00%	1,125,000	260,000	80,000
Special Assessment Public Imp 2001	08/01/2001	4.80-5.10%	<u>500,000</u>	<u>145,000</u>	<u>35,000</u>
Total special assessment			<u>1,625,000</u>	<u>405,000</u>	<u>115,000</u>
Municipal Asset Management - tasers	06/22/2015	3.77%	<u>120,387</u>	<u>49,010</u>	<u>24,043</u>
Total capital leases			<u>120,387</u>	<u>49,010</u>	<u>24,043</u>
Total governmental activities			\$ <u>85,207,752</u>	<u>59,418,070</u>	<u>5,199,065</u>
<u>Business-type activities:</u>					
EPA Clean Water State Revolving Fund Loan	10/01/2010	1.75%	\$ 9,044,496	8,991,417	162,769
Water and sewer promissory loan	01/31/2013	0.50-4.00%	12,415,000	6,205,000	1,225,000
Vehicle loan	04/28/2016	1.42%	495,910	394,565	102,935
Vehicle loan	11/28/2016	1.42%	673,822	673,822	110,698
Vehicle loan	11/28/2016	1.42%	<u>36,659</u>	<u>36,659</u>	<u>6,027</u>
Total business-type activities			\$ <u>22,665,887</u>	<u>16,301,463</u>	<u>1,607,429</u>

SCHEDULE 29

Maturities for the Years Ending September 30,

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 - 2027</u>	<u>2028 - 2032</u>	<u>2033 - 2037</u>	<u>2038 - 2042</u>
-	-	-	-	-	-	-	-
185,000	195,000	205,000	210,000	1,215,000	-	-	-
75,000	75,000	80,000	85,000	85,000	-	-	-
470,000	495,000	515,000	540,000	3,130,000	1,465,000	-	-
-	-	-	-	-	-	-	-
195,000	205,000	215,000	225,000	1,270,000	1,220,000	-	-
405,000	420,000	435,000	450,000	950,000	-	-	-
120,000	125,000	130,000	130,000	135,000	-	-	-
970,000	1,000,000	1,035,000	1,070,000	3,295,000	-	-	-
695,000	715,000	735,000	755,000	3,270,000	-	-	-
680,000	700,000	730,000	760,000	4,355,000	5,370,000	6,775,000	-
<u>3,795,000</u>	<u>3,930,000</u>	<u>4,080,000</u>	<u>4,225,000</u>	<u>17,705,000</u>	<u>8,055,000</u>	<u>6,775,000</u>	-
<u>100,000</u>	<u>105,000</u>	<u>110,000</u>	<u>115,000</u>	<u>125,000</u>	-	-	-
<u>100,000</u>	<u>105,000</u>	<u>110,000</u>	<u>115,000</u>	<u>125,000</u>	-	-	-
270,000	295,000	325,000	350,000	1,265,000	-	-	-
<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	-	-	-	-
<u>300,000</u>	<u>325,000</u>	<u>355,000</u>	<u>380,000</u>	<u>1,265,000</u>	-	-	-
-	-	-	-	-	-	-	-
93,109	94,439	72,580	-	-	-	-	-
215,668	215,668	215,668	197,479	-	-	-	-
<u>252,057</u>	<u>255,659</u>	<u>259,313</u>	<u>263,020</u>	<u>24,378</u>	-	-	-
<u>560,834</u>	<u>565,766</u>	<u>547,561</u>	<u>460,499</u>	<u>24,378</u>	-	-	-
85,000	95,000	-	-	-	-	-	-
<u>35,000</u>	<u>35,000</u>	<u>40,000</u>	-	-	-	-	-
<u>120,000</u>	<u>130,000</u>	<u>40,000</u>	-	-	-	-	-
<u>24,967</u>	-	-	-	-	-	-	-
<u>24,967</u>	-	-	-	-	-	-	-
<u>4,900,801</u>	<u>5,055,766</u>	<u>5,132,561</u>	<u>5,180,499</u>	<u>19,119,378</u>	<u>8,055,000</u>	<u>6,775,000</u>	-
393,198	400,134	407,193	414,376	2,184,145	2,383,717	2,601,524	44,361
865,000	895,000	805,000	825,000	1,590,000	-	-	-
104,406	105,899	81,325	-	-	-	-	-
134,577	136,501	138,452	140,431	13,163	-	-	-
<u>7,328</u>	<u>7,432</u>	<u>7,539</u>	<u>7,646</u>	<u>687</u>	-	-	-
<u>1,504,509</u>	<u>1,544,966</u>	<u>1,439,509</u>	<u>1,387,453</u>	<u>3,787,995</u>	<u>2,383,717</u>	<u>2,601,524</u>	<u>44,361</u>

(This page intentionally left blank)

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial trends information	165 - 172
<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	173 - 176
<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.....	177 - 181
<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.....	182 - 183
<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.....	184 - 186
<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>	

(This page intentionally left blank)

SCHEDULE 30

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

	Fiscal Year									
	<u>2008</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>
Governmental activities:										
Net investment in capital assets	\$ 50,692	\$ 75,492	\$ 72,823	\$ 74,694	\$ 75,049	\$ 69,358	\$ 68,410	\$ 66,592	\$ 65,945	\$ 72,890
Restricted	5,810	6,429	6,985	6,519	5,755	3,538	3,572	4,783	5,329	10,914
Unrestricted	<u>4,076</u>	<u>3,700</u>	<u>4,198</u>	<u>2,324</u>	<u>3,721</u>	<u>5,118</u>	<u>4,398</u>	<u>(35,407)</u>	<u>(39,404)</u>	<u>(65,016)</u>
Total governmental activities net position	<u>\$ 60,578</u>	<u>\$ 85,621</u>	<u>\$ 84,006</u>	<u>\$ 83,537</u>	<u>\$ 84,525</u>	<u>\$ 78,014</u>	<u>\$ 76,380</u>	<u>\$ 35,968</u>	<u>\$ 31,870</u>	<u>\$ 18,788</u>
Business-type activities:										
Net investment in capital assets	\$ 17,684	\$ 19,326	\$ 19,767	\$ 19,795	\$ 20,841	\$ 18,824	\$ 20,214	\$ 21,704	\$ 25,555	\$ 21,492
Restricted	7,717	5,441	4,354	5,151	5,657	6,619	7,076	7,647	9,155	9,869
Unrestricted	<u>3,167</u>	<u>2,253</u>	<u>2,682</u>	<u>3,825</u>	<u>4,179</u>	<u>6,528</u>	<u>8,350</u>	<u>4,479</u>	<u>5,010</u>	<u>5,591</u>
Total business-type activities net position	<u>\$ 28,568</u>	<u>\$ 27,020</u>	<u>\$ 26,803</u>	<u>\$ 28,771</u>	<u>\$ 30,677</u>	<u>\$ 31,971</u>	<u>\$ 35,640</u>	<u>\$ 33,830</u>	<u>\$ 39,720</u>	<u>\$ 36,952</u>
Primary government:										
Net investment in capital assets	\$ 68,376	\$ 94,818	\$ 92,590	\$ 94,489	\$ 95,890	\$ 88,182	\$ 88,624	\$ 88,296	\$ 91,500	\$ 94,382
Restricted	13,527	11,870	11,339	11,670	11,412	10,157	10,648	12,430	14,484	20,783
Unrestricted	<u>7,243</u>	<u>5,953</u>	<u>6,880</u>	<u>6,149</u>	<u>7,900</u>	<u>11,646</u>	<u>12,748</u>	<u>(30,928)</u>	<u>(34,394)</u>	<u>(59,425)</u>
Total primary government net position	<u>\$ 89,146</u>	<u>\$112,641</u>	<u>\$110,809</u>	<u>\$112,308</u>	<u>\$115,202</u>	<u>\$109,985</u>	<u>\$112,020</u>	<u>\$ 69,798</u>	<u>\$ 71,590</u>	<u>\$ 55,740</u>

Source: Audit Reports - Statement of Net Position

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

CITY OF MERIDIAN, MISSISSIPPI

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 7,211	\$ 7,017	\$ 8,825	\$ 6,907	\$ 6,852	\$ 7,385	\$ 7,899	\$ 9,234	\$ 9,120	\$ 10,681
Public safety	15,017	16,010	16,238	15,528	15,584	16,486	16,394	16,054	16,855	19,137
Public works	6,573	7,482	8,198	7,896	7,695	12,022	7,864	7,934	8,459	12,861
Culture and recreation	2,390	2,307	2,284	3,223	2,051	2,250	2,509	2,500	3,122	13,062
Economic development	134	22	2,976	124	169	2,115	21	1	1	24
Interest on long-term debt	1,772	1,615	2,071	2,061	1,908	1,835	1,706	1,565	1,334	1,867
Total governmental activities expenses	33,097	34,453	40,592	35,739	34,259	42,093	36,393	37,288	38,891	57,632
Business-type activities:										
Water and sewer	12,078	12,557	12,161	11,742	11,765	11,788	10,625	10,449	10,921	11,290
Waste collection and disposal	2,401	2,526	2,466	1,825	1,876	1,905	1,881	1,849	1,891	2,206
Golf course	419	418	397	446	466	423	435	379	423	469
Union Station	331	388	352	364	353	366	235	295	317	322
Concessions	32	29	29	28	27	27	28	34	35	34
Total business-type activities expenses	15,261	15,918	15,405	14,405	14,487	14,509	13,204	13,006	13,587	14,321
Total primary government expenses	\$ 48,358	\$ 50,371	\$ 55,997	\$ 50,144	\$ 48,746	\$ 56,602	\$ 49,597	\$ 50,294	\$ 52,478	\$ 71,953
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 640	\$ 581	\$ 355	\$ 501	\$ 412	\$ 705	\$ 336	\$ 577	\$ 402	\$ 380
Public safety	1,730	1,590	1,220	1,037	1,039	950	860	988	1,049	1,894
Culture and recreation	180	173	376	182	327	136	166	179	225	148
Operating grants and contributions	1,379	1,572	1,645	608	515	1,261	992	733	586	887
Capital grants and contributions	500	1,497	3,699	1,654	1,786	265	314	378	1,156	2,958
Total governmental activities program revenues	4,429	5,413	7,295	3,982	4,079	3,317	2,668	2,855	3,418	6,267
Business-type activities:										
Charges for services:										
Water and sewer	11,125	11,715	12,145	12,404	13,187	13,553	13,699	13,284	13,993	12,460
Waste collection and disposal	1,570	1,611	1,870	1,828	1,871	1,838	1,887	1,850	1,867	1,832
Golf course	318	284	271	249	296	271	244	179	224	217
Union Station	103	80	84	81	64	42	41	47	44	56
Concessions	43	44	46	42	35	38	27	31	27	20
Capital grants and contributions	87	65	-	328	1,314	148	47	1,611	1,748	-
Total business-type activities program revenues	13,246	13,799	14,416	14,932	16,767	15,890	15,945	17,002	17,903	14,585
Total primary government program revenues	\$ 17,675	\$ 19,212	\$ 21,711	\$ 18,914	\$ 20,846	\$ 19,207	\$ 18,613	\$ 19,857	\$ 21,321	\$ 20,852

(Continued)

CITY OF MERIDIAN, MISSISSIPPI

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Net (expense)/revenue</u>										
Governmental activities	\$ (28,668)	\$ (29,040)	\$ (33,297)	\$ (31,757)	\$ (30,180)	\$ (38,776)	\$ (33,725)	\$ (34,433)	\$ (35,473)	\$ (51,365)
Business-type activities	(2,015)	(2,119)	(989)	527	2,280	1,381	2,741	3,996	4,316	264
Total primary government net (expense)/revenue	\$ (30,683)	\$ (31,159)	\$ (34,286)	\$ (31,230)	\$ (27,900)	\$ (37,395)	\$ (30,984)	\$ (30,437)	\$ (31,157)	\$ (51,101)
<u>General revenues and other changes in net position</u>										
Governmental activities:										
Taxes:										
Property taxes	\$ 10,826	\$ 12,085	\$ 14,173	\$ 14,722	\$ 14,439	\$ 13,767	\$ 14,232	\$ 14,466	\$ 14,932	\$ 15,492
Sales taxes	14,166	13,744	13,502	13,708	14,082	14,682	14,901	14,845	14,431	16,038
Franchise taxes	2,568	2,744	2,647	2,529	2,462	2,643	2,955	2,922	2,555	2,600
County road taxes	1,042	1,194	1,224	982	781	752	678	692	714	721
Motor fuel taxes	19	19	19	19	20	20	20	31	30	31
Unrestricted grants and contributions	70	74	73	70	75	77	78	80	70	74
Unrestricted investment earnings	628	146	196	194	123	79	63	60	78	113
Special item - annexed property	-	23,549	-	-	-	-	-	-	-	-
Transfers	327	528	(152)	(936)	66	245	(836)	266	(1,435)	3,214
Total governmental activities general revenues and other changes in net position	29,646	54,083	31,682	31,288	32,048	32,265	32,091	33,362	31,375	38,283
Business-type activities:										
Property taxes	810	999	506	400	40	71	49	57	16	65
Unrestricted investment earnings	299	100	114	105	103	86	43	116	123	117
Transfers	(327)	(528)	152	936	(66)	(245)	836	(266)	1,435	(3,214)
Total business-type activities general revenues and other changes in net position	782	571	772	1,441	77	(88)	928	(93)	1,574	(3,032)
Total primary government general revenues and other changes in net position	\$ 30,428	\$ 54,654	\$ 32,454	\$ 32,729	\$ 32,125	\$ 32,177	\$ 33,019	\$ 33,269	\$ 32,949	\$ 35,251
<u>Change in net position</u>										
Governmental activities	\$ 978	\$ 25,043	\$ (1,615)	\$ (469)	\$ 1,868	\$ (6,511)	\$ (1,634)	\$ (1,071)	\$ (4,098)	\$ (13,082)
Business-type activities	(1,233)	(1,548)	(217)	1,968	2,357	1,293	3,669	3,903	5,890	(2,768)
Total primary government change in net position	\$ (255)	\$ 23,495	\$ (1,832)	\$ 1,499	\$ 4,225	\$ (5,218)	\$ 2,035	\$ 2,832	\$ 1,792	\$ (15,850)

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 32

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>County Road Tax</u>	<u>Motor Fuel Tax</u>	<u>Total</u>
2008	\$ 10,826	\$ 14,166	\$ 2,568	\$ 1,042	\$ 19	\$ 28,621
2009	12,085	13,744	2,744	1,194	19	29,786
2010	14,173	13,502	2,647	1,224	19	31,565
2011	14,722	13,708	2,529	982	19	31,960
2012	14,439	14,082	2,462	781	20	31,784
2013	13,767	14,682	2,643	752	20	31,864
2014	14,232	14,901	2,955	678	20	32,786
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

Source: Audit Reports - Statement of Activities

SCHEDULE 33

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>2008</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>
General fund:										
Nonspendable	\$ 1,297	\$ 1,469	\$ 1,454	\$ 1,571	\$ 1,594	\$ 1,678	\$ 1,597	\$ 321	\$ 319	\$ 332
Committed	515	339	220	151	2	12	-	71	96	52
Assigned	742	677	1,011	1,204	1,931	1,889	1,799	1,917	1,938	753
Unassigned	<u>5,618</u>	<u>4,275</u>	<u>5,684</u>	<u>6,433</u>	<u>7,582</u>	<u>8,341</u>	<u>8,371</u>	<u>8,966</u>	<u>6,628</u>	<u>4,196</u>
Total general fund	<u>\$ 8,172</u>	<u>\$ 6,760</u>	<u>\$ 8,369</u>	<u>\$ 9,359</u>	<u>\$11,109</u>	<u>\$11,920</u>	<u>\$11,767</u>	<u>\$11,275</u>	<u>\$ 8,981</u>	<u>\$ 5,333</u>
All other governmental funds:										
Restricted	\$11,544	\$16,857	\$12,992	\$11,194	\$13,457	\$ 6,875	\$ 6,788	\$ 7,999	\$ 14,744	\$ 21,624
Committed	-	-	347	344	345	345	345	345	346	346
Assigned	<u>16</u>	<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>
Total all other governmental funds	<u>\$11,560</u>	<u>\$16,869</u>	<u>\$13,363</u>	<u>\$11,554</u>	<u>\$13,832</u>	<u>\$ 7,241</u>	<u>\$ 7,163</u>	<u>\$ 8,362</u>	<u>\$ 15,105</u>	<u>\$ 21,985</u>

Source: Audit Reports - Governmental Funds Balance Sheet

Note: Fiscal years 2008 through 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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Taxes	\$ 25,889	\$ 26,859	\$ 28,716	\$ 29,113	\$ 29,196	\$ 28,999	\$ 29,579	\$ 29,746	\$ 29,929	\$ 31,934
Franchise	2,568	2,744	2,647	2,529	2,462	2,644	2,955	2,922	2,555	2,600
Licenses and permits	386	256	301	271	251	251	296	277	299	258
Intergovernmental	1,514	1,951	3,888	2,257	1,513	1,588	1,354	1,177	1,593	3,733
Charges for services	180	173	375	182	157	136	166	179	225	149
Fines and forfeitures	1,730	1,580	1,219	1,037	1,039	950	860	988	1,049	1,894
Special assessments	86	67	74	72	74	69	72	73	74	73
Payments in lieu of taxes	66	67	68	152	156	100	150	93	137	226
Local contributions	434	98	461	55	-	7	12	14	83	168
Investment earnings	628	146	196	193	123	79	63	60	78	112
Interest costs and damages	99	117	132	169	141	126	104	197	59	125
Miscellaneous	302	389	85	268	301	573	63	299	149	155
Total revenues	33,882	34,447	38,162	36,298	35,413	35,522	35,674	36,025	36,230	41,427
Expenditures:										
General government	6,760	6,836	7,634	6,711	6,200	6,407	6,617	7,034	7,630	8,603
Public safety	14,731	16,117	14,732	15,144	15,352	16,811	16,008	15,083	17,627	18,016
Public works	4,146	4,671	4,441	4,422	4,195	4,206	4,933	4,572	4,977	5,755
Culture and recreation	2,484	2,639	3,406	2,673	2,186	2,175	2,492	2,341	2,925	12,736
Economic development	134	118	3,201	158	231	2,127	230	1	1	35
Other	56	42	11	19	23	23	-	-	-	-
Capital outlay	5,868	5,860	6,071	5,657	2,221	4,357	470	415	2,042	10,664
Debt service:										
Principal	3,467	3,062	3,498	3,687	3,682	4,020	3,675	3,466	3,243	4,024
Interest	1,790	1,555	1,982	2,043	1,995	1,885	1,773	1,471	1,392	1,908
Bond issuance costs	36	165	304	240	110	-	328	-	147	585
Total expenditures	39,472	41,065	45,280	40,754	36,195	42,011	36,526	34,383	39,984	62,326
Excess (deficiency) of revenues over (under) expenditures	(5,590)	(6,618)	(7,118)	(4,456)	(782)	(6,489)	(852)	1,642	(3,754)	(20,899)

(Continued)

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

	Fiscal Year									
	<u>2008</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>
Other financing sources (uses):										
Transfers in	\$ 9,599	\$ 10,304	\$ 6,017	\$ 2,448	\$ 2,236	\$ 3,583	\$ 2,182	\$ 1,622	\$ 3,041	\$ 3,610
Transfers out	(9,283)	(9,789)	(6,197)	(3,447)	(2,234)	(3,350)	(3,034)	(1,387)	(4,354)	(1,824)
Bonds issued	1,000	10,000	4,300	8,460	4,500	-	9,610	-	7,500	20,000
Negotiable notes and loans issued	-	-	1,100	-	210	-	-	-	2,016	766
Capital leases	365	-	-	-	-	476	-	120	-	-
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)	-	-	-
Loss on disposal of asset held for resale	-	-	-	-	-	-	-	(1,290)	-	-
Total other financing source (uses)	<u>1,681</u>	<u>10,515</u>	<u>5,220</u>	<u>3,637</u>	<u>4,712</u>	<u>709</u>	<u>621</u>	<u>(935)</u>	<u>8,203</u>	<u>24,131</u>
Net change in fund balance	<u>\$ (3,909)</u>	<u>\$ 3,897</u>	<u>\$ (1,898)</u>	<u>\$ (819)</u>	<u>\$ 3,930</u>	<u>\$ (5,780)</u>	<u>\$ (231)</u>	<u>\$ 707</u>	<u>\$ 4,449</u>	<u>\$ 3,232</u>
Debt service as a percentage of noncapital expenditures	<u>16.0%</u>	<u>13.7%</u>	<u>14.5%</u>	<u>16.5%</u>	<u>17.2%</u>	<u>14.4%</u>	<u>15.6%</u>	<u>14.7%</u>	<u>13.1%</u>	<u>11.0%</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 35

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

<u>Fiscal</u> <u>Year</u>	<u>Property</u> <u>Tax</u>	<u>Sales</u> <u>Tax¹</u>	2% Prepared <u>Food &</u> <u>Beverage</u> <u>Tax²</u>	<u>Franchise</u> <u>Tax</u>	<u>County</u> <u>Road</u> <u>Tax</u>	<u>Motor</u> <u>Fuel</u> <u>Tax</u>	<u>Total</u>
2008	\$ 10,662	\$ 14,166	\$ -	\$ 2,568	\$ 1,042	\$ 19	\$ 28,457
2009	11,902	13,744	-	2,744	1,194	19	29,603
2010	13,971	13,502	-	2,647	1,224	19	31,363
2011	14,404	13,708	-	2,529	982	19	31,642
2012	14,313	14,082	-	2,462	781	20	31,658
2013	13,545	14,682	-	2,644	752	20	31,643
2014	13,980	14,901	-	2,955	678	20	32,534
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

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

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

²The 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 36

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>					
2008	\$ 60,176	\$ 123,601	\$ 32,352	\$ 44,701	\$ 3,139	\$ 257,691	53.08	\$ 1,657,190	15.55%
2009	76,714	154,532	32,355	49,060	5,131	307,530	50.84	2,002,797	15.36%
2010	87,063	170,953	31,722	56,584	4,120	342,202	50.84	2,234,043	15.32%
2011	87,731	171,111	30,877	53,247	3,973	338,993	50.84	2,221,081	15.26%
2012	86,209	171,700	31,118	53,388	6,845	335,570	50.84	2,195,722	15.28%
2013	83,798	169,181	31,818	52,750	6,725	330,822	50.84	2,161,650	15.30%
2014	84,862	171,468	33,023	51,816	8,101	333,068	50.84	2,177,062	15.30%
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%

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
2008	29.23	11.19	8.66	4.00	53.08	40.66	7.78	48.44	54.40	6.68	61.08	7.00	169.60
2009	25.71	12.38	8.75	4.00	50.84	39.66	10.95	50.61	49.89	6.09	55.98	7.00	164.43
2010	29.92	11.88	7.44	1.60	50.84	39.36	7.47	46.83	51.42	5.81	57.23	7.00	161.90
2011	29.65	12.41	7.48	1.30	50.84	41.66	9.12	50.78	54.84	5.67	60.51	7.00	169.13
2012	28.72	13.24	7.93	0.95	50.84	41.66	9.12	50.78	54.84	5.47	60.31	7.00	168.93
2013	29.34	13.12	7.92	0.46	50.84	41.66	9.12	50.78	54.84	6.31	61.15	7.00	169.77
2014	29.72	13.17	7.77	0.18	50.84	41.66	9.12	50.78	54.84	7.98	62.82	7.00	171.44
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	41.66	9.12	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 38

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

<u>Taxpayer</u>	<u>2017</u>			<u>2008</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	\$ 23,360	1	6.66%	\$ 11,470	1	4.45%
Wal-Mart Supercenters	8,333	2	2.46%	5,541	4	2.15%
Bonita Lakes Mall/Bonita Properties, Inc./CBL	7,050	3	2.00%	7,473	2	2.90%
Anderson Regional Medical Center	4,538	4	1.30%	2,444	6	0.95%
Avery Dennison Corporation	3,558	5	1.01%	---	---	---
Meridian Crossroads	3,518	6	1.00%	---	---	---
Mississippi Valley Gas Company	3,097	7	0.81%	---	---	---
Norfolk Southern Railway Company	2,672	8	0.76%	2,041	8	0.79%
Peavey Electronics Corporation	2,398	9	0.68%	2,136	7	0.83%
Lowe's Home Centers, Inc.	2,202	10	0.63%	---	---	---
Bell South Telecommunications	---	---	---	6,745	3	2.62%
Meridian HMA/Riley Hospital	---	---	---	4,346	5	1.69%
Atmos Energy Corporation	---	---	---	1,912	9	0.74%
Rush Health Systems	---	---	---	1,507	10	0.58%
Totals	<u>\$ 60,726</u>		<u>17.31%</u>	<u>\$ 45,615</u>		<u>17.70%</u>

Source: Lauderdale County real and personal property tax rolls.

RECEIVED
JUN 22 2018

SCHEDULE 39**CITY OF MERIDIAN, MISSISSIPPI**

Property Tax Levies and Collections

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year Ended <u>September 30,</u>	Total Tax Levy for <u>Fiscal Year</u>	<u>Collected within the</u> <u>Fiscal Year of the Levy</u>		Collections (Refunds) in <u>Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2008	\$ 13,570	\$ 13,505	99.52%	\$ 54	\$ 13,559	99.92%
2009	15,634	15,462	98.90%	76	15,538	99.39%
2010	16,960	16,824	99.20%	43	16,867	99.45%
2011	16,956	16,766	98.88%	71	16,837	99.30%
2012	16,938	16,540	97.65%	(46)	16,494	97.38%
2013	16,111	15,971	99.13%	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%	-	17,475	98.76%

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

SCHEDULE 40

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						
	General Obligation Bonds	Special Obligation Bonds	Limited Obligation Bonds	Special Assessment Bonds	Unamortized Premiums (Discounts) ¹	Promissory Loans	Taxable Negotiable Notes	Capital Leases	Water & Sewer Revenue Bonds	Promissory Loans	Unamortized Premiums (Discounts) ¹	Capital Leases	Total Primary Government	Percentage of Personal Income ²	Per Capita ¹
2008	\$ 20,985	\$ 5,835	\$ 2,135	\$ 3,245	\$ -	\$ 566	\$ 774	\$ 1,283	\$ 9,955	\$ 13,973	\$ (507)	\$ 785	\$ 59,029	4.93%	\$ 1,492
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	5.65%	1,999

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

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

¹For fiscal years 2008 to 2011, prior to implementation of GASB 65 unamortized bond issuance costs on refunding debt are included in this amount.

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

SCHEDULE 41

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

Fiscal Year	General Obligation Bonds	Less: Amounts		Total	Percentage of Estimated True Value of Taxable Property¹	Per Capita²
		Unamortized Premiums (Discounts)	Available in Debt Service Fund			
2008	\$ 20,985	\$ -	\$ 589	\$ 20,396	1.23%	\$ 515
2009	29,555	-	720	28,835	1.44%	726
2010	27,750	-	695	27,055	1.21%	658
2011	31,170	69	855	30,384	1.37%	738
2012	33,520	58	899	32,679	1.49%	799
2013	31,270	48	852	30,466	1.41%	745
2014	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%	1,349

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

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

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

SCHEDULE 42

CITY OF MERIDIAN, MISSISSIPPI
Direct and Overlapping Governmental Activities Debt
As of September 30, 2017
(amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County	\$ 38,655	46.96%	\$ 18,152
Debt repaid with property taxes: School	<u>16,555</u>	87.92%	<u>14,555</u>
Subtotal, overlapping debt	55,210		32,707
City of Meridian direct debt	<u>61,347</u>	100.00%	<u>61,347</u>
Total direct and overlapping debt	<u><u>\$ 116,557</u></u>		<u><u>\$ 94,054</u></u>

Source: Office of the City Clerk, Meridian Separate School District and Chancery Clerk.

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

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

RECEIVED
JUN 22 2018

SCHEDULE 43

CITY OF MERIDIAN, MISSISSIPPI

Legal Debt Margin Information

Last Ten Fiscal Years

(amounts expressed in thousands)

	Fiscal year									
	<u>2008</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>
Debt Limit	\$ 39,125	\$ 46,899	\$ 51,948	\$ 51,445	\$ 51,362	\$ 50,632	\$ 51,175	\$ 50,793	\$ 52,283	\$ 53,221
Total net debt applicable to limit	<u>20,396</u>	<u>28,835</u>	<u>27,055</u>	<u>30,315</u>	<u>32,621</u>	<u>30,418</u>	<u>32,729</u>	<u>30,172</u>	<u>34,663</u>	<u>30,852</u>
Legal debt margin	<u>\$ 18,729</u>	<u>\$ 18,064</u>	<u>\$ 24,893</u>	<u>\$ 21,130</u>	<u>\$ 18,741</u>	<u>\$ 20,214</u>	<u>\$ 18,446</u>	<u>\$ 20,621</u>	<u>\$ 17,620</u>	<u>\$ 22,369</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>52.13%</u>	<u>61.48%</u>	<u>52.08%</u>	<u>58.93%</u>	<u>63.51%</u>	<u>60.08%</u>	<u>63.96%</u>	<u>59.40%</u>	<u>66.30%</u>	<u>57.97%</u>

Legal Debt Margin Calculation for Fiscal Year 2017:

Assessed value	\$ 350,781
Add back: exempt real property	<u>4,023</u>
Total assessed value	<u>\$ 354,804</u>
Debt limit (15% of total assessed value)	<u>\$ 53,221</u>
Debt applicable to limit:	
General obligation bonds ¹	32,715
Less: Amount set aside for repayment of general obligation debt	<u>(1,863)</u>
Total net debt applicable to limit	<u>30,852</u>
Legal debt margin	<u>\$ 22,369</u>

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

¹The 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 44**CITY OF MERIDIAN, MISSISSIPPI****Pledged-Revenue Coverage****Last Ten Fiscal Years****(amounts expressed in thousands)**

<u>Fiscal Year</u>	<u>Water & Sewer Charges and Other</u>	<u>Less: Operating Expenses¹</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2008	\$ 11,125	\$ 6,976	\$ 4,149	\$ 2,345	\$ 1,193	\$ 3,538	117.27%
2009	11,715	7,510	4,205	2,455	1,072	3,527	119.22%
2010	12,145	7,239	4,906	3,605	963	4,568	107.40%
2011	12,404	7,017	5,387	1,840	789	2,629	204.91%
2012	13,187	7,544	5,643	1,930	706	2,636	214.07%
2013	13,553	7,569	5,984	2,042	652	2,694	222.12%
2014	13,699	7,647	6,052	2,195	437	2,632	229.94%
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%

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

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

¹Total operating expenses exclusive of depreciation and amortization expense.

SCHEDULE 45**CITY OF MERIDIAN, MISSISSIPPI**
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population¹</u>	<u>Personal Income (amounts expressed in thousands)²</u>	<u>Per Capita Personal Income²</u>	<u>Median Age³</u>	<u>School Enrollment⁴</u>	<u>Unemployment Rate⁵</u>
2008	39,572	\$ 3,233,755	\$ 30,270	36.6	6,612	9.1%
2009	39,695	3,172,001	29,515	36.2	6,461	12.7%
2010	41,148	3,200,882	29,764	35.7	6,418	14.8%
2011	41,146	3,319,247	30,873	34.9	6,250	14.6%
2012	40,894	3,591,963	33,515	34.8	6,209	12.6%
2013	40,921	3,747,649	35,037	33.9	6,168	11.9%
2014	40,196	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	39,113	3,662,632	35,374	35.2	5,444	5.6%

Sources: ¹U.S. Census Bureau, 2010-2016 Estimates of the Resident Population for Incorporated Places at www.census.gov.

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

Per capita personal income estimates reflect population estimates available as of January, 2016.

³U.S. Census Bureau, 2010-2016 American Community Survey 5-Year Estimates at www.census.gov.

⁴Mississippi 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 2017.

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

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

SCHEDULE 46**CITY OF MERIDIAN, MISSISSIPPI**Principal Employers
Current and Nine Years Ago

<u>Taxpayer</u>	<u>2017</u>			<u>2008</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	2,465	1	16.81%	2,850	1	19.31%
Anderson Regional Medical Center	1,343	2	9.16%	1,476	2	10.00%
Mississippi Air National Guard	1,200	3	8.19%	1,121	4	7.59%
Meridian Public Schools	1,000	4	6.82%	1,050	5	7.11%
East Mississippi State Hospital	943	5	6.43%	1,140	3	7.72%
Walmart Supercenters	695	6	4.74%	776	8	5.26%
City of Meridian	530	7	3.62%	510	9	3.46%
Alliance Health Center	350	8	2.39%	---	---	---
Meridian Community College	325	9	2.22%	321	10	2.17%
Avery Dennison Corporation	250	10	1.71%	---	---	---
Peavey Electronics Corporation	---	---	---	1,000	6	6.78%
Riley Memorial Hospital	---	---	---	987	7	6.69%
Totals	<u>9,101</u>		<u>62.09%</u>	<u>11,231</u>		<u>76.09%</u>

Source: East Mississippi Business Development Corporation

SCHEDULE 47

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>2008</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>
General government	54	49	50	46	59	47	48	49	59	61
Public safety:										
Police:										
Officers	105	111	108	109	108	100	92	90	77	99
Civilians	18	19	15	15	19	17	13	18	24	19
Fire:										
Firefighters and officers	98	101	108	112	114	106	103	97	110	106
Civilians	9	9	11	10	11	9	7	9	9	8
Highways and streets	72	72	60	65	57	56	55	67	65	75
Sanitation	1	1	1	1	1	1	1	1	1	1
Culture and recreation	49	49	56	42	42	40	39	32	30	35
Water	50	48	47	48	48	45	39	39	31	37
Sewer	45	46	44	42	39	36	31	31	37	39
Golf course	3	3	5	7	8	8	10	8	9	4
Union Station	2	2	2	2	2	2	2	2	2	1
Municipal Garage	14	14	13	11	11	11	10	10	10	11
Public Safety & Training Facility	5	5	5	4	5	4	4	3	3	3
Community Development	19	19	19	16	16	18	18	22	23	20
Totals	<u>544</u>	<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>

Source: City's payroll department.

SCHEDULE 48**CITY OF MERIDIAN, MISSISSIPPI**

Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Physical arrests	4,785	4,967	4,952	5,089	6,254	5,847	3,917	4,012	3,838	3,997
Parking violations	5,565	6,088	5,329	4,347	3,699	3,186	2,027	1,960	1,972	1,365
Traffic violations	12,663	10,816	8,676	12,089	9,533	9,163	8,801	8,366	6,719	9,672
Fire:										
Number calls answered	3,357	1,666	1,636	2,070	1,550	1,621	1,596	1,456	1,625	1,542
Inspections	2,907	2,814	1,375	1,810	2,053	1,414	2,365	2,573	2,002	2,399
Highways and streets:										
Street resurfacing (miles)	-	-	-	-	4	19	19	-	22	14
Potholes repaired ¹	351	352	271	394	1,003	936	1,191	364	803	542
Culture and recreation:										
Meridian Activity Center/Velma Young Park/Highland Park classes	1,194	1,215	1,290	1,255	1,248	1,594	1,624	1,652	1,978	1,981
Water:										
New connections	88	45	30	50	28	46	88	46	28	31
Water leak repairs	823	1,190	1,291	1,344	1,196	644	640	564	595	552
Average daily consumption (millions of gallons)	5.221	4.447	4.211	5.033	5.066	5.236	5.453	5.640	5.722	5.025
Wastewater:										
Average daily sewerage treatment (millions of gallons)	9.230	5.730	7.100	6.390	7.060	8.380	6.130	6.490	7.140	6.540

Source: Various City departments.

¹For fiscal years 2012 through 2017, 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 2008 through 2011 is based on the number of service orders issued for pothole repair.

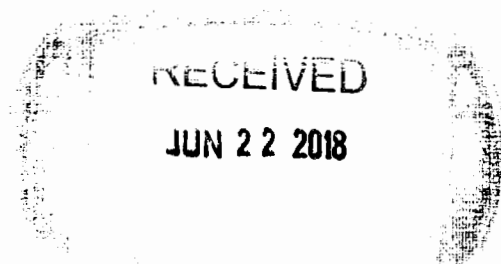
SCHEDULE 49**CITY OF MERIDIAN, MISSISSIPPI****Capital Asset Statistics by Function****Last Ten Fiscal Years**

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2008</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>
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	77	73	84	84	88	86	93	90	84	101
Fire stations	8	8	8	7	8	8	8	8	8	7
Highways and streets:										
Streets (miles)	307.50	330.35	330.35	330.35	330.35	330.35	330.35	330.35	330.35	330.35
Streetlights	6,411	6,570	6,589	6,603	6,639	6,693	6,729	6,735	6,752	6,756
Traffic signals	120	120	120	117	117	117	117	117	120	121
Culture and recreation:										
Parks acreage	443	443	443	443	443	443	443	443	443	443
Parks	17	17	17	17	17	17	17	17	17	17
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	18	18	18	18	16	16	16	16	16	16
Community centers	3	3	3	3	3	3	3	3	3	4
Softball/Baseball fields	18	18	18	18	18	18	18	19	19	19
Soccer fields	12	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
Water:										
Water mains (miles)	428	429	429	430	430	430	430	431	432	432
Fire hydrants	2,113	2,131	2,136	2,141	2,180	2,180	2,181	2,183	2,186	2,186
Maximum daily capacity (thousands of gallons)	14,500	14,500	14,500	14,500	13,952	13,952	13,952	13,952	13,952	13,952
Sewer:										
Sanitary sewers (miles)	444	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, 2017

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number/ Federal Contract</u>	<u>Program or Award Amount</u>	<u>Accrued (Unearned) Revenue 9/30/2016</u>	<u>Federal Receipts</u>	<u>Federal Share Disbursements/ Expenditures</u>	<u>Accrued (Unearned) Revenue 9/30/2017</u>	<u>Cumulative Federal Receipts</u>	<u>Cumulative Federal Share Disbursements/ Expenditures</u>	<u>Fund Type</u>
<u>U. S. Department of Agriculture</u>										
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	Special revenue
Pass-through Natural Resources Conservation Service: NRCS Emergency Watershed Protection	10.923	68-4423-16-225	98,670	-	-	80,466	80,466	-	80,466	Special revenue
IHOP Collapse Repairs	10.923	68-4423-16-265	3,300,000	-	-	1,779,088	1,779,088	-	1,779,088	Special revenue
Total U.S. Department of Agriculture				-	-	1,879,554	1,879,554	-	1,879,554	
<u>U. S. Department of Housing & Urban Development</u>										
Pass-through Mississippi Development Authority: Katrina CDBG Downtown Drainage Improvements	14.228	R-110-258-02-GZ	3,472,269	2,667,668	2,667,668	-	-	3,472,269	3,472,269	Capital project
Velma Young Community Center Improvements	14.228	1131-14-258-PF-01	600,000	170,963	342,949	174,486	2,500	597,500	600,000	Capital project
Total U.S. Department of Housing & Urban Development				2,838,631	3,010,617	174,486	2,500	4,069,769	4,072,269	
<u>U. S. Department of Justice</u>										
Pass-through Mississippi Department of Public Safety: MS Stop Violence Against Women Program	16.013	14SL2221	31,961	-	1,924	1,924	-	25,977	25,977	Special revenue
MS Stop Violence Against Women Program	16.013	15SL2221	34,845	-	14,185	14,185	-	14,185	14,185	Special revenue
Bulletproof Vests Partnership	16.607	2014BUBX14074534	8,685	4,853	5,325	472	-	8,685	8,685	Special revenue
Bulletproof Vests Partnership	16.607	2015BUBX15078506	5,126	57	1,454	5,069	3,672	1,454	5,126	Special revenue
Bulletproof Vests Partnership	16.607	2016BUBX16081454	2,450	-	2,450	2,450	-	2,450	2,450	Special revenue
Total pass-through programs				4,910	25,338	24,100	3,672	52,751	56,423	
JAG Program cluster: Direct programs: Edward Byrne Memorial Justice Assistance	16.738	2015-DJ-BX-0880	34,624	-	20,774	34,624	13,850	20,774	34,624	Special revenue
Edward Byrne Memorial Justice Assistance	16.738	2016-DJ-BX-0249	37,648	-	11,166	11,166	-	11,166	11,166	Special revenue
Total JAG Program cluster				-	31,940	45,790	13,850	31,940	45,790	
Total U.S. Department of Justice				4,910	57,278	69,890	17,522	84,691	102,213	
<u>U. S. Department of Transportation</u>										
Pass-through Mississippi Department of Public Safety: Police Traffic Services	20.600	PT-2016-PT-22-21	15,419	496	721	225	-	2,064	2,064	Special revenue
Police Traffic Services	20.600	PT-2017-PT-22-21	15,334	-	1,258	1,258	-	1,258	1,258	Special revenue
NHTSA Impaired Driving	20.600	154AL-2016-ST-22-21	51,289	2,633	8,990	6,357	-	41,853	41,853	Special revenue
NHTSA Impaired Driving	20.607	154AL-2017-ST-22-21	50,401	-	26,283	45,102	18,819	26,283	45,102	Special revenue
Pass-through Mississippi Department of Transportation: Safe Routes to School Project	20.205	SRSP-0320-00(023) & (024)	800,626	58,512 ¹	46,231	5,457	17,738	691,345	709,083	¹ Capital project
Downtown (5th Street) Streetscape	20.205	STP-7234-00(001)	1,000,000	150,774	994,286	844,673	1,161	994,286	995,447	Capital project
Old Highway 80 Pedestrian Improvements	20.205	STP-7243-00(002)	700,000	-	-	-	-	-	-	Capital project
Highway 39 Signals	20.205	STP-0074-00(020)	350,000	12,926 ²	12,926	-	-	256,407	256,407	² Capital project
Total U.S. Department of Transportation				225,341	1,090,695	903,072	37,718	2,013,496	2,051,214	

(continued)

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2017

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number/ Federal Contract</u>	<u>Program or Award Amount</u>	<u>Accrued (Unearned) Revenue 9/30/2016</u>	<u>Federal Receipts</u>	<u>Federal Share Disbursements/ Expenditures</u>	<u>Accrued (Unearned) Revenue 9/30/2017</u>	<u>Cumulative Federal Receipts</u>	<u>Cumulative Federal Share Disbursements/ Expenditures</u>	<u>Fund Type</u>
<u>U. S. Environmental Protection Agency</u>										
Pass-through Mississippi Department of Environmental Quality - Water Pollution Control Revolving Loan Fund	66.458	SRF-C280818-01-0	\$ 9,044,496	\$ 985,849 ²	\$ -	\$ 6,191,900	\$ 7,177,749	\$ 1,608,323	\$ 8,786,072 ²	Special revenue
Total U.S. Environmental Protection Agency				<u>985,849</u>	<u>-</u>	<u>6,191,900</u>	<u>7,177,749</u>	<u>1,608,323</u>	<u>8,786,072</u>	
<u>U. S. Department of Health and Human Services</u>										
Pass-through Mississippi State Department of Health - Mayor's Health Council	93.758	2B010T00903215	3,000	775	2,548	895	(878)	2,548	1,670	Special revenue
Total U.S. Department of Health and Human Services				<u>775</u>	<u>2,548</u>	<u>895</u>	<u>(878)</u>	<u>2,548</u>	<u>1,670</u>	
<u>U. S. Department of Homeland Security</u>										
Pass-through Mississippi Department of Public Safety:										
Hurricane Ivan Clean Up	97.036	FEMA-1550-MS-DR	798,792	294,618 ¹	294,618	-	-	798,792	798,792 ¹	Special revenue
Homeland Security - Training	97.073	14HS258	75,000	(21,718)	-	21,718	-	75,000	75,000	Special revenue
Homeland Security - Training	97.073	15HS258	75,000	44,873	75,000	30,127	-	75,000	75,000	Special revenue
Homeland Security - Training	97.073	16HS258	75,000	-	38,093	28,355	(9,738)	38,093	28,355	Special revenue
Total U.S. Department of Homeland Security				<u>317,773</u>	<u>407,711</u>	<u>80,200</u>	<u>(9,738)</u>	<u>986,885</u>	<u>977,147</u>	
Total federal financial assistance				<u>\$ 4,373,279</u>	<u>\$ 4,568,849</u>	<u>\$ 9,299,997</u>	<u>\$ 9,104,427</u>	<u>\$ 8,765,712</u>	<u>\$ 17,870,139</u>	

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

² 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.

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2017

(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, 2017. 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 an 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 Environmental Protection Agency Water Pollution Control Revolving Loan Fund through the Mississippi Department of Environmental Quality. The disbursements from these loan funds and related receivable included on the schedule are presented on the full accrual basis of accounting.

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

**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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 30, 2018. 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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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.

Jackson, Mississippi
May 30, 2018

Brigade, Sanders & O. Hill, III

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

**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, 2017. 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, 2017.

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.

Byrd, Sanders & Davis, Ltd.

Jackson, Mississippi
May 30, 2018

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Reportable conditions identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major program tested:

CFDA Number

Name of Federal Program or Cluster

10.923
20.205
66.458

Emergency Watershed Protection Program
Highway Planning and Construction
Clean Water State Revolving Funds

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

Continued

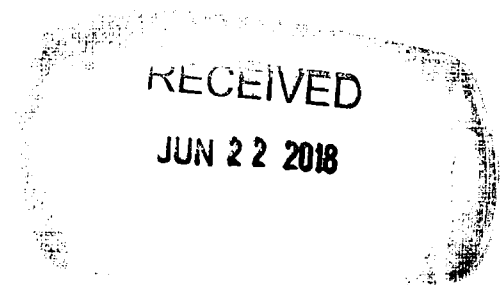
CITY OF MERIDIAN, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2017

Section II - Findings - Financial Statements Audit

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

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.



(This page intentionally left blank)

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 30, 2018. Our report includes a reference to other auditors who audited the financial statements of the Meridian Airport Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

The results of those procedures and our audit of the City's basic financial statements disclosed no material instances of noncompliance with state laws and regulations.

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

Jackson, Mississippi
May 30, 2018

