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CITY OF MERIDIAN, MISSISSIPPI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019



CITY OF MERIDIAN

CITY OF MERIDIAN, MISSISSIPPI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019**

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, 2019

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INTRODUCTORY SECTION

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September 28, 2020

CITY OF MERIDIAN

Mayor:

PERCY BLAND, III
(P) 601.485.1927
(F) 601.485.1911

Councilmembers:

GEORGE M THOMAS
Ward 1

DWAYNE DAVIS
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, 2019.

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 BKD, LLP, 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, 2019, 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, 2019, 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.

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

Profile of the Government

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

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

The City provides a full range of services, including police and fire protection; general administration; construction and maintenance of streets, drainage ways and other infrastructure; waste and trash collection and disposal; water and sewer services; community and economic development services; and recreational activities and cultural events. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The Meridian Airport Authority, the Meridian and Bonita Lakes Development Authority and the Meridian Urban Renewal Authority are reported as discretely presented component units.

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

Factors Affecting Financial Condition

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

Local economy. The City continues to have a diverse economy with industries ranging from electronic music and sound equipment to aircraft parts and steel fabrication to distribution centers for office products, flower bulbs, and beverages. Meridian is the center of a large trade area and continues to meet the medical, retail, industrial, educational, 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 has the longest public-use runway in the state at 10,003 feet and offers commercial airline service with daily flights to and from the Houston Intercontinental Airport. Prior to July 2020, the daily flights were to Chicago O'Hare and Dallas/Fort Worth International Airports. The City is also served by two Class I railroads and two short line railroads.

The Mississippi Arts and Entertainment Experience ("MAX") opened in downtown Meridian in 2018 featuring interactive displays, community activities and traveling exhibits highlighting the influence of Mississippians in the arts and entertainment industry. The revitalization of downtown continues with the historic Threefoot Building renovation into a Courtyard by Marriott hotel and construction of the Mississippi Children's Museum – Meridian, which will add to the City's cultural tourism in 2021.

The City also 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 Counterdrug 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, 238th Air Support Operation Squadron, and 248th Air Traffic Control Squadron.

The City’s Public Safety 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 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. In 2019, the Facility became a training hub for Active Shooter training in Mississippi, investing over \$75,000 in equipment to be used in the training. The Facility is a partner with Meridian Community College in providing work force training to City of Meridian employees and a member of the Mississippi Task Forces of the Mississippi Department of Homeland Security.

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

Relevant financial policies. In addition to the establishment of a comprehensive internal control framework and formal budgetary procedures, the City’s management is also committed to conservatism in projecting annual revenues and allocating one time revenues. These policies prevent drastic reductions due to underbudgeted 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, 2018. This is the twenty-third 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.

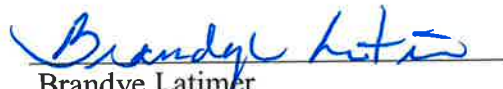
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,

A handwritten signature in blue ink, appearing to read "Percy Bland, III", written over a horizontal line.

Percy Bland, III
Mayor

A handwritten signature in blue ink, appearing to read "Brandye Latimer", written over a horizontal line.

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, 2018

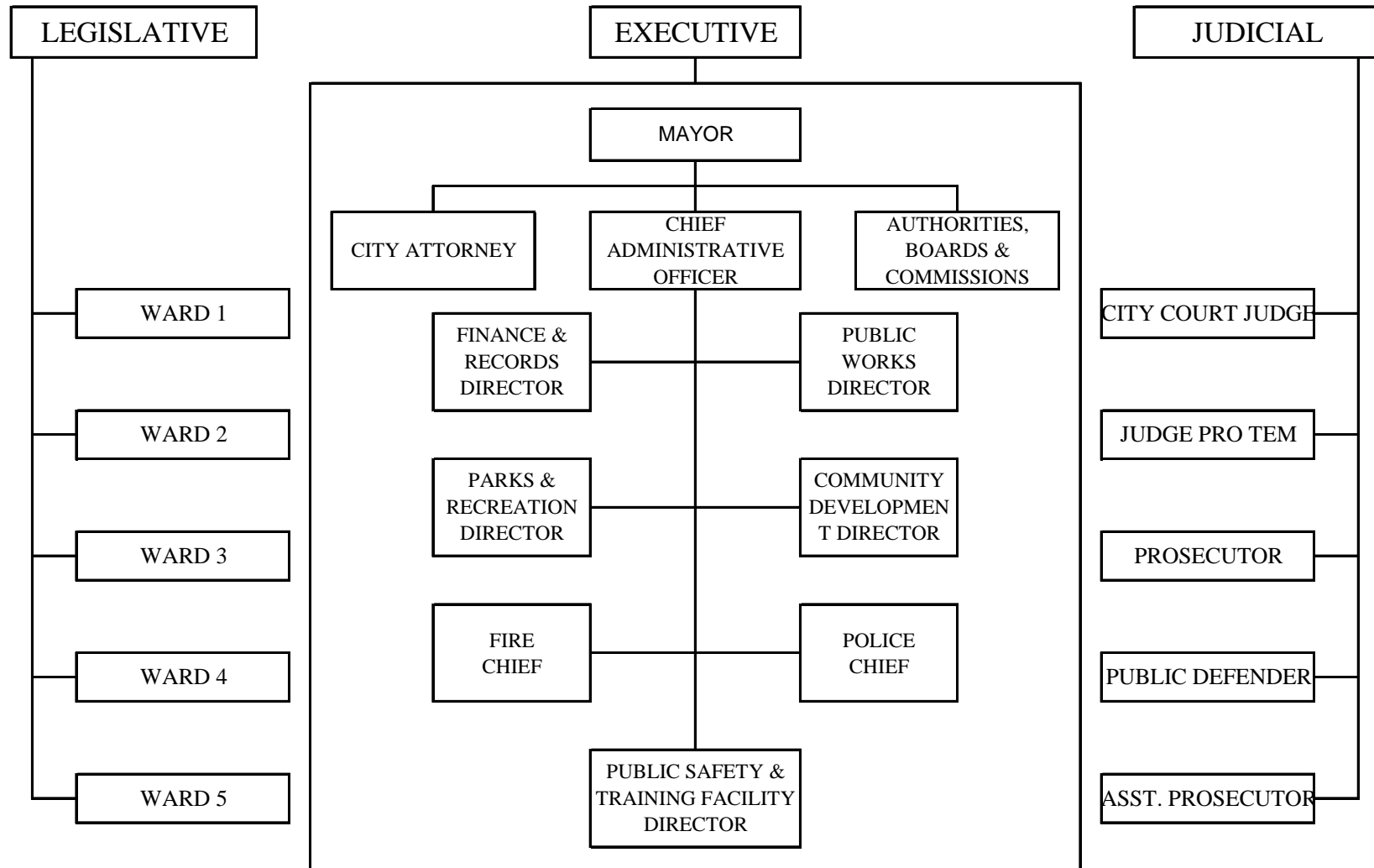
Christopher P. Morill

Executive Director/CEO

CITY OF MERIDIAN, MISSISSIPPI

Organizational Structure

September 30, 2019



CITY OF MERIDIAN, MISSISSIPPI

Listing of City Officials

September 30, 2019

Elected Officials

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

Appointed Officials

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

FINANCIAL SECTION

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Independent Auditor's 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 (the City) as of and for the year ended September 30, 2019, and the related notes to the basic 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

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.

Auditor's 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 85.73 percent, 86.62 percent, and 98.74 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 from material misstatement. The financial statements of Meridian and Bonita Lakes Development Authority, a component unit included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

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

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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes 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, 2019, and the respective changes in financial position and, where applicable, cash flows, thereof 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, budgetary comparison and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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

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

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 fund statements and schedules, other supplementary information and statistical sections as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules and other supplementary information 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. In our opinion, the combining and individual fund statements and schedules, other supplementary information and financial statements of the discretely presented component units are 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 September 28, 2020, 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over

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

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.

BKD, LLP

Jackson, Mississippi
September 28, 2020

CITY OF MERIDIAN, MISSISSIPPI
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2019

As management of the City of Meridian, Mississippi (the "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, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 - 7 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$54,176 (*net position*). Of this amount, the \$(47,506) *deficit unrestricted net position* is largely due to the City's \$51,909 net pension liability recorded as of September 30, 2019.
- The City's total net position increased by \$9,393. This increase in net position represents the City's efforts to reduce expenses during the year, a decrease in the City's net pension liability and increases in water and sewer revenues.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$23,465, an increase of \$7,088 in comparison with the prior year. Approximately 38.8 percent of this total amount, \$9,110, 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 \$9,182, or 32.6 percent of total general fund expenditures.
- The City's total debt decreased by \$4,010 (5.2 percent) during the current fiscal year. There were increases due to (1) a \$1,971 refunding limited obligation bond issue for the redemption of the 2009 Limited Obligation Tax Increment Bonds and (2) \$2,754 in capital leases for an advanced water metering system and lighting upgrades in various city buildings. This was offset by the payment and redemption of \$8,721 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 basic 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

CITY OF MERIDIAN, MISSISSIPPI
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2019

assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, and economic development. The business-type activities of the City include water and sewer services, waste collection and disposal, a golf course, Union Station, and citywide concessions.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the following legally separate entities for which the City is financially accountable: (1) Meridian Airport Authority, (2) Meridian Urban Renewal Authority, and (3) Meridian and Bonita Lakes Development Authority. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. Complete financial statements, including the management's discussion and analysis, for each of the individual component units may be obtained at the entities' administrative offices as referenced in note 1 (a).

The government-wide financial statements can be found on pages 32-35 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

CITY OF MERIDIAN, MISSISSIPPI
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2019

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 20 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund, and special revenue fund, which are considered to be major funds. Data from the other 17 nonmajor governmental funds are combined into a single aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental funds financial statements can be found on pages 36-40 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 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 primarily 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, which is considered to be a major fund 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 four 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.

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Notes to the basic 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 basic financial statements can be found on pages 51 - 109 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 general fund and special revenue fund budgets and the defined benefit pension plans. This required supplementary information can be found on pages 111 - 123 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 and other supplementary information can be found on pages 155 - 163 of this report.

CITY OF MERIDIAN, MISSISSIPPI
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Government-wide Financial Analysis

The following table presents the City's net position at September 30, 2019, compared to September 30, 2018.

City of Meridian's Net Position

<u>Description</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 26,965	\$ 20,053	\$ 30,773	\$ 26,432	\$ 57,738	\$ 46,485
Capital assets, net	92,187	96,381	42,031	42,770	134,218	139,151
Total assets	119,152	116,434	72,804	69,202	191,956	185,636
Deferred outflows of resources	2,644	4,858	347	1,006	2,991	5,864
Long-term liabilities outstanding	97,962	107,315	30,802	30,757	128,764	138,072
Other liabilities	3,654	3,517	2,672	2,412	6,326	5,929
Total liabilities	101,616	110,832	33,474	33,169	135,090	144,001
Deferred inflows of resources	4,822	2,335	859	381	5,681	2,716
Net position:						
Net investment in capital assets	63,763	65,119	19,798	22,621	83,561	87,740
Restricted	10,675	8,295	7,446	7,989	18,121	16,284
Unrestricted (deficit)	(59,081)	(65,289)	11,575	6,048	(47,506)	(59,241)
Total net position	\$ 15,357	\$ 8,125	\$ 38,819	\$ 36,658	\$ 54,176	\$ 44,783

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 \$54,176 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (154 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

CITY OF MERIDIAN, MISSISSIPPI
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2019

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 (33 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(47,506) in *deficit unrestricted net position* is largely due to the City's \$51,909 net pension liability discussed in Note 10.

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

There was a decrease of \$543 in restricted net position reported in connection with the City's business-type activities. This is a result of a \$652 decrease in funds available for debt service and a \$109 increase in funds authorized for capital projects in the water and sewer fund.

The City's net position increased \$9,393 during the current fiscal year. This increase in net position is largely attributable to the reduction of expenses in governmental activities, a decrease in the City's net pension liability and an increase in water and sewer revenues.

The following table presents the City's summary of the changes in net position for the fiscal year ended September 30, 2019 compared to the fiscal year ended September 30, 2018.

<u>City of Meridian's Changes in Net Position</u>							
<u>Description</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>		<u>2018</u>
Revenues:							
Program revenues:							
Charges for services	\$ 2,444	\$ 2,248	\$ 17,160	\$ 15,520	\$ 19,604		\$ 17,768
Operating grants and contributions	251	639	-	-	251		639
Capital grants and contributions	130	1,521	-	-	130		1,521
General revenues:							
Property taxes	16,708	15,838	13	48	16,721		15,886
Other taxes	22,046	19,972	-	-	22,046		19,972
Grants and contributions not restricted to specific programs	63	160	-	-	63		160
Unrestricted investment earnings	109	81	149	130	258		211
Total revenues	41,751	40,459	17,322	15,698	59,073		56,157

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<u>Description</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Expenses:						
General government	\$ 7,820	\$ 8,659	\$ -	\$ -	\$ 7,820	\$ 8,659
Public safety	16,818	18,608	-	-	16,818	18,608
Public works	7,998	10,555	-	-	7,998	10,555
Culture and recreation	1,540	12,838	-	-	1,540	12,838
Economic development	25	25	-	-	25	25
Interest on long-term debt	1,796	2,024	-	-	1,796	2,024
Sanitation	-	-	2,095	2,289	2,095	2,289
Water and sewer	-	-	11,477	11,444	11,477	11,444
Golf Course, Union Station and Concessions	-	-	112	672	112	672
Total expenses	35,997	52,709	13,684	14,405	49,681	67,114
Excess (deficiency) of revenues over (under) expenses before transfers	5,754	(12,250)	3,638	1,293	9,393	(10,957)
Transfers	1,478	1,587	(1,478)	(1,587)	-	-
Change in net position	7,232	(10,663)	2,161	(294)	9,393	(10,957)
Net position - beginning	8,125	18,788	36,658	36,952	44,783	55,740
Net position - ending	\$ 15,357	\$ 8,125	\$ 38,819	\$ 36,658	\$ 54,176	\$ 44,783

Governmental activities. Governmental activities increased the City's net position by \$7,232. Key elements of these changes in net position are as follows:

- Property tax revenues increased \$870 or 5 percent in 2019, compared to 2018. This increase in property tax receipts is primarily due to a 4.49 mills or 15 percent increase in the 2019 general millage rate offset by a 3.24 mills or 20 percent decrease in the debt service millage. Total millage remained the same as 2018.
- Charges for services increased \$196 or 9 percent in 2019, compared to 2018. This was mostly due to a \$227 increase in public safety charges for services.
- Operating grants and contributions decreased \$388 or 61 percent in 2019, compared to 2018. This decrease was primarily due to a \$292 decrease in operating grants for public safety and a \$108 decrease in operating grants for culture and recreation.
- Capital grants and contributions decreased \$1,391 or 91 percent in 2018 compared to 2017. This was largely due to a \$1,402 decrease in capital grants for public works.

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- Other taxes (which include sales taxes) increased \$2,074 or 10 percent due to increases in sales tax collections.
- Total revenues increased \$1,292 or 3 percent. This was mainly due to a \$2,074 increase in other taxes and an \$870 increase in property taxes, offset by \$388 decrease in operating grants and contributions and \$1,391 decrease in capital grants and contributions.
- Total expenses decreased \$16,712 or 32 percent. This was primarily due to an \$11,298 decrease in culture and recreation, resulting from the completion of the Mississippi Arts and Entertainment Experience, and a \$2,557 decrease in public works expenditures, resulting from reductions in salaries and maintenance. The decrease in the net pension liability also contributed to this decrease.

Business-type activities. Business-type activities increased the City's net position by \$2,160. This is primarily due to a \$634 increase in sanitation revenues and a \$1,019 increase in water and sewer revenues.

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 \$23,465, an increase of \$7,087 in comparison with the prior year. Of this total, \$13,210 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 \$451 is considered *nonspendable* because it has been used for inventory and land held for resale. A total of \$484 has been assigned, meaning there are limitations resulting from its intended use. A total of \$210 has been *committed* through formal action of the City Council for construction or acquisition of capital assets. The remaining \$9,110 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 \$9,182, while total fund balance was \$9,988. 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 32.6 percent of total general fund expenditures, while total fund balance represents

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35.4 percent of that same amount. The fund balance of the City's general fund increased by \$5,289 during the current fiscal year. This was primarily due to a \$1,955 increase in property taxes and a \$1,193 increase in sales taxes with reduced expenditures in all categories.

The debt service fund has a total fund balance of \$4,982, all of which is restricted for the payment of debt service. The net decrease of \$25 during the current year in the debt service fund is a result of the timing of payment due dates of long-term debt.

The special revenue fund's total fund balance is \$6,223 at the end of the current fiscal year. \$5,884 of the special revenue fund is restricted. The remaining \$339 fund balance of the special revenue fund is committed, assigned or nonspendable. The special revenue fund's fund balance increased \$2,449 during the current fiscal year. This increase is largely due to an \$830 increase in sales tax revenues and reductions in expenditures.

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

Unrestricted net position of the water and sewer fund at the end of the year amounted to \$11,189. The water and sewer fund net position increased by \$1,397.

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	\$ (46)
Community development	1
Parks and recreation	165
Police	(120)
Total	<u><u>\$ -</u></u>

Actual revenues were under the final amended budget by \$594.

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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	\$ 735
Finance and records	265
Community development	485
Parks and recreation	395
Public works	426
Police	1,638
Fire	829
Public safety and training facility	65
Arts district parking garage	14
Total	\$ 4,852

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, 2019, amounts to \$134,218 (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:

- Completed installation of the advanced water metering system and energy efficient lighting in city buildings.
- Continued engineering services for pedestrian improvements along Highway 80.
- Began engineering services for the rehabilitation of the Valley Road bridge over Sowashee Creek and for replacement of the Old Highway 80 bridge.

CITY OF MERIDIAN, MISSISSIPPI
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2019

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

<u>Description</u>	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 8,192	\$ 8,197	\$ 251	\$ 250	\$ 8,443	\$ 8,447
Right of ways	3	3	105	105	108	108
Collections – historical treasures	141	141	-	-	141	141
Building and system	31,095	31,927	29,805	32,143	60,900	64,070
Improvements other than buildings	2,112	2,219	170	178	2,282	2,397
Machinery and equipment	8,674	8,370	2,394	2,688	11,068	11,058
Infrastructure	41,752	44,852	-	-	41,752	44,852
Construction in progress	218	673	9,306	7,406	9,524	8,079
Total	\$ 92,187	\$ 96,382	\$ 42,031	\$ 42,770	\$ 134,218	\$ 139,152

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

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$47,830. Of this amount, \$45,144 comprises debt backed by the full faith and credit of the City, \$455 is special obligation bonds, \$2,061 is tax increment financing bonds and \$170 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment.

The City's total bonded debt decreased by \$4,652 (8.9 percent) during the current fiscal year. The decrease is due to retirements exceeding the issuance of new bonds.

CITY OF MERIDIAN, MISSISSIPPI
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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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds	\$ 45,144	\$ 49,012	\$ -	\$ -	\$ 45,144	\$ 49,012
Special obligation bonds	455	555	-	-	455	555
Limited obligation tax increment financing bonds	2,061	2,625	-	-	2,061	2,625
Special assessment debt with governmental commitment	170	290	-	-	170	290
Total	\$ 47,830	\$ 52,482	\$ -	\$ -	\$ 47,830	\$ 52,482

The City's general obligation bonds received an "A2" rating from Moody's Investors Service in September 2019 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 \$53,301 which is significantly in excess of the City's net outstanding general obligation debt of \$26,054 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 81 - 88 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City is currently 8.1 percent, which is an increase from the rate of 6.1 percent a year ago. The statewide average is 7.9 percent as compared to the national average of 8.4 percent.
- The revitalization of the City continued with the issuance of 388 building permits with a construction value of \$22.5 million.
- Inflationary trends in the City are slightly lower than the national average. The change in CPI in the past year for the City was an increase of 1.1 percent versus the national average which increased 1.3 percent.

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Fiscal Year Ended September 30, 2019

- Sales tax collections year-to-date in fiscal year 2020 are down 0.08 percent from the previous fiscal year. During the 12 months of fiscal year 2020, the City has received \$13,472 in sales tax collections, compared to \$13,483 received during the same period of fiscal year 2019.

All of these factors were considered in preparing the City's budget for the 2020 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased to \$9,182. The City did not appropriate this amount for spending in the 2020 fiscal year budget.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

CITY OF MERIDIAN, MISSISSIPPI
Statement of Net Position
September 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 11,976,804	\$ 14,807,740	\$ 26,784,544	\$ 2,319,188
Receivables, net:				
Taxes	2,343,044	-	2,343,044	-
Accounts	626,914	2,368,290	2,995,204	1,416,075
Intergovernmental	174,836	-	174,836	103,165
Interest	-	-	-	48,721
Miscellaneous	272,167	460,908	733,075	-
Due from component units	2,965	-	2,965	-
Internal balances	215,382	(215,382)	-	-
Inventory	58,195	766,907	825,102	681,778
Prepaid items	379,728	109,017	488,745	60,627
Temporarily restricted assets:				
Cash and investments	9,893,469	12,475,511	22,368,980	152,416
Taxes receivable	726,128	-	726,128	-
Special assessments receivable	207,509	-	207,509	-
Leverage loans receivable	-	-	-	5,691,198
Land held for resale	88,192	-	88,192	-
Capital assets not being depreciated:				
Land	8,191,965	250,864	8,442,829	2,468,621
Right of ways	2,600	105,143	107,743	-
Collections - historical treasures	141,250	-	141,250	-
Construction in progress	218,003	9,305,837	9,523,840	3,963,954
Capital assets net of accumulated depreciation:				
Buildings	31,094,937	-	31,094,937	12,403,065
Water and sewer system	-	29,805,193	29,805,193	-
Improvements other than buildings	2,111,506	170,278	2,281,784	11,312,705
Machinery and equipment	8,674,391	2,393,861	11,068,252	-
Infrastructure	41,752,071	-	41,752,071	-
Total assets	119,152,056	72,804,167	191,956,223	40,621,513
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred loss on refundings	518,677	-	518,677	-
Deferred outflows related to net pension liability	2,125,081	347,115	2,472,196	152,896
Total deferred outflows of resources	2,643,758	347,115	2,990,873	152,896

CITY OF MERIDIAN, MISSISSIPPI
Statement of Net Position
September 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>LIABILITIES</u>				
Accounts payable and other current liabilities	\$ 1,184,160	\$ 705,443	\$ 1,889,603	\$ 1,103,030
Accrued interest	458,437	-	458,437	-
Accrued salaries	392,058	84,582	476,640	-
Accrued sales tax	-	14,831	14,831	-
Liabilities payable from restricted assets	1,099,078	1,867,033	2,966,111	-
Unearned revenue	520,251	-	520,251	3,948
Noncurrent liabilities:				
Due within one year:				
Bonds, loans and leases payable	4,941,042	588,895	5,529,937	193,358
Bonds and loans payable from restricted assets	-	958,514	958,514	-
Compensated absences	307,810	43,280	351,090	-
Claims and judgments	582,393	-	582,393	-
Due in more than one year:				
Bonds, loans and leases payable	46,978,214	21,752,729	68,730,943	2,337,552
Compensated absences	615,620	86,561	702,181	218,831
Net pension liability	44,537,212	7,371,886	51,909,098	7,564,458
Total liabilities	101,616,275	33,473,754	135,090,029	11,421,177
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred gain on refundings	-	18,113	18,113	-
Deferred inflows related to net pension liability	4,822,071	840,837	5,662,908	11,293
Total deferred inflows of resources	4,822,071	858,950	5,681,021	11,293
<u>NET POSITION</u>				
Net investment in capital assets	63,763,020	19,798,214	83,561,234	30,148,345
Restricted for:				
Debt service	8,886,594	6,812,798	15,699,392	-
Sowashee Creek maintenance	268,262	-	268,262	-
Construction/acquisition of capital assets	-	632,571	632,571	152,416
Purposes of grantors/donors	434,924	-	434,924	-
Law enforcement	1,085,781	-	1,085,781	-
Unrestricted (deficit)	(59,081,113)	11,574,995	(47,506,118)	(958,822)
Total net position	\$ 15,357,468	\$ 38,818,578	\$ 54,176,046	\$ 29,341,939

CITY OF MERIDIAN, MISSISSIPPI
Statement of Activities
For the Fiscal Year Ended September 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 7,819,779	\$ 360,216	\$ 878	\$ -
Public safety	16,818,300	1,824,212	185,196	10,960
Public works	7,997,952	-	10,902	118,744
Culture and recreation	1,540,160	259,277	54,128	-
Economic development	24,767	-	-	-
Interest on long-term debt	1,795,884	-	-	-
Total governmental activities	<u>35,996,842</u>	<u>2,443,705</u>	<u>251,104</u>	<u>129,704</u>
Business-type activities:				
Water and sewer	11,476,653	14,524,686	-	-
Waste collection and disposal	2,094,865	2,430,232	-	-
Golf course	(57,840)	116,408	-	-
Union Station	162,286	70,060	-	-
Concessions	7,365	18,338	-	-
Total business-type activities	<u>13,683,329</u>	<u>17,159,724</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$49,680,171</u>	<u>\$19,603,429</u>	<u>\$ 251,104</u>	<u>\$ 129,704</u>
Component units:				
Meridian Airport Authority	\$16,527,763	\$14,615,402	\$ -	\$ 984,685
Nonmajor component units	139,128	198,656	-	-
Total component units	<u>\$16,666,891</u>	<u>\$14,814,058</u>	<u>\$ -</u>	<u>\$ 984,685</u>

General revenues:

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

Transfers

Total general revenues and transfers

Change in net position

Net position, October 1, 2018

Net position, September 30, 2019

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (7,458,685)	\$ -	\$ (7,458,685)	\$ -
(14,797,932)	-	(14,797,932)	-
(7,868,306)	-	(7,868,306)	-
(1,226,755)	-	(1,226,755)	-
(24,767)	-	(24,767)	-
(1,795,884)	-	(1,795,884)	-
<u>(33,172,329)</u>	<u>-</u>	<u>(33,172,329)</u>	<u>-</u>
-	3,048,033	3,048,033	-
-	335,367	335,367	-
-	174,248	174,248	-
-	(92,226)	(92,226)	-
-	10,973	10,973	-
<u>-</u>	<u>3,476,395</u>	<u>3,476,395</u>	<u>-</u>
<u>(33,172,329)</u>	<u>3,476,395</u>	<u>(29,695,934)</u>	<u>-</u>
-	-	-	(927,676)
-	-	-	59,528
<u>-</u>	<u>-</u>	<u>-</u>	<u>(868,148)</u>
16,708,115	12,971	16,721,086	-
18,573,495	-	18,573,495	-
2,710,964	-	2,710,964	-
733,422	-	733,422	-
28,012	-	28,012	-
63,267	-	63,267	-
-	-	-	22,365
109,296	149,375	258,671	20,504
1,477,814	(1,477,814)	-	-
<u>40,404,385</u>	<u>(1,315,468)</u>	<u>39,088,917</u>	<u>42,869</u>
7,232,056	2,160,927	9,392,983	(825,279)
8,125,412	36,657,651	44,783,063	30,167,218
<u>\$15,357,468</u>	<u>\$38,818,578</u>	<u>\$54,176,046</u>	<u>\$29,341,939</u>

CITY OF MERIDIAN, MISSISSIPPI
Balance Sheet
Governmental Funds
September 30, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 7,501,693	\$ -	\$ 3,004,638	\$ -	\$ 10,506,331
Receivables, net:					
Taxes	2,343,044	-	-	-	2,343,044
Accounts	626,914	-	-	-	626,914
Intergovernmental	174,836	-	-	-	174,836
Miscellaneous	243,184	-	28,983	-	272,167
Due from other funds	177,513	-	-	155,457	332,970
Due from component units	2,965	-	-	-	2,965
Prepaid items	246,005	-	116,400	-	362,405
Land held for resale	88,192	-	-	-	88,192
Restricted assets:					
Cash and cash equivalents	-	4,537,506	3,007,136	3,007,138	10,551,780
Investments	-	400,000	-	-	400,000
Receivables, net:					
Taxes	-	48,880	677,248	-	726,128
Special assessments receivable	-	207,509	-	-	207,509
Total assets	\$ 11,404,346	\$ 5,193,895	\$ 6,834,405	\$ 3,162,595	\$ 26,595,241

CITY OF MERIDIAN, MISSISSIPPI

Balance Sheet
Governmental Funds
September 30, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 678,618	\$ -	\$ 2,891	\$ -	\$ 681,509
Accrued salaries	392,058	-	-	-	392,058
Due to other funds	73,998	-	-	155,457	229,455
Liabilities payable from restricted assets:					
Accounts payable	-	4,000	606,961	216,312	827,273
Deposits payable	271,804	-	-	-	271,804
Unearned revenue	-	-	1,824	518,427	520,251
Total liabilities	1,416,478	4,000	611,676	890,196	2,922,350
Deferred inflows of resources:					
Unavailable revenue - special assessments	-	207,509	-	-	207,509
Fund balances:					
Nonspendable:					
Prepaid items	246,005	-	116,400	-	362,405
Land held for resale	88,192	-	-	-	88,192
Restricted for:					
Debt service	-	4,982,386	4,362,645	-	9,345,031
Purposes of grantors/donors	-	-	434,924	-	434,924
Law enforcement	-	-	1,085,781	-	1,085,781
Government record management	-	-	1,145	-	1,145
Sowashee Creek maintenance	-	-	-	268,262	268,262
Construction/acquisition of capital assets	-	-	-	1,968,250	1,968,250
Paving and sidewalk projects	-	-	-	107,543	107,543
Committed to:					
Urban renewal and redevelopment	-	-	210,350	-	210,350
Assigned to:					
General government activities	106,800	-	-	-	106,800
Public safety	223,104	-	2,850	-	225,954
Public works	136,075	-	-	-	136,075
Sports events and other recreation	6,118	-	8,634	-	14,752
Unassigned (deficit)	9,181,574	-	-	(71,656)	9,109,918
Total fund balances	9,987,868	4,982,386	6,222,729	2,272,399	23,465,382
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,404,346	\$ 5,193,895	\$ 6,834,405	\$ 3,162,595	\$ 26,595,241

CITY OF MERIDIAN, MISSISSIPPI
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2019

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

Fund balances - total governmental funds	\$ 23,465,382
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	92,186,723
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.	207,509
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.	(100,581,718)
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 \$22,865).	<u>79,572</u>
Net position of governmental activities	<u><u>\$ 15,357,468</u></u>

CITY OF MERIDIAN, MISSISSIPPI
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes:					
Property	\$ 11,894,154	\$ 4,578,868	\$ -	\$ -	\$ 16,473,022
Sales	15,168,724	-	3,404,771	-	18,573,495
Franchise	2,710,964	-	-	-	2,710,964
County road	733,422	-	-	-	733,422
Motor fuel	28,012	-	-	-	28,012
Licenses and permits	264,244	-	-	-	264,244
Intergovernmental	320,031	-	28,293	41,573	389,897
Charges for services	134,484	-	124,793	-	259,277
Fines and forfeitures	548,676	-	1,275,536	-	1,824,212
Special assessments	-	40,299	-	-	40,299
Payments in lieu of taxes	145,381	-	-	-	145,381
Local contributions	-	-	54,178	-	54,178
Interest on investments	56,777	18,082	20,341	10,143	105,343
Interest costs and damages	130,431	-	-	-	130,431
Miscellaneous	115,686	-	-	-	115,686
Total revenues	<u>32,250,986</u>	<u>4,637,249</u>	<u>4,907,912</u>	<u>51,716</u>	<u>41,847,863</u>
Expenditures:					
Current:					
General government	6,279,914	-	-	-	6,279,914
Public safety	14,587,541	-	861,320	-	15,448,861
Public works	4,535,090	-	-	88,421	4,623,511
Culture and recreation	1,941,552	-	83,350	-	2,024,902
Economic development	-	-	24,767	-	24,767
Capital outlay	206,715	-	-	607,922	814,637
Debt service:					
Principal retirement	580,048	3,990,580	680,000	-	5,250,628
Interest and fiscal charges	46,620	1,003,932	839,044	-	1,889,596
Bond issuance costs	-	119,069	-	-	119,069
Total expenditures	<u>28,177,480</u>	<u>5,113,581</u>	<u>2,488,481</u>	<u>696,343</u>	<u>36,475,885</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,073,506</u>	<u>(476,332)</u>	<u>2,419,431</u>	<u>(644,627)</u>	<u>5,371,978</u>
Other financing sources (uses):					
Transfers in	1,851,500	420,500	30,000	466,917	2,768,917
Transfers out	(842,250)	-	-	(448,853)	(1,291,103)
Capital lease	206,715	-	-	-	206,715
General obligation refunding bonds issued	-	1,971,000	-	-	1,971,000
Payment to refunded bond escrow agent	-	(1,940,000)	-	-	(1,940,000)
Total other financing sources (uses)	<u>1,215,965</u>	<u>451,500</u>	<u>30,000</u>	<u>18,064</u>	<u>1,715,529</u>
Net change in fund balances	<u>5,289,471</u>	<u>(24,832)</u>	<u>2,449,431</u>	<u>(626,563)</u>	<u>7,087,507</u>
Fund balances, October 1, 2018	<u>4,698,397</u>	<u>5,007,218</u>	<u>3,773,298</u>	<u>2,898,962</u>	<u>16,377,875</u>
Fund balances, September 30, 2019	<u>\$ 9,987,868</u>	<u>\$ 4,982,386</u>	<u>\$ 6,222,729</u>	<u>\$ 2,272,399</u>	<u>\$ 23,465,382</u>

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, 2019

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

Net change in fund balances - total governmental funds	\$ 7,087,507
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.	(4,116,920)
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.	(54,450)
Special assessment revenues related to prior periods reported as revenues in the governmental funds are not reported as revenues in the statement of activities.	(81,017)
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.	5,051,016
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.	(591,327)
Some expenditures reported in the statement of revenues, expenditures and changes in fund balance require the use of current financial resources but are not reported as expenses in the statement of activities.	194,136
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 \$43,067).	<u>(256,889)</u>
Change in net position of governmental activities	<u><u>\$ 7,232,056</u></u>

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CITY OF MERIDIAN, MISSISSIPPI
Statement of Net Position
Proprietary Funds
September 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	<u>Water & Sewer</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 14,726,102	\$ 81,638	\$ 14,807,740	\$ 412,162
Restricted cash and cash equivalents:				
Customer deposits	1,058,311	-	1,058,311	-
Revenue bond construction funds	2,249,949	-	2,249,949	-
Other construction funds	750,479	-	750,479	-
Revenue bond debt service account	8,416,772	-	8,416,772	-
Receivables:				
Accounts	2,424,176	297,994	2,722,170	-
Less allowance for uncollectibles	(353,880)	-	(353,880)	-
Miscellaneous	460,908	-	460,908	-
Due from other funds	-	3,325	3,325	89,002
Inventory	754,883	12,024	766,907	58,195
Prepaid items	55,654	53,363	109,017	-
Total current assets	30,543,354	448,344	30,991,698	559,359
Capital assets:				
Land	250,864	-	250,864	-
Right of ways	105,143	-	105,143	-
Buildings	-	126,628	126,628	-
Water and sewer system	112,509,952	-	112,509,952	-
Improvements other than buildings	-	438,054	438,054	-
Machinery and equipment	6,899,321	400,625	7,299,946	-
Construction in progress	9,305,837	-	9,305,837	-
Total capital assets	129,071,117	965,307	130,036,424	-
Less accumulated depreciation	(87,279,167)	(726,081)	(88,005,248)	-
Capital assets (net of accumulated depreciation)	41,791,950	239,226	42,031,176	-
Total noncurrent assets	41,791,950	239,226	42,031,176	-
Total assets	72,335,304	687,570	73,022,874	559,359
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows related to net pension liability	332,004	15,111	347,115	-

CITY OF MERIDIAN, MISSISSIPPI
Statement of Net Position
Proprietary Funds
September 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	<u>Water & Sewer</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Funds</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 532,496	\$ 172,947	\$ 705,443	\$502,652
Promissory loans	581,785	7,110	588,895	-
Liabilities payable from restricted assets:				
Customer deposits	1,058,311	-	1,058,311	-
Accounts payable	163,262	-	163,262	-
Promissory loans	958,514	-	958,514	-
Interest payable	645,460	-	645,460	-
Accrued liabilities:				
Payroll	70,940	13,642	84,582	-
Compensated absences	43,280	-	43,280	-
Sales tax	13,556	1,275	14,831	-
Due to other funds	16,729	179,113	195,842	-
Total current liabilities	4,084,333	374,087	4,458,420	502,652
Noncurrent liabilities:				
Compensated absences	86,561	-	86,561	-
Promissory loans (plus unamortized premium of \$402,254)	12,494,656	14,885	12,509,541	-
Capital lease payable	9,243,188	-	9,243,188	-
Net pension liability	6,995,407	376,479	7,371,886	-
Total noncurrent liabilities	28,819,812	391,364	29,211,176	-
Total liabilities	32,904,145	765,451	33,669,596	502,652
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred gain on refundings	18,113	-	18,113	-
Deferred inflows related to net pension liability	802,434	38,403	840,837	-
Total deferred inflows of resources	820,547	38,403	858,950	-
<u>NET POSITION</u>				
Net investment in capital assets	20,308,246	239,226	20,547,472	-
Restricted for:				
Debt service	6,812,798	-	6,812,798	-
Capital projects	632,571	-	632,571	-
Unrestricted (deficit)	11,189,001	(340,399)	10,848,602	56,707
Total net position (deficit)	\$ 38,942,616	\$ (101,173)	38,841,443	\$ 56,707
Reconciliation to government-wide statement of net position:				
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds			(22,865)	
Net position of business-type activities			\$ 38,818,578	

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CITY OF MERIDIAN, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	<u>Water & Sewer</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	
Operating revenues:				
Charges for sales and services:				
Water sales	\$ 7,308,838	\$ -	\$ 7,308,838	\$ -
Sewer charges	6,117,528	-	6,117,528	-
Tap fees	35,346	-	35,346	-
Garbage collection fees	-	2,417,406	2,417,406	-
Out-of-county tonnage	-	10,814	10,814	-
Memberships	-	40,245	40,245	-
Green fees	-	35,422	35,422	-
Cart rental	-	25,390	25,390	-
Concessions	-	32,731	32,731	-
Internal service charges	-	-	-	3,934,222
Rental income	-	70,060	70,060	-
Miscellaneous	1,062,974	958	1,063,932	-
Total operating revenues	<u>14,524,686</u>	<u>2,633,026</u>	<u>17,157,712</u>	<u>3,934,222</u>
Operating expenses:				
Personnel services	3,945,238	(273,902)	3,671,336	-
Supplies and materials	633,356	29,044	662,400	-
Cost of sales and services	-	-	-	474,394
Rent and utilities	1,244,822	97,126	1,341,948	-
Operation, maintenance, and repairs	694,082	70,698	764,780	-
Garbage disposal services	-	2,120,596	2,120,596	-
Depreciation	2,701,825	28,675	2,730,500	-
Claims paid	-	-	-	3,763,738
Miscellaneous	1,233,304	134,068	1,367,372	-
Total operating expenses	<u>10,452,627</u>	<u>2,206,305</u>	<u>12,658,932</u>	<u>4,238,132</u>
Operating income (loss)	<u>4,072,059</u>	<u>426,721</u>	<u>4,498,780</u>	<u>(303,910)</u>
Nonoperating revenues (expenses):				
Ad valorem taxes	-	12,971	12,971	-
Capital contributions	(2,012)	2,012	-	-
Interest income	149,076	299	149,375	3,954
Interest expense	(826,518)	(371)	(826,889)	-
Loss on disposal of capital assets	(152,429)	-	(152,429)	-
Total nonoperating revenues (expenses)	<u>(831,883)</u>	<u>14,911</u>	<u>(816,972)</u>	<u>3,954</u>
Income (loss) before transfers	<u>3,240,176</u>	<u>441,632</u>	<u>3,681,808</u>	<u>(299,956)</u>
Transfers:				
Transfers in	7,931	391,750	399,681	-
Transfers out	(1,851,500)	(25,995)	(1,877,495)	-
Total transfers	<u>(1,843,569)</u>	<u>365,755</u>	<u>(1,477,814)</u>	<u>-</u>
Change in net position	<u>1,396,607</u>	<u>807,387</u>	<u>2,203,994</u>	<u>(299,956)</u>
Net position (deficit), October 1, 2018	<u>37,546,009</u>	<u>(908,560)</u>		<u>356,663</u>
Net position (deficit), September 30, 2019	<u>\$ 38,942,616</u>	<u>\$ (101,173)</u>		<u>\$ 56,707</u>
Reconciliation to government-wide statement of activities:				
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds			(43,067)	
Change in net position of business-type activities			<u>\$ 2,160,927</u>	

CITY OF MERIDIAN, MISSISSIPPI
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	<u>Water & Sewer</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	
Cash flows from operating activities:				
Receipts from customers and users	\$14,256,850	\$ 2,508,582	\$16,765,432	\$ -
Receipts from internal users	-	-	-	3,903,025
Payments to suppliers	(3,194,173)	(2,651,715)	(5,845,888)	(4,382,629)
Payments to employees	(3,278,075)	(155,611)	(3,433,686)	-
Payments for internal services	(637,096)	(64,125)	(701,221)	-
Net cash provided by (used in) operating activities	7,147,506	(362,869)	6,784,637	(479,604)
Cash flows from noncapital financing activities:				
Ad valorem taxes received	-	12,971	12,971	-
Transfers from other funds	7,931	358,894	366,825	-
Transfers to other funds	(1,851,500)	-	(1,851,500)	-
Net cash provided by (used in) noncapital financing activities	(1,843,569)	371,865	(1,471,704)	-
Cash flows from capital and related financing activities:				
Funds received from capital leases	2,547,715	-	2,547,715	-
Acquisition and construction of capital assets	(2,167,733)	-	(2,167,733)	-
Payments on long-term debt:				
Promissory notes	(1,577,680)	-	(1,577,680)	-
Capital leases	-	(7,332)	(7,332)	-
Transfers between funds	(2,012)	2,012	-	-
Interest paid on debt	(445,542)	(371)	(445,913)	-
Net cash used in capital and related financing activities	(1,645,252)	(5,691)	(1,650,943)	-
Cash flows from investing activities:				
Interest received	149,076	299	149,375	3,954
Net cash provided by investing activities	149,076	299	149,375	3,954
Net increase (decrease) in cash and cash equivalents	3,807,761	3,604	3,811,365	(475,650)
Cash and cash equivalents, October 1, 2018 (including \$11,533,881 in restricted accounts)	23,393,852	78,034	23,471,886	887,812
Cash and cash equivalents, September 30, 2019 (including \$12,475,511 in restricted accounts)	\$27,201,613	\$ 81,638	\$27,283,251	\$ 412,162

CITY OF MERIDIAN, MISSISSIPPI
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	<u>Water & Sewer</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 4,072,059	\$ 426,721	\$ 4,498,780	\$ (303,910)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	2,701,825	28,675	2,730,500	-
Changes in assets and liabilities:				
Accounts receivable	266,250	(124,382)	141,868	-
Receivables - miscellaneous	(460,908)	-	(460,908)	505
Due from other funds	81,515	788	82,303	(31,197)
Inventory	(84,534)	(4,054)	(88,588)	(8,822)
Prepaid items	3,505	(932)	2,573	-
Deferred outflows related to net pension liability	605,644	53,118	658,762	-
Accounts payable	140,261	(222,391)	(82,130)	(136,180)
Accrued liabilities	13,965	2,354	16,319	-
Customer deposits	(63,022)	-	(63,022)	-
Due to other funds	(181,565)	(37,782)	(219,347)	-
Deferred inflows related to net pension liability	605,315	(359,842)	245,473	-
Net pension liability	(552,804)	(125,142)	(677,946)	-
Total adjustments	3,075,447	(789,590)	2,285,857	(175,694)
Net cash provided by (used in) operating activities	\$ 7,147,506	\$ (362,869)	\$ 6,784,637	\$ (479,604)
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)	\$ -

CITY OF MERIDIAN, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2019

**Agency
Funds**

ASSETS

Cash and cash equivalents	\$ 1,463,095
Intergovernmental receivables - County	<u>224,429</u>
Total assets	<u><u>\$ 1,687,524</u></u>

LIABILITIES

Intergovernmental payables:	
Schools	\$ 1,567,048
PERS	107,147
State	<u>13,329</u>
Total liabilities	<u><u>\$ 1,687,524</u></u>

CITY OF MERIDIAN, MISSISSIPPI

Statement of Net Position

Component Units

September 30, 2019

	<u>Meridian Airport Authority</u>	<u>Nonmajor Component Units</u>	<u>Total Component Units</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,260,582	\$ 58,606	\$ 2,319,188
Receivables:			
Accounts	1,416,075	-	1,416,075
Intergovernmental:			
Federal	103,165	-	103,165
Interest	-	48,721	48,721
Inventory	681,778	-	681,778
Prepaid items	60,627	-	60,627
Restricted assets - cash	152,416	-	152,416
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	3,963,954	-	3,963,954
Capital assets (net of accumulated depreciation):			
Buildings	12,403,065	-	12,403,065
Improvements other than buildings	11,326,495	-	11,312,705
Machinery and equipment	(13,790)	-	-
Total assets	34,822,988	5,798,525	40,621,513
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows related to net pension liability	152,896	-	152,896
<u>LIABILITIES</u>			
Accounts payable	955,684	45,257	1,000,941
Accrued liabilities	77,311	24,778	102,089
Unearned revenue	3,948	-	3,948
Noncurrent liabilities:			
Due within one year:			
Note payable	95,593	97,765	193,358
Due in more than one year:			
Note payable	633,285	1,704,267	2,337,552
Compensated absences	218,831	-	218,831
Net pension liability	7,564,458	-	7,564,458
Total liabilities	9,549,110	1,872,067	11,421,177
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows related to net pension liability	11,293	-	11,293
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	30,148,345	-	30,148,345
Restricted for capital projects	152,416	-	152,416
Unrestricted (deficit)	(4,885,280)	3,926,458	(958,822)
Total net position	\$ 25,415,481	\$ 3,926,458	\$ 29,341,939

CITY OF MERIDIAN, MISSISSIPPI
Statement of Activities
Component Units
For the Year Ended September 30, 2019

					Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Program Revenues			Meridian Airport Authority	Nonmajor Component Units	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Component units:							
Meridian Airport Authority	\$ 16,527,763	\$ 14,615,402	\$ -	\$ 984,685	\$ (927,676)	\$ -	\$ (927,676)
Nonmajor component units	139,128	198,656	-	-	-	59,528	59,528
Total component units	\$ 16,666,891	\$ 14,814,058	\$ -	\$ 984,685	(927,676)	59,528	(868,148)
General revenues -							
	Contributions				-	22,365	22,365
	Interest income				20,347	157	20,504
Change in net position					(907,329)	82,050	(825,279)
Net position, October 1, 2018					26,322,810	3,844,408	30,167,218
Net position, September 30, 2019					\$ 25,415,481	\$ 3,926,458	\$ 29,341,939

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The City of Meridian, Mississippi (the “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 (“GAAP”), 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.

The Governmental 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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

1972 to manage the local airport facilities within the City's jurisdiction. MAA has a five-member Board appointed by the City's Mayor and approved by the City Council. Also, the City has the ability to impose its will upon MAA because it has reserved the right to unilaterally abolish MAA at its discretion.

Nonmajor Discretely Presented Component Units:

Meridian Urban Renewal Authority

Meridian Urban Renewal Authority ("MURA") was established by resolution of the City on April 17, 2012, pursuant to Title 43, Chapter 35, Article 1 of the Mississippi Code of 1972 to undertake and carry out urban renewal projects in accordance with an urban renewal plan adopted by the City. MURA has a five-member board appointed by the City's Mayor and approved by the City Council, members of which may be removed at the will of the City. The City has reserved the right to unilaterally abolish MURA at its discretion.

Meridian and Bonita Lakes Development Authority

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

MAA has a September 30 year-end, whereas MURA and MBLDA have a December 31 year-end.

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

Meridian Airport Authority
2811A U.S. Highway 11 South
Meridian, Mississippi

Meridian Urban Renewal Authority
723 23rd Avenue
Meridian, Mississippi

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

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

Related Organizations:

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

Following is a list of related organizations:

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt 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.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

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

The City reports the following major governmental funds:

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

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

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

The 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.

Additionally, the City reports the following fund types:

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

The **internal service funds** 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.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

The **agency funds** account for dedicated property tax assessments and collections forwarded to the Public Employees' Retirement System ("PERS"), Meridian Community College, Meridian Separate School District, and state fines and fees collected by the City Municipal Court for the State of Mississippi. These resources are held by the City in a purely custodial capacity (assets equal liabilities). Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources (property collections and fines and fees) to individuals, organizations, or other governments.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services 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 GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(e) Cash and Cash Equivalents and Investments

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

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

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

(f) Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent 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 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 then 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 Basic Financial Statements

September 30, 2019

The tax rate of the City is expressed in terms of mills (ten mills equal one cent). For the year ended September 30, 2019, the City's 2019 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>2019</u>	<u>2018</u>	
General	34.24	29.75	4.49
Solid waste fund	0.23	0.18	0.05
Fire and police disability retirement fund (closed)	2.70	3.52	(0.82)
General municipal retirement fund (closed)	0.96	1.44	(0.48)
Debt service (general bonds and interest)	12.71	15.95	(3.24)
Meridian Separate School District	62.82	62.82	-
Meridian Community College	7.00	7.00	-
Total mills	<u>120.66</u>	<u>120.66</u>	<u>-</u>

(g) **Inventories and Prepaid Items**

Inventories of supplies are valued at cost, whereas inventory held for resale 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 Basic Financial Statements

September 30, 2019

(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. Any surplus remaining after all deposits and transfers required and allowed by the bond resolution is to be used solely for purposes pertaining to the system. As of September 30, 2019, all accounts required under the bond resolution were fully funded as required.

(j) Capital Assets

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

Capital asset thresholds are as follows:

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

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets works of art, historical treasures,

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

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 GASB 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 \$1,077,871. Of this amount, \$250,982 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

(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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

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.

(I) 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 (which approximates the effective interest rate method). Bonds payable are reported net of the applicable bond premium or discount.

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

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

Deferred gain on refunding reported in the government-wide statement of net position 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 has three pension related items that qualify for reporting in this category – see note 10 for further details.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

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 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.

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:

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

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 the City Council.

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

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

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

(q) New Accounting Pronouncements

Effective for fiscal year 2019, the City implemented the following new standards issued by GASB:

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

The County implemented the following standards issued by GASB in the current fiscal year as required:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. The provisions of this standard have been incorporated into the financial statements and notes. The implementation of this Statement did not have a material impact on the City's basic financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The provisions of this standard have been incorporated into the financial statements and notes. The implementation of this statement did not have a material impact on the City's basic financial statements.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The provisions of this standard provide temporary relief to governments in light of the COVID-19 pandemic by delaying the effective date of certain upcoming GASB pronouncements. 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. 84, *Fiduciary Activities*, effective for financial reporting periods beginning after December 15, 2019.
- GASB Statement No. 87, *Leases*, effective for financial reporting periods beginning after June 15, 2021.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for financial reporting periods beginning after December 15, 2020.
- GASB Statement No. 90, *Major Equity Interests – an amendment of GASB Statements No. 14 and 61*, effective for financial reporting periods beginning after December 15, 2019.
- GASB Statement No. 91, *Conduit Debt Obligations*, effective for financial reporting periods beginning after December 15, 2021.
- GASB Statement No. 92, *Omnibus 2020*, effective for financial reporting periods beginning after June 15, 2021.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, effective for financial reporting periods beginning after June 15, 2021.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

(r) **Financial Statement Format**

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 GAAP.

(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	\$ (47,830,000)
Premium on refunded debt issue	(1,725,895)
Promissory loans payable	(1,605,531)
Accrued interest payable	(458,437)
Capital leases payable	(757,830)
Compensated absences	(923,430)
Claims and judgments	(582,393)
Net pension liability	(44,537,212)
Deferred inflows/outflows	
related to net pension liability	(2,696,990)
Deferred loss on refunding	518,677
Prepaid insurance on bond issue	<u>17,323</u>
Net adjustment to reduce fund balances – total governmental funds to arrive at net position – governmental activities	<u>\$ (100,581,718)</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

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Notes to Basic Financial Statements

September 30, 2019

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	\$ 56,707
Plus internal receivable representing charges insufficient of cost to business-type activities	<u>22,865</u>
Net adjustment to increase fund balances – total governmental funds to arrive at net position – governmental activities	<u>\$ 79,572</u>

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

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

<u>Description</u>	<u>Amount</u>
Capital outlay	\$ 1,140,088
Depreciation expense	<u>(5,257,008)</u>
Net adjustment to reduce net change in fund balances – total governmental funds to arrive at change in net position of governmental activities	<u>\$ (4,116,920)</u>

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

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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, including defeased debt	\$ 7,190,628
Amortization of bond premiums, prepaid insurance, and deferred loss on refunding	38,103
Issuance of general obligation refunding bonds	(1,971,000)
Capital lease financing	<u>(206,715)</u>
Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net position of governmental activities	<u>\$ 5,051,016</u>

Another element of that reconciliation explains that “some expenditures reported in the statement of revenues, expenses and changes in fund balance require the use of current financial resources, but are not reported as expenses in the statement of activities.” The details of this difference are as follows:

<u>Description</u>	<u>Amount</u>
Compensated absences	\$ 56,510
Accrued interest expense	29,255
Claims and judgments	<u>108,371</u>
Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net position of governmental activities	<u>\$ 194,136</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 net revenue

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Notes to Basic Financial Statements

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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	\$ (299,956)
Loss allocated charges to business-type activities	<u>43,067</u>
Net adjustment to reduce net change in fund balances – total governmental funds to arrive at change in net position of governmental activities	<u>\$ (256,889)</u>

(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 2019, the original total budgeted expenditures were \$98,636,078 and was not changed by amendments during the year.

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

CITY OF MERIDIAN, MISSISSIPPI

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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 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) Deficit Net Position/Fund Balance

The Drainage Structure Collapse Emergency fund (a nonmajor capital project fund) had a deficit net position at September 30, 2019 of \$33,359. This deficit will be remedied by litigation for the recovery of costs incurred for the emergency drainage structure repairs in subsequent years.

The 22nd Avenue Overpass/Enhancement Project fund (a nonmajor capital project fund) had a deficit net position at September 30, 2019 of \$38,297. This deficit will be remedied by an appropriation from the State's BP Settlement Fund in subsequent years.

CITY OF MERIDIAN, MISSISSIPPI

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The Waste Collection and Disposal fund (a nonmajor enterprise fund) had a deficit net position at September 30, 2019, of \$101,495. This deficit will be remedied by residential and commercial rate increases in subsequent years.

The Golf Course fund (a nonmajor enterprise fund) had a deficit net position at September 30, 2019, of \$17,095. This deficit will be remedied by transfers from the General Fund in subsequent years.

Union Station (a nonmajor enterprise fund) had a deficit net position at September 30, 2019, of \$27,140. This deficit will be remedied by future rentals of vacant office space and transfers from the General Fund in subsequent years.

The Health and Life Insurance Reserve (a nonmajor internal service fund) has a deficit net position of \$257,408. This deficit will be remedied by future premiums.

(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 \$50,616,619, and the bank balance was \$51,039,181. 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 Deposit Insurance Corporation.

The carrying amount of deposits for discretely presented component units was \$2,471,604, and the bank balance was \$2,510,648. These bank balances were covered by federal depository insurance or collateralized in accordance with state law as described above. Included in deposits is a \$400,000 certificate of deposit due December 10, 2019, classified as an investment on the statement of net position.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

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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	2,500,178
Carrying amount of deposits	<u>48,112,501</u>
Total cash and investments	<u>\$ 50,616,619</u>
Cash and cash equivalents	\$ 26,784,544
Cash and investments – restricted	<u>22,368,980</u>
Total reported on the government-wide statement of net position	49,153,524
Cash and cash equivalents reported on the statement of fiduciary assets and liabilities not included on the government-wide statement of net position	<u>1,463,095</u>
Total reported	<u>\$ 50,616,619</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

(5) Capital Assets

Primary Government:

Capital asset activity for the year ended September 30, 2019, was as follows:

	Balance October 1, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2019</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,197,365	\$ -	\$ 5,400	\$ 8,191,965
Right of ways	2,600	-	-	2,600
Collections - historical treasures	141,250	-	-	141,250
Construction-in-progress	672,913	336,163	791,073	218,003
Total capital assets, not being depreciated	<u>9,014,128</u>	<u>336,163</u>	<u>796,473</u>	<u>8,553,818</u>
Capital assets, being depreciated:				
Buildings	44,560,302	-	-	44,560,302
Improvements other than buildings	5,147,234	-	-	5,147,234
Machinery and equipment	23,463,498	1,594,998	359,810	24,698,686
Infrastructure	118,749,590	-	-	118,749,590
Total capital assets, being depreciated	<u>191,920,624</u>	<u>1,594,998</u>	<u>359,810</u>	<u>193,155,812</u>
Less accumulated depreciation for:				
Buildings	12,633,511	831,854	-	13,465,365
Improvements other than buildings	2,927,989	107,739	-	3,035,728
Machinery and equipment	15,107,447	1,217,931	301,083	16,024,295
Infrastructure	73,898,035	3,099,484	-	76,997,519
Total accumulated depreciation	<u>104,566,982</u>	<u>5,257,008</u>	<u>301,083</u>	<u>109,522,907</u>
Total capital assets, being depreciated, net	<u>87,353,642</u>	<u>(3,662,010)</u>	<u>58,727</u>	<u>83,632,905</u>
Total governmental activities capital assets, net	<u><u>\$96,367,770</u></u>	<u><u>\$(3,325,847)</u></u>	<u><u>\$ 855,200</u></u>	<u><u>\$ 92,186,723</u></u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

	Balance October 1, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2019</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 249,787	\$ 8,000	\$ 6,923	\$ 250,864
Right of ways	105,143	-	-	105,143
Construction-in-progress	7,405,662	1,900,175	-	9,305,837
Total capital assets, not being depreciated	<u>7,760,592</u>	<u>1,908,175</u>	<u>6,923</u>	<u>9,661,844</u>
Capital assets, being depreciated:				
Buildings	126,628	-	-	126,628
Water and sewer system	112,899,053	10,073	399,174	112,509,952
Improvements other than buildings	438,053	-	-	438,053
Machinery and equipment	7,171,372	225,498	96,924	7,299,946
Total capital assets, being depreciated	<u>120,635,106</u>	<u>235,571</u>	<u>496,098</u>	<u>120,374,579</u>
Less accumulated depreciation for:				
Buildings	126,628	-	-	126,628
Water and sewer system	80,755,796	2,202,637	253,674	82,704,759
Improvements other than buildings	260,211	7,564	-	267,775
Machinery and equipment	4,482,710	520,299	96,924	4,906,085
Total accumulated depreciation	<u>85,625,345</u>	<u>2,730,500</u>	<u>350,598</u>	<u>88,005,247</u>
Total capital assets, being depreciated, net	<u>35,009,761</u>	<u>(2,494,929)</u>	<u>145,500</u>	<u>32,369,332</u>
Total business-type activities capital assets, net	<u>\$ 42,770,353</u>	<u>\$ (586,754)</u>	<u>\$ 152,423</u>	<u>\$ 42,031,176</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

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

	<u>Amount</u>
Governmental activities:	
General government	\$ 708,576
Public safety	775,489
Public works	3,656,693
Culture and recreation	<u>116,250</u>
Total depreciation expense - governmental activities	<u><u>\$ 5,257,008</u></u>
Business-type activities:	
Water and sewer department	\$ 2,701,825
Waste collection and disposal	2,416
Golf course	26,007
Union Station	<u>252</u>
Total depreciation expense - business-type activities	<u><u>\$ 2,730,500</u></u>

Construction-in-progress is composed of:

Governmental activities:	
22nd Avenue/Sela Ward Parkway improvements	\$ 38,297
Highway 80 pedestrian improvements	138,133
Old Highway 80 emergency bridge repair	<u>41,573</u>
Total governmental activities	<u>218,003</u>
Business-type activities:	
Upgrade water metering system	8,163,689
Water treatment plant upgrades at B Street and North Plant	<u>1,142,148</u>
Total business-type activities	<u>9,305,837</u>
Total construction-in-progress	<u><u>\$ 9,523,840</u></u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

Discretely Presented Component Units:

Capital asset activity for the year ended September 30, 2019, was as follows:

	Balance October 1, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2019</u>
Meridian Airport Authority:				
Capital assets, not being depreciated:				
Land	\$ 2,468,621	\$ -	\$ -	\$ 2,468,621
Construction-in-progress	2,571,886	1,540,154	148,086	3,963,954
Total capital assets, not being depreciated	<u>5,040,507</u>	<u>1,540,154</u>	<u>148,086</u>	<u>6,432,575</u>
Capital assets, being depreciated:				
Buildings	17,529,383	168,383	-	17,697,766
Improvements other than buildings	32,215,195	-	-	32,215,195
Machinery and equipment	2,897,889	74,040	-	2,971,929
Total capital assets, being depreciated	<u>52,642,467</u>	<u>242,423</u>	<u>-</u>	<u>52,884,890</u>
Less accumulated depreciation for:				
Buildings	4,662,770	631,931	-	5,294,701
Improvements other than buildings	19,506,341	1,382,358	-	20,888,699
Machinery and equipment	2,766,218	219,502	-	2,985,720
Total accumulated depreciation	<u>26,935,329</u>	<u>2,233,791</u>	<u>-</u>	<u>29,169,120</u>
Total capital assets, being depreciated, net	<u>25,707,138</u>	<u>(1,991,368)</u>	<u>-</u>	<u>23,715,770</u>
Total Meridian Airport Authority	<u><u>\$ 30,747,645</u></u>	<u><u>\$ (451,214)</u></u>	<u><u>\$ 148,086</u></u>	<u><u>\$ 30,148,345</u></u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

(6) Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2019, is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Nonmajor Enterprise Funds	\$ 177,513
Nonmajor Enterprise Funds	General Fund	3,325
Nonmajor Governmental Funds	Nonmajor Governmental Funds	155,457
Internal Service Funds	General Fund	70,673
	Water and Sewer Fund	16,729
	Nonmajor Enterprise Funds	<u>1,560</u>
Total due to/from other funds		<u>\$ 425,257</u>
<u>Due to primary government</u>	<u>Due from component units</u>	
General Fund	Meridian Airport Authority	<u>\$ 2,965</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 Basic Financial Statements

September 30, 2019

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>Special Revenue Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water & Sewer Funds</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Funds</u>	
General Fund	\$ -	\$ 420,500	\$ 30,000	\$ -	\$ -	\$ 391,750	\$ -	\$ 842,250
Water & Sewer Fund	1,851,500	-	-	-	-	-	-	1,851,500
Nonmajor								
Governmental Funds	-	-	-	448,853	-	-	-	448,853
Nonmajor								
Enterprise Funds	-	-	-	18,064	7,931	-	-	25,995
Total transfers in	\$ 1,851,500	\$ 420,500	\$ 30,000	\$ 466,917	\$ 7,931	\$ 391,750	\$ -	\$ 3,168,598

(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. The City also leases certain equipment under construction which qualifies as a capital lease for accounting purposes and, therefore, is recorded as payments are made for the construction.

A summary of leased equipment capitalized in the financial statements at September 30, 2019, follows:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Machinery and equipment	\$ 868,413	\$ -
Capital lease equipment under construction	-	7,765,961
Less accumulated depreciation	(868,413)	-
Total leased equipment capitalized	\$ -	\$ 7,765,961

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

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The future minimum lease obligations and the net present value of minimum lease commitments at September 30, 2019, follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2020	\$ 80,409	\$ 959,793
2021	80,409	959,793
2022	80,409	959,793
2023	79,269	959,793
2024	77,673	959,793
2025-2029	388,367	4,798,963
2030-2033	<u>271,859</u>	<u>3,359,272</u>
Total minimum lease commitments	1,058,395	12,957,200
Less amount representing interest	<u>(300,565)</u>	<u>(3,714,012)</u>
Present value of minimum lease payments	757,830	9,243,188
Current portion of obligations under capital leases	<u>(2,736)</u>	<u>-</u>
Obligations under capital leases, less current installments	<u>\$ 755,094</u>	<u>\$ 9,243,188</u>

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, 2019.

Meridian Airport Authority (a discretely presented component unit) leases refueling trucks for use in the operations of Meridian Aviation with monthly lease payments beginning May 2018. This lease term expires in April 2023. Costs for this lease totaled \$45,000 for the year ended September 30, 2019.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

The future minimum lease payments for the operating leases at September 30, 2019, are as follows:

<u>Year Ending September 30,</u>	<u>City of Meridian</u>	<u>Meridian Airport Authority</u>
2020	\$ 306,900	\$ 45,000
2021	305,000	45,000
2022	305,000	45,000
2023	305,000	45,000
2024	305,000	-
2025-2029	1,525,000	-
2030-2033	<u>1,118,333</u>	<u>-</u>
Total future minimum lease payments	<u>\$ 4,170,233</u>	<u>\$ 180,000</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

(8) Long-term Liabilities

A summary of long-term liabilities at September 30, 2019 follows:

	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities:		
Outstanding bonds:		
General government	1.20 - 5.25%	\$ 45,144,000
Special obligation bonds – parking facilities	3.30 - 5.38%	455,000
Limited obligation bonds – tax increment financing	2.20 - 8.75%	2,061,000
Special assessment debt with City commitment	4.50 - 6.25%	170,000
Plus unamortized premium on debt refunding		1,725,895
Other debt:		
Promissory loans	1.42%	1,605,531
Capital leases	1.42 - 4.20%	757,830
Compensated absences		923,430
Claims and judgments		582,393
Net pension liability		<u>44,537,212</u>
Total governmental activities		97,962,291
Less current portion payable		<u>(5,831,245)</u>
Governmental activities, net		<u>\$ 92,131,046</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

	<u>Interest Rates</u>	<u>Amount</u>
Business-type activities:		
Water and sewer promissory loans	.5 - 4.0%	\$ 13,654,696
Plus unamortized premium on debt refunding		<u>402,254</u>
Total promissory loans		14,056,950
Capital leases	4.2%	9,243,188
Compensated absences		129,841
Net pension liability		<u>7,371,886</u>
Total business-type activities		30,801,865
Less current portion payable		<u>(1,590,689)</u>
Business activities, net		<u><u>\$ 29,211,176</u></u>
Discretely presented component units:		
Promissory loans	2.8% - 5.5%	\$ 2,530,910
Compensated absences		218,831
Net pension liability		<u>7,564,458</u>
Total discretely presented component units		10,314,199
Less current portion payable		<u>(193,358)</u>
Discretely presented component units, net		<u><u>\$ 10,120,841</u></u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

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

<u>Year Ending September 30,</u>	Governmental Activities					<u>Total</u>
	<u>General Obligation Bonds</u>	<u>Special Obligation Bonds</u>	<u>Limited Obligations Bonds</u>	<u>Special Assessment Debt</u>	<u>Promissory Loans</u>	
2020	\$ 5,667,119	\$ 129,456	\$ 162,790	\$ 139,490	\$ 584,805	\$ 6,683,660
2021	5,491,206	128,813	462,839	42,040	560,194	6,685,092
2022	5,517,694	127,900	456,649	-	465,697	6,567,940
2023	5,549,296	131,719	428,283	-	24,443	6,133,741
2024	4,920,958	-	428,186	-	-	5,349,144
2025-2029	16,932,361	-	256,794	-	-	17,189,155
2030-2034	8,136,241	-	-	-	-	8,136,241
2035-2039	4,496,003	-	-	-	-	4,496,003
Total	\$56,710,878	\$ 517,888	\$2,195,541	\$ 181,530	\$1,635,139	\$ 61,240,976
Interest included in above totals	\$11,566,878	\$ 62,888	\$ 134,541	\$ 11,530	\$ 29,608	\$ 11,805,445

<u>Year Ending September 30,</u>	<u>Business-type Activities</u>	<u>Discretely Presented Component Units</u>
	<u>Promissory Loans</u>	<u>Promissory Loans</u>
2020	\$ 1,823,226	\$ 311,100
2021	1,690,328	311,099
2022	1,605,271	311,100
2023	1,446,020	311,100
2024	988,829	311,100
2025-2029	3,221,494	1,207,011
2030-2034	2,863,329	585,721
2035-2039	1,792,858	-
2040-2043	5,678	-
Total	\$15,437,033	\$ 3,348,231
Interest included in above totals	\$ 1,782,337	\$ 817,321

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

A summary of changes in the long-term liabilities during the year ended September 30, 2019, follows:

<u>Description</u>	<u>October 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30, 2019</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation debt	\$ 49,012,000	\$ -	\$ 3,868,000	\$45,144,000	\$ 4,005,000
Special obligation bonds	555,000	-	100,000	455,000	105,000
Limited obligation bonds	2,625,000	1,971,000	2,535,000	2,061,000	130,000
Special assessment with City commitment	290,000	-	120,000	170,000	130,000
Unamortized premiums/discounts	1,828,609	-	102,714	1,725,895	-
Total bonds payable	<u>54,310,609</u>	<u>1,971,000</u>	<u>6,725,714</u>	<u>49,555,895</u>	<u>4,370,000</u>
Promissory loans	2,168,881	-	563,350	1,605,531	568,306
Capital leases	578,818	206,715	27,703	757,830	2,736
Compensated absences	979,940	814,462	870,972	923,430	307,810
Claims and judgments	690,764	238,787	347,158	582,393	582,393
Net pension liability	48,585,772	-	4,048,560	44,537,212	-
Governmental activities long-term liabilities	<u>\$ 107,314,784</u>	<u>\$ 3,230,964</u>	<u>\$ 12,583,457</u>	<u>\$ 97,962,291</u>	<u>\$ 5,831,245</u>
Business-type activities:					
Promissory loans	\$ 15,176,193	\$ -	\$ 1,521,497	\$13,654,696	\$ 1,547,409
Unamortized premiums/discounts	465,768	-	63,514	402,254	-
Capital leases	6,695,473	2,547,715	-	9,243,188	-
Compensated absences	135,380	160,234	165,773	129,841	43,280
Net pension liability	8,284,532	-	912,646	7,371,886	-
Business-type activities long-term liabilities	<u>\$ 30,757,346</u>	<u>\$ 2,707,949</u>	<u>\$ 2,663,430</u>	<u>\$30,801,865</u>	<u>\$ 1,590,689</u>
Discretely presented component units:					
Meridian Airport Authority:					
Promissory loans	\$ 821,840	\$ -	\$ 92,962	\$ 728,878	\$ 95,593
Compensated absences	211,855	6,976	-	218,831	-
Net pension liability	6,320,529	1,243,929	-	7,564,458	-
Meridian Urban Renewal Authority:					
Promissory loans	1,894,600	-	92,568	1,802,032	97,765
Discretely presented component units	<u>\$ 9,248,824</u>	<u>\$ 1,250,905</u>	<u>\$ 185,530</u>	<u>\$10,314,199</u>	<u>\$ 193,358</u>

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

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 \$65,134,000.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

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 \$2,271,000. 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.

During fiscal year 2019, the City issued limited obligation tax increment refunding bonds in the amount of \$1,971,000 to advance refund \$1,940,000 of the outstanding 2009 tax increment bonds. As of September 30, 2019, the outstanding balance on the 2009 tax increment defeased bonds was \$1,940,000, to be redeemed through 2025. This refunding was undertaken to reduce the total debt service payments by \$323,894 and resulted in an economic gain of \$275,211.

Special Assessment Debt

The City issues special assessment debt 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.

Promissory Loans

During fiscal year 2010, the City entered into an \$8,411,225 (subsequently amended to \$9,044,496) loan agreement with the Mississippi Department of Environmental Quality through the EPA Water Pollution Control Revolving Loan Fund Program. The proceeds from this note were used for the rehabilitation of the South Wastewater Treatment Plant.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

The City has drawn \$8,452,934 against these loan funds as of September 30, 2019. Accrued interest in the amount \$205,345 has been financed with this principal amount.

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 have been fully redeemed.

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 20 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 24 standard fleet vehicles, 7 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 two new wells, with appurtenances and treatment facility repairs and rehabilitation at both treatment plants. The City has drawn \$465,087 against these loan funds as of September 30, 2019. Interest accrued prior to the initiation of the repayment process will be added to the final allowable project costs to determine the actual principal amount to be repaid by the City. The interest will begin to accrue at a future date based on construction progress.

Letter of Credit

The City maintains a \$600,000 unsecured irrevocable letter of credit with Citizens National Bank. This letter of credit was issued for a fee of \$6,075 in favor of Travelers Indemnity Company for support of the City's deductible for workers' compensation claims. This letter of credit expired August 1, 2019, with an automatic extension for one year, which has been extended through August 1, 2021. As of September 30, 2019, the City had no outstanding balance on this letter of credit. The interest rate is set at 1/4 of 1.0 percent quarterly plus \$75.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

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, 2019, 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 Percentage of Pledged Revenue</u>
General obligation bonds:			
Mississippi Arts and Entertainment Center	\$ 3,404,771	\$ 1,516,294	44.53%
Limited obligation bonds:			
Crossroads improvements	477,581	477,375	99.96%
Riverbirch improvements	35,550	36,000	101.27%
Special assessment debt:			
paving projects	124,298	136,255	109.62%

Interlocal Cooperation Agreement

During fiscal year 2014, the City entered into an Interlocal Cooperation Agreement with Lauderdale County, Mississippi (the "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.

Discretely Presented Component Units:

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

In July 2018, MAA was approved for a \$5,000,000 loan. Interest only begins to accrue once the funds are received. As of September 30, 2019, MAA had not made any draws against the available balance.

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

(9) **Lessor Operating Leases**

The City and MAA (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, 2019, 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>
2020	\$ 122,332	\$ 258,784
2021	134,323	159,890
2022	124,593	116,324
2023	117,895	54,918
2024	6,900	14,795
Thereafter	<u>-</u>	<u>167,400</u>
Total minimum future rentals	<u>\$ 270,166</u>	<u>\$ 772,111</u>

(10) **Defined Benefit Pension Plans**

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan - PERS

General Information about the Plan

Plan Description

The City and its component unit, MAA, contribute to 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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

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 PERS 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.

Contributions

PERS members are required to contribute 9.00 percent of their annual covered salary, and the employers are required to contribute at an actuarially determined rate. The employers' rate as of September 30, 2019, was 17.40 percent of annual covered payroll, which increased from 15.75 percent in July 2019. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

A summary of the City's and MAA's contributions to PERS for the fiscal year ended September 30, 2019, follows:

<u>Description</u>	<u>City of Meridian</u>	<u>Meridian Airport Authority</u>
Employer contributions	<u>\$ 2,600,913</u>	<u>\$ 462,378</u>
Contribution rate through July 1, 2019	15.75%	15.75%
Contribution rate after July 1, 2019	<u>17.40%</u>	<u>17.40%</u>

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

At September 30, 2019, 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>\$ 44,349,541</u>	<u>\$ 7,564,548</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The City's and MAA's proportion of the net pension liability was 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 Basic Financial Statements

September 30, 2019

The City's and MAA's proportionate share of the plan's net pension liability at June 30, 2019 and 2018 were as follows:

<u>Description</u>	<u>City of Meridian</u>	<u>Meridian Airport Authority</u>
Proportionate share – June 30, 2019	0.25%	0.043%
Proportionate share – June 30, 2018	<u>0.29%</u>	<u>0.038%</u>
Increase (decrease)	<u>-0.04%</u>	<u>0.005%</u>

As a result of the change in proportion for the City, certain nonmajor enterprise funds have reported negative personnel services in the accompanying financial statements.

For the year ended September 30, 2019, the City and MAA recognized pension expense of \$4,424,081 and \$1,047,471, respectively. At September 30, 2019, the City and MAA reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

<u>City of Meridian</u>		
<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 26,236	\$ 47,738
Net difference between projected and actual earnings on plan	-	485,206
Changes of assumptions	434,806	-
Changes in proportion	1,202,091	5,083,627
City contributions subsequent to the measurement date	<u>746,557</u>	<u>-</u>
Totals	<u>\$ 2,409,690</u>	<u>\$ 5,616,571</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

Meridian Airport Authority

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 138,144	\$ -
Net difference between projected and actual earnings on plan	-	-
Changes of assumptions	(136,793)	11,293
Changes in proportion	20,285	-
MAA contributions subsequent to the measurement date	131,260	-
Totals	\$ 152,896	\$ 11,293

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, 2020.

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>
2020	\$ (801,538)	\$ 36,600
2021	(2,086,328)	(63,080)
2022	(1,268,043)	31,806
2023	202,471	5,017
Total	\$ (3,953,438)	\$ 10,343

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

Actuarial Assumptions

The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Description</u>	<u>Assumptions</u>
Inflation	2.75%
Salary increases	3.00% - 18.25%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments. For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions are based on the experience investigation for the four-year period ending June 30, 2018.

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 Basic Financial Statements

September 30, 2019

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	27.00%	4.90%
International equity	22.00%	4.75%
Global equity	12.00%	5.00%
Debt securities	20.00%	1.50%
Real estate	10.00%	4.00%
Private equity	8.00%	6.25%
Cash equivalents	1.00%	0.25%
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 (17.40 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 Basic Financial Statements

September 30, 2019

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>\$ 58,299,007</u>	<u>\$ 44,349,541</u>	<u>\$ 32,835,507</u>
MAA's proportionate share of the net pension liability	<u>\$ 9,375,157</u>	<u>\$ 7,564,548</u>	<u>\$ 5,299,084</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 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 17 cities providing retirement benefits to firefighters and police officers. Plan provisions are established by Miss. Code Ann. Section 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 PERS of Mississippi,

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Notes to Basic Financial Statements

September 30, 2019

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 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.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

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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 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, 2019 (measurement date), the following employees were covered by the plans:

<u>Description</u>	<u>Meridian General</u>	<u>Meridian Fire & Police</u>
Active employees	-	-
Inactive members or their beneficiaries currently receiving benefits	38	118
Inactive members entitled to but not yet receiving benefits	<u>-</u>	<u>-</u>
Total	<u><u>38</u></u>	<u><u>118</u></u>

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, 2019, the City levied 3.66 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 2019, the Meridian Fire and Police employees' contribution rate was 10 percent of covered payroll, and Meridian General employees' contribution rate was 7

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

percent of covered payroll. There were no active Meridian Fire and Police Plan employees in fiscal years 2019 or 2018. The City's contributions to the Meridian General Plan and the Meridian Fire and Police Plan for the fiscal year ended September 30, 2019, were \$354,148 and \$977,170, 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, 2019, 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, 2019, actuarial valuations were determined using the following actuarial information and assumptions:

<u>Description</u>	<u>Assumptions</u>
Inflation	2.75%
Salary increases	3.00% - 18.25%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

The underlying mortality assumptions used in the June 30, 2019 valuation were adopted by the PERS Board of Trustees when the experience investigation for the four-year period ended June 30, 2018, was adopted on August 27, 2019. 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 employer contributions will be made at rates equal to the actuarially determined contribution rates. 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 Basic Financial Statements

September 30, 2019

Changes in Net Pension Liability

Changes in the City's net pension liability for each plan for the year ended September 30, 2019 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 July 1, 2018	<u>\$ 6,002,937</u>	<u>\$ 3,325,636</u>	<u>\$ 2,677,301</u>
Changes for the year:			
Interest	437,947	-	437,947
Difference between expected and actual experience	(69,562)	-	(69,562)
Changes in assumptions	(24,886)	-	(24,886)
Contributions – employer	-	354,148	(354,148)
Net investment income	-	222,168	(222,168)
Benefit payments, including refunds of employee contributions	(704,023)	(704,023)	-
Administrative expense	-	(7,083)	7,083
Other changes	-	(57)	57
Net changes	<u>(360,524)</u>	<u>(134,847)</u>	<u>(225,677)</u>
Balance at June 30, 2019	<u>\$ 5,642,413</u>	<u>\$ 3,190,789</u>	<u>\$ 2,451,624</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

	<u>Meridian Fire & Police Plan</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at July 1, 2018	\$ 15,399,049	\$ 9,525,004	\$ 5,874,045
Changes for the year:			
Interest	1,128,051	-	1,128,051
Difference between expected and actual experience	(310,739)	-	(310,739)
Changes of assumptions	(57,866)	-	(57,866)
Contributions – employer	-	977,170	(977,170)
Net investment income	-	565,753	(565,753)
Benefit payments, including refunds of employee contributions	(1,687,103)	(1,687,103)	-
Administrative expense	-	(19,543)	19,543
Other changes	-	2,179	(2,179)
Net changes	<u>(927,657)</u>	<u>(161,544)</u>	<u>(766,113)</u>
Balance at June 30, 2019	<u>\$ 14,471,392</u>	<u>\$ 9,363,460</u>	<u>\$ 5,107,932</u>

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

The following presents 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>\$ 2,855,409</u>	<u>\$ 2,451,624</u>	<u>\$ 2,097,775</u>
Meridian Fire and Police	<u>\$ 6,191,420</u>	<u>\$ 5,107,932</u>	<u>\$ 4,162,782</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

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.

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

For the year ended September 30, 2019, each plan recognized pension expense as follows:

<u>Description</u>	<u>Meridian General</u>	<u>Meridian Fire & Police</u>
Pension expense	<u>\$ 134,320</u>	<u>\$ 173,381</u>

At September 30, 2019, 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	\$ -	\$ 32,163
City contributions subsequent to the measurement date	<u>16,398</u>	<u>-</u>
Total Meridian General	<u>\$ 16,398</u>	<u>\$ 32,163</u>
<i>Meridian Fire and Police:</i>		
Net difference between projected and actual earnings on plan investments	\$ -	\$ 14,174
City contributions subsequent to the measurement date	<u>46,108</u>	<u>-</u>
Total Meridian Fire and Police	<u>\$ 46,108</u>	<u>\$ 14,174</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.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

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, 2020.

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>Meridian</u>	<u>Meridian</u>
<u>Year Ending September 30,</u>	<u>General</u>	<u>Fire & Police</u>
2020	\$ (445)	\$ 29,922
2021	(37,939)	(93,627)
2022	1,872	20,700
2023	<u>4,349</u>	<u>28,831</u>
Totals	<u><u>\$ (32,163)</u></u>	<u><u>\$ (14,174)</u></u>

Payable to Pension Plan

As of September 30, 2019, the City reported a payable of \$107,147 for the outstanding amount of contributions to the pension plans required for the year ended September 30, 2019.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

Summary of Pension Plans' Balances

The City's pension related balances presented on the statement of net position as of September 30, 2019, 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>\$ 2,409,690</u>	<u>\$ 16,398</u>	<u>\$ 46,108</u>	<u>\$ 2,472,196</u>
Net pension liability	<u>\$ 44,349,541</u>	<u>\$ 2,451,624</u>	<u>\$ 5,107,932</u>	<u>\$ 51,909,098</u>
Deferred inflows related to net pension liability	<u>\$ 5,616,571</u>	<u>\$ 32,163</u>	<u>\$ 14,174</u>	<u>\$ 5,662,908</u>
Pension expense	<u>\$ 4,424,081</u>	<u>\$ 134,320</u>	<u>\$ 173,381</u>	<u>\$ 4,731,782</u>

(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 2019, 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.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

Changes in the balances of claims liabilities during the fiscal years ended September 30, 2019 and 2018, follows:

<u>Description</u>	<u>2019</u>	<u>2018</u>
Unpaid claims, beginning of year	\$ 690,764	\$ 580,947
Incurred claims (including IBNRs)	238,787	675,453
Claim payments	<u>(347,158)</u>	<u>(565,636)</u>
Unpaid claims, end of year	<u>\$ 582,393</u>	<u>\$ 690,764</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.

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.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

Changes in the balances of claims liabilities during the fiscal years ended September 30, 2019 and 2018, follows:

<u>Description</u>	<u>2019</u>	<u>2018</u>
Unpaid claims, beginning of year	\$ 576,073	\$ 611,242
Incurred claims (including IBNRs)	3,444,305	2,035,599
Claim payments	<u>(3,575,449)</u>	<u>(2,070,768)</u>
Unpaid claims, end of year	<u>\$ 444,929</u>	<u>\$ 576,073</u>

(12) Pollution Remediation

In May 2014, the United States Environmental Protection Agency (“EPA”) notified the City that it had violated the Clean Water Act (“CWA”) due in large part to Sanitary Sewer Overflows (“SSOs”) from the City’s sanitary wastewater collection and treatment system during wet weather. The City has responded to the EPA’s claims and has been involved in extensive negotiations with the EPA to develop a remedy to the CWA violations. The City authorized the acceptance and execution of a consent decree in June 2018, and a revised consent decree in April 2019. The consent decree will require a civil penalty of \$276,000, in addition to capital expenditures and increased operational expenditures related to the sewer system. Such expenditures will require significant increases in rates for water and sewer system services. The consent decree became effective once entered by the Court in August 2019.

(13) Contingent Liabilities

Litigation

The City is a defendant in various litigations arising out of normal business activities. Although the City carries commercial insurance to protect itself against damage claims, it is possible that the ultimate resolution of cases may exceed the City’s insured limits.

Management, with the advice of legal counsel, is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on the financial statements.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

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 26 ad valorem tax abatement agreements with 11 different businesses as of September 30, 2019. 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 10 years total. Ad valorem taxes for school district purposes are not exempt. The initial exemption period begins on January 1 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, 2019:

<u>Description</u>	<u>Assessed Valuation</u>	<u>Fiscal Year 2019 Ad Valorem Taxes Abated</u>
Real property tax abatements ending December 31, 2019 through 2025	\$ 2,807,084	\$ 142,712
Personal property tax abatements ending December 31, 2019 through 2027	<u>1,556,404</u>	<u>79,128</u>
Totals	<u>\$ 4,363,488</u>	<u>\$ 221,840</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

(15) Construction and Other Significant Commitments

The City has executed a preliminary engineering services agreement for construction bridge plans for the rehabilitation of Valley Road over Sowashee Creek. The engineering services are being paid from local funds.

The City has executed a professional engineering services agreement for the engineering services associated with the Old Highway 80 Bridge replacement. The engineering services are being paid from the state's Emergency Road and Bridge Repair Fund.

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

The City has executed a contract for the construction of concrete sidewalks along the south side of Highway 80 beginning at 71st Place and ending at U.S. Highway 19. The preliminary engineering services were paid from local funds, and construction will be paid from a \$700,000 Mississippi Transportation Commission grant and \$268,184 from local funds.

The City authorized the acceptance and execution of a consent decree with the United States Environmental Protection Agency ("EPA") and the Mississippi Department of Environmental Quality ("MDEQ"). The consent decree will require capital expenditures and increase operational expenditures related to the sewer system. Such expenditures will require an annual 9 percent increase in rates for water and sewer system services through fiscal year 2025.

The City has pledged to contribute \$1,000,000 over a six-year period toward the development of the Mississippi Children's Museum – Meridian (the "Museum"). Contributions through 2019 total \$450,000. The Museum will operate in downtown Meridian, Mississippi under the guidance and umbrella of the Mississippi Children's Museum, a nonprofit corporation.

The City has pledged to contribute \$1,000,000 over a ten-year period toward the START Campaign for the Mississippi Arts and Entertainment Center (the "Center"). Contributions through 2019 total \$300,000. The Center was approved by the Mississippi State Legislature and opened in April 2018 as the Mississippi Arts and Entertainment Experience in downtown Meridian, Mississippi. The Center's purpose is to capture the essence of Mississippi's legacy in the arts and to celebrate the richness and depth of that legacy and the Mississippians who created it.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

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 20 years, with an option to purchase the premises upon expiration of the primary lease term. The base rental is \$305,000 annually for the first five years and will be adjusted every five years thereafter according to the Consumer Price Index for Urban Wage and Clerical Workers ("CPI-U").

The citizens of the City of Meridian approved a special 2 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 Center. The special tax was levied beginning 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 are as follows:

<u>Description</u>	<u>Encumbrance Amount</u>
Assigned for various governmental services	\$ 472,097

(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.

(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 basic financial statements. Management evaluated the activity of the City through September 28, 2020 (the date the financial statements were available to be issued), and noted the following items which require disclosure in the notes to the basic financial statements.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Basic Financial Statements

September 30, 2019

Subsequent to September 30, 2019, the City issued \$41,000,000 of Special Obligation Bonds related to a combined water and sewer system revenue project. The bonds mature over a 30-year period and have interest rates ranging from 4 percent to 5 percent.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the City. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MERIDIAN, MISSISSIPPI

Required Supplementary Information

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual (Budgetary Basis) Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Ad valorem	\$ 11,664,362	\$ 11,664,362	\$ 11,833,073	\$ 168,711
Sales	13,858,000	13,858,000	13,720,730	(137,270)
County road	710,700	710,700	731,324	20,624
Gasoline	26,800	26,800	28,012	1,212
Payment in lieu of taxes	190,500	190,500	167,985	(22,515)
Intergovernmental:				
Alcoholic beverage	54,000	54,000	54,900	900
State Fire Insurance Fund	235,000	235,000	242,861	7,861
Municipal aid	20,520	20,520	20,520	-
Franchise:				
Mississippi Power	2,145,120	2,145,120	2,100,520	(44,600)
Atmos Energy	151,500	151,500	150,523	(977)
Comcast Cable	415,000	415,000	403,042	(11,958)
East Mississippi Electric Power Association	54,000	54,000	54,156	156
Contact Network, LLC	4,900	4,900	2,260	(2,640)
Telepak Networks, Inc.	38,000	38,000	41,523	3,523
Fines and forfeitures	900,000	900,000	548,676	(351,324)
Licenses and permits:				
Privilege license	125,000	125,000	120,104	(4,896)
Building and allied permits	130,000	130,000	144,140	14,140
Charges for services:				
Garbage collection	2,320,000	2,320,000	2,333,408	13,408
Recreation	100,000	100,000	79,778	(20,222)
Enterprise funds	1,895,500	1,895,500	1,851,500	(44,000)
Training fees	76,059	76,059	41,469	(34,590)
Miscellaneous	360,000	360,000	172,609	(187,391)
Interest on investments	30,000	30,000	56,776	26,776
Interest costs and damages	116,000	116,000	127,452	11,452
Total revenues	35,620,961	35,620,961	35,027,341	(593,620)
Expenditures:				
General government:				
Personnel services	1,361,816	1,361,816	1,324,246	37,570
Supplies and expenses	564,824	764,824	615,032	149,792
Capital outlay	9,700	9,700	9,695	5
Transfers and other charges	1,215,501	969,501	421,610	547,891
Total general government	3,151,841	3,105,841	2,370,583	735,258

CITY OF MERIDIAN, MISSISSIPPI

Required Supplementary Information

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended September 30, 2019

	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	\$ 1,234,634	\$ 1,234,634	\$1,022,110	\$ 212,524
Supplies and expenses	1,960,595	1,960,595	1,908,059	52,536
Capital outlay	155,000	155,000	155,000	-
Transfers and other charges	35,000	35,000	35,000	-
Total finance and records	<u>3,385,229</u>	<u>3,385,229</u>	<u>3,120,169</u>	<u>265,060</u>
Community development:				
Personnel services	1,181,868	1,181,868	825,170	356,698
Supplies and expenses	257,351	257,351	185,629	71,722
Capital outlay	15,024	15,024	9,083	5,941
Transfers and other charges	341,500	342,500	292,269	50,231
Total community development	<u>1,795,743</u>	<u>1,796,743</u>	<u>1,312,151</u>	<u>484,592</u>
Parks and recreation:				
Personnel services	1,234,483	1,429,483	1,268,931	160,552
Supplies and expenses	909,882	897,882	667,676	230,206
Capital outlay	70,673	52,673	48,924	3,749
Total parks and recreation	<u>2,215,038</u>	<u>2,380,038</u>	<u>1,985,531</u>	<u>394,507</u>
Public works:				
Personnel services	3,550,013	3,550,013	3,161,492	388,521
Supplies and expenses	1,528,475	1,528,475	1,500,841	27,634
Capital outlay	164,368	164,368	157,347	7,021
Transfers and other charges	2,320,000	2,320,000	2,317,534	2,466
Total public works	<u>7,562,856</u>	<u>7,562,856</u>	<u>7,137,214</u>	<u>425,642</u>
Police:				
Personnel services	7,390,300	7,390,300	6,146,728	1,243,572
Supplies and expenses	1,959,110	1,839,110	1,454,707	384,403
Capital outlay	391,050	391,050	380,930	10,120
Transfers and other charges	12,500	12,500	12,500	-
Total police	<u>9,752,960</u>	<u>9,632,960</u>	<u>7,994,865</u>	<u>1,638,095</u>
Fire:				
Personnel services	6,227,624	6,197,624	5,447,939	749,685
Supplies and expenses	858,690	948,690	884,127	64,563
Capital outlay	573,421	513,421	503,506	9,915
Transfers and other charges	21,500	21,500	16,127	5,373
Total fire	<u>7,681,235</u>	<u>7,681,235</u>	<u>6,851,699</u>	<u>829,536</u>

CITY OF MERIDIAN, MISSISSIPPI

Required Supplementary Information

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual (Budgetary Basis) Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures (continued):				
Public Safety & Training Facility:				
Personnel services	\$ 338,839	\$ 338,839	\$ 289,066	\$ 49,773
Supplies and expenses	167,220	167,220	151,553	15,667
Total public safety & training facility	<u>506,059</u>	<u>506,059</u>	<u>440,619</u>	<u>65,440</u>
Arts District Parking Garage:				
Supplies and expenses	<u>58,750</u>	<u>58,750</u>	<u>45,002</u>	<u>13,748</u>
Total expenditures	<u>36,109,711</u>	<u>36,109,711</u>	<u>31,257,833</u>	<u>4,851,878</u>
Net change in fund balances	<u>\$ (488,750)</u>	<u>\$ (488,750)</u>	<u>3,769,508</u>	<u>\$ (5,445,498)</u>
Fund balances, October 1, 2018			<u>4,495,628</u>	
Fund balances, September 30, 2019			<u><u>\$8,265,136</u></u>	

Notes to Schedule: 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	\$ 3,769,508
Basis differences:	
Net accrued revenues and related receivables	(718,140)
Net accrued expenditures and related liabilities	<u>2,238,103</u>
Net change in fund balances – GAAP basis	<u><u>\$ 5,289,471</u></u>

CITY OF MERIDIAN, MISSISSIPPI
Required Supplementary Information
Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual (Budgetary Basis) Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$ 1,410,000	\$ 1,410,000	\$ 4,446,574	\$ 3,036,574
Expenditures -				
Project costs	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,409,415</u>	<u>590,585</u>
Net change in fund balances	<u><u>\$ (1,590,000)</u></u>	<u><u>\$ (1,590,000)</u></u>	<u>2,037,159</u>	<u>\$ 3,627,159</u>
Fund balances, October 1, 2018			<u>3,773,298</u>	
Fund balances, September 30, 2019			<u><u>\$ 5,810,457</u></u>	

Notes to Schedule: 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>Special Revenue Fund</u>
Net change in fund balances – budgetary basis	\$ 2,037,159
Basis differences:	
Net accrued revenues and related receivables	3,582,233
Net accrued expenditures and related liabilities	<u>(3,169,961)</u>
Net change in fund balances – GAAP basis	<u><u>\$ 2,449,431</u></u>

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.252101%	0.292935%	0.280872%	0.260207%	0.253100%
City's proportionate share of the net pension liability	\$ 44,349,541	\$ 48,235,616	\$ 46,545,503	\$ 46,442,492	\$ 38,645,070
City's covered payroll	\$ 16,418,680	\$ 18,706,663	\$ 18,018,067	\$ 16,646,173	\$ 15,812,876
City's proportionate share of the net pension liability as a percentage of its covered payroll	270.12%	257.85%	258.33%	279.00%	244.39%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%

¹GASB 68 was implemented in fiscal year 2015; information is not available to present a full 10 years.
The City has presented information for the years in which it is available.

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

The accompanying notes to the PERS pension schedules are an integral part of this schedule.

CITY OF MERIDIAN, MISSISSIPPI
Required Supplementary Information
Public Employees' Retirement System of Mississippi
Schedule of the City's Contributions
Last Ten Fiscal Years¹

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 2,600,913	\$ 2,846,562	\$ 2,967,048	\$ 2,742,339	\$ 2,508,000
Contributions in relation to the statutorily required contribution	<u>2,600,913</u>	<u>2,846,562</u>	<u>2,967,048</u>	<u>2,742,339</u>	<u>2,508,000</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	<u>\$ 16,066,490</u>	<u>\$ 18,073,401</u>	<u>\$ 18,838,387</u>	<u>\$ 17,411,778</u>	<u>\$ 15,923,801</u>
Contributions as a percentage of covered payroll	<u>16.19% ²</u>	<u>15.75%</u>	<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 10 years. The City has presented information for the years in which it is available.

²The 2019 contributions as a percentage of covered payroll will be an average of the former contribution rate of 15.75% and the current contribution rate of 17.40%.

The accompanying notes to the PERS pension schedules are an integral part of this schedule.

Notes to PERS Pension Schedules

A. Changes of assumptions.

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

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

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

CITY OF MERIDIAN, MISSISSIPPI
 Required Supplementary Information
 Public Employees' Retirement System of Mississippi
 Schedule of the City's Contributions
 Last Ten Fiscal Years¹

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumptions were 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%.

2019

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

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

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

CITY OF MERIDIAN, MISSISSIPPI
 Required Supplementary Information
 Public Employees' Retirement System of Mississippi
 Schedule of the City's Contributions
 Last Ten Fiscal Years¹

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

B. Changes in benefit provisions.

2016

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by *The Wall Street Journal* on December 31 of each preceding year with a minimum rate of 1% and a maximum rate of 5%.

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 fiscal year-end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price Inflation	3% percent
Salary increase	3.25% to 18.50%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement period fiscal year-end ²	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Total pension liability:					
Interest	\$ 437,947	\$ 458,020	\$ 471,793	\$ 495,938	\$ 517,472
Difference between expected and actual experience	(69,562)	(8,211)	45,421	(108,041)	(79,725)
Changes of assumptions	(24,886)	-	6,705	-	212,270
Benefit payments, including refunds of employee contributions	(704,023)	(713,603)	(689,684)	(709,204)	(729,218)
Net change in total pension liability	(360,524)	(263,794)	(165,765)	(321,307)	(79,201)
Total pension liability, beginning	6,002,937	6,266,731	6,432,496	6,753,803	6,833,004
Total pension liability, ending (a)	\$5,642,413	\$6,002,937	\$6,266,731	\$6,432,496	\$6,753,803
Plan fiduciary net position:					
Contributions - employer	\$ 354,148	\$ 482,522	\$ 514,966	\$ 722,557	\$ 729,047
Contributions - employee	-	2,431	4,488	5,581	4,767
Net investment income	222,168	259,283	428,676	44,792	92,425
Benefit payments, including refunds of employee contributions	(704,023)	(713,603)	(689,684)	(709,204)	(729,218)
Administrative expense	(7,083)	(9,650)	(10,299)	(14,451)	(14,581)
Other	(57)	(304)	3,565	9,284	-
Net change in plan fiduciary net position	(134,847)	20,679	251,712	58,559	82,440
Plan fiduciary net position, beginning	3,325,636	3,304,957	3,053,245	2,994,686	2,912,246
Plan fiduciary net position, ending (b)	\$3,190,789	\$3,325,636	\$3,304,957	\$3,053,245	\$2,994,686
Plan net pension liability - ending (a-b)	\$2,451,624	\$2,677,301	\$2,961,774	\$3,379,251	\$3,759,117
Plan fiduciary net position as a percentage of total pension liability	<u>56.55%</u>	<u>55.40%</u>	<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>	<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>	<u>N/A</u>	<u>N/A</u>

¹GASB 68 was implemented in fiscal year 2015; information is not available to present a full 10 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 and salary increases have been revised to reflect the results of the experience investigation for the 4-year period ended June 30, 2018 and adopted by the PERS Board on August 27, 2019.

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution ²	\$ 354,148	\$ 482,522	\$ 514,966	\$ 722,557	\$ 729,047
Contributions in relation to the actuarially required contribution ²	<u>354,148</u>	<u>482,522</u>	<u>514,966</u>	<u>722,557</u>	<u>729,047</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll ³	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll ³	N/A	N/A	N/A	N/A	N/A

¹GASB 68 was implemented in fiscal year 2015, information is not available to present a full 10 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, 2019 were based on the June 30, 2017 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	5-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

CITY OF MERIDIAN, MISSISSIPPI
Required Supplementary Information
Mississippi Municipal Retirement Systems
Meridian Fire and Police Plan
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years¹

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement period fiscal year-end ²	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Total pension liability:					
Interest	\$ 1,128,051	\$ 1,181,262	\$ 1,270,520	\$ 1,356,255	\$ 1,404,037
Difference between expected and actual experience	(310,739)	(145,148)	(665,204)	(577,858)	(8,930)
Changes of assumptions	(57,866)	-	37,160	-	525,288
Benefit payments, including refunds of employee contributions	(1,687,103)	(1,758,321)	(1,830,058)	(1,939,245)	(2,002,352)
Net change in total pension liability	(927,657)	(722,207)	(1,187,582)	(1,160,848)	(81,957)
Total pension liability, beginning	15,399,049	16,121,256	17,308,838	18,469,686	18,551,643
Total pension liability, ending (a)	\$ 14,471,392	\$ 15,399,049	\$ 16,121,256	\$ 17,308,838	\$ 18,469,686
Plan fiduciary net position:					
Contributions - employer	\$ 977,170	\$ 1,240,676	\$ 1,773,349	\$ 1,937,647	\$ 1,809,952
Net investment income	565,753	736,409	1,198,539	11,593	256,985
Benefit payments, including refunds of employee contributions	(1,687,103)	(1,758,321)	(1,830,058)	(1,939,245)	(2,002,352)
Administrative expense	(19,543)	(24,814)	(35,467)	(38,753)	(36,199)
Other	2,179	(852)	6,988	23,380	-
Net change in plan fiduciary net position	(161,544)	193,098	1,113,351	(5,378)	28,386
Plan fiduciary net position, beginning⁴	9,525,004	9,248,564	8,135,213	8,140,591	8,112,205
Plan fiduciary net position, ending (b)	\$ 9,363,460	\$ 9,441,662	\$ 9,248,564	\$ 8,135,213	\$ 8,140,591
Plan net pension liability - ending (a-b)	\$ 5,107,932	\$ 5,957,387	\$ 6,872,692	\$ 9,173,625	\$ 10,329,095
Plan fiduciary net position as a percentage of total pension liability	64.70%	61.31%	57.37%	47.00%	44.08%
Covered payroll ³	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll ³	N/A	N/A	N/A	N/A	N/A

¹GASB 68 was implemented in fiscal year 2015, information is not available to present a full 10 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.

⁴Beginning 2019 plan fiduciary net position was restated by the plan for the correction of an error.

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 and salary increases have been revised to reflect the results of the experience investigation for the 4-year period ended June 30, 2018 and adopted by the PERS Board on August 27, 2019.

CITY OF MERIDIAN, MISSISSIPPI
Required Supplementary Information
Mississippi Municipal Retirement Systems
Meridian Fire and Police Plan
Schedule of the City's Contributions
Last Ten Fiscal Years¹

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution ²	\$ 977,170	\$ 1,240,676	\$ 1,773,349	\$ 1,937,647	\$ 1,809,952
Contributions in relation to the actuarially required contribution ²	<u>977,170</u>	<u>1,240,676</u>	<u>1,773,349</u>	<u>1,937,647</u>	<u>1,809,952</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll ³	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll ³	N/A	N/A	N/A	N/A	N/A

¹GASB 68 was implemented in fiscal year 2015, information is not available to present a full 10 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, 2019 were based on the June 30, 2017 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	5-year smoothed market
Inflation	3.00%
Salary increases	4.00% - 5.50%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds

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

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

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

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

2011 General Obligation Bonds – This fund is used to account for the proceeds and disbursements from the 2011 general obligation bonds to be used for acquisition and construction of major capital facilities, infrastructure, and improvements.

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.

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.

NONMAJOR GOVERNMENTAL FUNDS

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 years 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.

22nd Avenue Overpass Enhancement Project – This fund is used to account for state revenues used for engineering services for the 22nd Avenue/Sela Ward Parkway Enhancement Project.

Old Highway 80 Pedestrian Improvement – This fund is used to account for the local and grant revenues used for the construction of sidewalk and drainage improvements from 71st Place to Highway 19 North.

Old Highway 80 Emergency Repair – This fund is used to account for the Mississippi Emergency Road and Bridge Repair Fund Program revenues used for the replacement of the Old Highway 80 Bridge at Okatibbee Creek.

2017 General Obligation Bonds – This fund is used to account for the proceeds and disbursements from the 2017 general obligation bonds to be used for the construction, equipping and furnishing of the Mississippi Arts and Entertainment Center.

CITY OF MERIDIAN, MISSISSIPPI

Combining Balance Sheet

Nonmajor Governmental Funds

Nonmajor Capital Projects Funds

September 30, 2019

	<u>Sowashee Project</u>	<u>City Hall Improvements</u>	<u>Safe Routes to School Project</u>	<u>2011 General Obligation Bonds</u>	<u>35th Avenue & 40th Street Bridge Replacement</u>	<u>2012 General Obligation Bonds</u>	<u>Downtown Streetscape</u>
<u>ASSETS</u>							
Due from other funds	\$ -	\$ -	\$ 35,779	\$ -	\$ -	\$ 38,497	\$ 81,181
Restricted assets:							
Cash and cash equivalents	277,952	49,600	-	1,216	43,096	431,936	-
Total assets	<u>\$ 277,952</u>	<u>\$ 49,600</u>	<u>\$ 35,779</u>	<u>\$ 1,216</u>	<u>\$ 43,096</u>	<u>\$ 470,433</u>	<u>\$ 81,181</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,960	\$ 9,417
Liabilities payable from restricted assets:							
Accounts payable	9,690	4,506	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>9,690</u>	<u>4,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,960</u>	<u>9,417</u>
Fund balances:							
Restricted for:							
Sowashee Creek maintenance	268,262	-	-	-	-	-	-
Construction/acquisition of capital assets	-	45,094	-	1,216	43,096	353,473	-
Paving and sidewalk projects	-	-	35,779	-	-	-	71,764
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	<u>268,262</u>	<u>45,094</u>	<u>35,779</u>	<u>1,216</u>	<u>43,096</u>	<u>353,473</u>	<u>71,764</u>
Total liabilities and fund balances	<u>\$ 277,952</u>	<u>\$ 49,600</u>	<u>\$ 35,779</u>	<u>\$ 1,216</u>	<u>\$ 43,096</u>	<u>\$ 470,433</u>	<u>\$ 81,181</u>

<u>Highway 39 Signalization</u>	<u>Velma Young Community Center</u>	<u>Drainage Structure Collapse Emergency</u>	<u>2016 General Obligation Bonds</u>	<u>Vehicle Loans</u>	<u>Slope Stabiliza- tion</u>	<u>Old Highway 80 Pedestrian Improvement</u>	<u>Old Highway 80 Emergency Repair</u>	<u>22nd Avenue Overpass Enhancement Project</u>	<u>2017 General Obligation Bonds</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,457
3,380	5,901	-	276,605	557	-	347,093	528,440	-	1,041,362	3,007,138
<u>\$ 3,380</u>	<u>\$ 5,901</u>	<u>\$ -</u>	<u>\$ 276,605</u>	<u>\$ 557</u>	<u>\$ -</u>	<u>\$ 347,093</u>	<u>\$ 528,440</u>	<u>\$ -</u>	<u>\$ 1,041,362</u>	<u>\$ 3,162,595</u>
\$ -	\$ -	\$ 29,080	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,457
-	-	4,279	105,586	-	-	43,941	10,013	38,297	-	216,312
-	-	-	-	-	-	-	518,427	-	-	518,427
-	-	33,359	105,586	-	-	43,941	528,440	38,297	-	890,196
-	-	-	-	-	-	-	-	-	-	268,262
3,380	5,901	-	171,019	557	-	303,152	-	-	1,041,362	1,968,250
-	-	-	-	-	-	-	-	-	-	107,543
-	-	(33,359)	-	-	-	-	-	(38,297)	-	(71,656)
3,380	5,901	(33,359)	171,019	557	-	303,152	-	(38,297)	1,041,362	2,272,399
<u>\$ 3,380</u>	<u>\$ 5,901</u>	<u>\$ -</u>	<u>\$ 276,605</u>	<u>\$ 557</u>	<u>\$ -</u>	<u>\$ 347,093</u>	<u>\$ 528,440</u>	<u>\$ -</u>	<u>\$ 1,041,362</u>	<u>\$ 3,162,595</u>

CITY OF MERIDIAN, MISSISSIPPI

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)

Nonmajor Governmental Funds

Nonmajor Capital Projects Funds

For the Fiscal Year Ended September 30, 2019

	<u>Sowashee Project</u>	<u>City Hall Improvements</u>	<u>Safe Routes to School Project</u>	<u>2011 General Obligation Bonds</u>	<u>35th Avenue & 40th Street Bridge Replacement</u>	<u>2012 General Obligation Bonds</u>	<u>Downtown Streetscape</u>
Revenues:							
Intergovernmental:							
State	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on investments	968	247	-	5	149	1,861	-
Total revenues	<u>968</u>	<u>247</u>	<u>-</u>	<u>5</u>	<u>149</u>	<u>1,861</u>	<u>-</u>
Expenditures:							
Public works	-	-	-	-	-	-	-
Construction/acquisition of capital assets	19,380	38,762	-	-	-	49,140	9,417
Total expenditures	<u>19,380</u>	<u>38,762</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,140</u>	<u>9,417</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(18,412)</u>	<u>(38,515)</u>	<u>-</u>	<u>5</u>	<u>149</u>	<u>(47,279)</u>	<u>(9,417)</u>
Other financing sources (uses):							
Transfers in	-	-	35,779	-	-	-	81,138
Transfers out	-	-	-	-	-	(98,714)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>35,779</u>	<u>-</u>	<u>-</u>	<u>(98,714)</u>	<u>81,138</u>
Net change in fund balances (deficit)	<u>(18,412)</u>	<u>(38,515)</u>	<u>35,779</u>	<u>5</u>	<u>149</u>	<u>(145,993)</u>	<u>71,721</u>
Fund Balances, October 1, 2018	<u>286,674</u>	<u>83,609</u>	<u>-</u>	<u>1,211</u>	<u>42,947</u>	<u>499,466</u>	<u>43</u>
Fund balances (deficit), September 30, 2019	<u>\$ 268,262</u>	<u>\$ 45,094</u>	<u>\$ 35,779</u>	<u>\$ 1,216</u>	<u>\$ 43,096</u>	<u>\$ 353,473</u>	<u>\$ 71,764</u>

<u>Highway 39 Signalization</u>	<u>Velma Young Community Center</u>	<u>Drainage Structure Collapse Emergency</u>	<u>2016 General Obligation Bonds</u>	<u>Vehicle Loans</u>	<u>Slope Stabilization</u>	<u>Old Highway 80 Pedestrian Improvement</u>	<u>Old Highway 80 Emergency Repair</u>	<u>22nd Avenue Overpass Enhancement Project</u>	<u>2017 General Obligation Bonds</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,573	\$ -	\$ -	\$ 41,573
12	25	39	2,148	-	-	-	-	-	4,689	10,143
12	25	39	2,148	-	-	-	41,573	-	4,689	51,716
-	-	-	-	-	-	46,848	41,573	-	-	88,421
-	1,500	52,198	399,228	-	-	-	-	38,297	-	607,922
-	1,500	52,198	399,228	-	-	46,848	41,573	38,297	-	696,343
12	(1,475)	(52,159)	(397,080)	-	-	(46,848)	-	(38,297)	4,689	(644,627)
-	-	-	-	-	-	350,000	-	-	-	466,917
-	-	-	(350,000)	-	(139)	-	-	-	-	(448,853)
-	-	-	(350,000)	-	(139)	350,000	-	-	-	18,064
12	(1,475)	(52,159)	(747,080)	-	(139)	303,152	-	(38,297)	4,689	(626,563)
3,368	7,376	18,800	918,099	557	139	-	-	-	1,036,673	2,898,962
\$ 3,380	\$ 5,901	\$ (33,359)	\$ 171,019	\$ 557	\$ -	\$ 303,152	\$ -	\$ (38,297)	\$ 1,041,362	\$ 2,272,399

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, 2019

	Budgeted Amounts		Actual (Budgetary Basis) Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$ 4,850,000	\$ 4,850,000	\$ 5,039,321	\$ 189,321
Expenditures - debt service	<u>4,850,000</u>	<u>4,850,000</u>	<u>4,796,018</u>	<u>53,982</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	243,303	<u>\$ 243,303</u>
Fund balance, October 1, 2018			<u>5,007,218</u>	
Fund balance, September 30, 2019			<u>\$ 5,250,521</u>	

Notes to Schedule: 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>Debt Service Fund</u>
Net change in fund balances – budgetary basis	\$ 243,303
Basis differences:	
Net accrued revenues and related receivables	1,989,428
Net accrued expenditures and related liabilities	<u>(2,257,563)</u>
Net change in fund balances – GAAP basis	<u>\$ (24,832)</u>

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, 2019

	Budgeted Amounts		Actual (Budgetary Basis) Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$ 2,515,000	\$ 2,515,000	\$ 923,615	\$ (1,591,385)
Expenditures - capital outlay	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,605,990</u>	<u>394,010</u>
Net change in fund balances	<u>\$ (485,000)</u>	<u>\$ (485,000)</u>	(1,682,375)	<u>\$ (1,197,375)</u>
Fund balance, October 1, 2018			<u>2,898,962</u>	
Fund balance, September 30, 2019			<u>\$ 1,216,587</u>	

Notes to Schedule: 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>Capital Projects Funds</u>
Net change in fund balances – budgetary basis	\$ (1,682,375)
Basis differences:	
Net accrued revenues and related receivables	113,445
Net accrued expenditures and related liabilities	<u>1,460,794</u>
Net change in fund balances – GAAP basis	<u>\$ (108,136)</u>

CITY OF MERIDIAN, MISSISSIPPI

Schedule of General Fund Expenditures

By Departments and Divisions

For the Fiscal Year Ended September 30, 2019

(With Comparative Totals for the Fiscal Year Ended September 30, 2018)

	<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	\$ 879,070	\$ 699,399	\$ 510,036	\$ 3,452,207	\$ 4,075,767	\$ 206,629
Salaries - overtime	106	910	-	439,656	296,309	-
Salaries - temporaries	61,177	20,923	82,762	4,347	52,544	-
Fringe benefits	379,128	291,914	237,991	1,574,764	1,753,738	83,243
Total personnel services	<u>1,319,481</u>	<u>1,013,146</u>	<u>830,789</u>	<u>5,470,974</u>	<u>6,178,358</u>	<u>289,872</u>
Contractual services and supplies:						
Supplies - office	3,862	5,109	543	1,231	5,621	582
Supplies - operating	1,989	2,207	428	1,294	47,743	27,721
Supplies - household	-	2,313	527	8,332	5,908	1,196
Supplies - uniforms and clothing	339	704	815	17,750	30,051	417
Supplies - materials direct	-	-	-	-	-	-
Materials - small tools and work orders	374	271	62	2,207	1,501	964
Professional services	59,344	154,906	5,810	6,758	186,142	4,536
Professional services - legal fees	271,641	5,996	-	350	-	-
Disposal Fees	-	-	-	-	1,299	-
Telephone	6,145	119,742	6,814	5,357	16,662	1,293
Postage	141	781	-	-	441	-
Travel	19,196	14,472	3,276	16,658	17,306	-
Freight	-	-	-	25	-	-
Advertising and publishing	14,054	1,489	210	56	-	-
Printing and binding	883	4,542	55	279	3,128	-
Insurance	74,804	49,988	46,017	200,423	364,097	20,566
Utilities	-	1,377,329	13,270	116,944	46,901	28,801
Operating and maintenance - gas charges	2,672	191	10,512	31,517	245,753	5,885
Operating and maintenance - buildings	471	6,856	1,951	10,373	12,587	3,227
Operating and maintenance - grounds	-	-	-	1,328	115	7,636
Operating and maintenance - equipment	3,530	6,997	646	17,499	8,313	2,760
Operating and maintenance - vehicles	4,065	20	3,942	38,479	165,365	18,192
Operating and maintenance - computer services	12,000	93,580	38,945	74,901	116,287	25,217
Rentals	10,562	12,504	1,743	-	-	-
Refunds	-	-	270	-	-	-
Bad debt expense	27,479	-	-	-	-	-
Judgments and claims	21,088	1,571	43,477	147,573	79,989	-
Dues and subscriptions	29,621	2,984	1,670	844	1,613	-
Computer hardware/software	-	157,887	59	-	6,761	-
Public relations	22,670	-	-	5,096	907	-
Job training	5,322	5,246	1,325	16,174	26,786	-
Safety	-	-	-	28,477	-	-
Hospital and medical	42,396	-	-	17,120	3,203	-
Total contractual services and supplies	<u>634,648</u>	<u>2,027,685</u>	<u>182,367</u>	<u>767,045</u>	<u>1,394,479</u>	<u>148,993</u>
Capital outlay:						
Buildings	-	-	-	-	307,800	-
Machinery and equipment	-	-	-	8,900	5,691	-
Improvement other than buildings	-	-	-	-	-	-
Vehicles	3,232	-	-	(19,013)	-	-
Total capital outlay	<u>3,232</u>	<u>-</u>	<u>-</u>	<u>(10,113)</u>	<u>313,491</u>	<u>-</u>
Debt service:						
Principal	6,136	-	8,732	347,529	58,047	-
Interest	327	-	292	36,090	2,630	-
Total debt service	<u>6,463</u>	<u>-</u>	<u>9,024</u>	<u>383,619</u>	<u>60,677</u>	<u>-</u>
Transfers and other charges:						
Transfer to other funds	623,360	-	340,500	-	-	-
Special projects	-	35,000	1,059	16,127	12,500	-
Miscellaneous contributions	75,000	-	-	-	-	-
Other projects and charges	7,228	15,257	-	-	3,997	-
Total transfers and other charges	<u>705,588</u>	<u>50,257</u>	<u>341,559</u>	<u>16,127</u>	<u>16,497</u>	<u>-</u>
Total General Fund expenditures - 2019	<u>2,669,412</u>	<u>3,091,088</u>	<u>1,363,739</u>	<u>6,627,652</u>	<u>7,963,502</u>	<u>438,865</u>
Total General Fund expenditures - 2018	<u>3,329,527</u>	<u>2,955,615</u>	<u>1,590,468</u>	<u>7,050,252</u>	<u>8,790,604</u>	<u>357,854</u>
Increase (decrease)	<u>\$ (660,115)</u>	<u>\$ 135,473</u>	<u>\$ (226,729)</u>	<u>\$ (422,600)</u>	<u>\$ (827,102)</u>	<u>\$ 81,011</u>

<u>Public Works</u>	<u>Parks, Recreation & Cultural Affairs</u>	<u>Arts District Parking Garage</u>	<u>Totals</u>		<u>Increase (Decrease)</u>
			<u>2019</u>	<u>2018</u>	
\$ 1,783,878	\$ 754,744	\$ -	\$ 12,361,730	\$ 13,746,382	\$ (1,384,652)
101,838	497	-	839,316	881,281	(41,965)
289,979	156,561	-	668,293	1,012,900	(344,607)
962,015	360,229	-	5,643,022	6,192,513	(549,491)
<u>3,137,710</u>	<u>1,272,031</u>	<u>-</u>	<u>19,512,361</u>	<u>21,833,076</u>	<u>(2,320,715)</u>
2,553	2,729	-	22,230	22,445	(215)
61,204	28,349	-	170,935	194,153	(23,218)
12,016	15,712	-	46,004	38,886	7,118
1,696	6,033	-	57,805	61,486	(3,681)
157,714	5,385	-	163,099	99,716	63,383
10,978	6,829	-	23,186	19,883	3,303
75,165	32,946	-	525,607	1,089,346	(563,739)
-	-	-	277,987	-	277,987
-	-	-	1,299	-	1,299
3,096	5,070	69	164,248	161,707	2,541
507	-	-	1,870	17,106	(15,236)
3,684	390	-	74,982	80,253	(5,271)
84	-	-	109	33	76
271	-	-	16,080	49,159	(33,079)
-	286	-	9,173	9,070	103
307,185	84,207	11,515	1,158,802	1,249,204	(90,402)
60,482	233,928	16,353	1,894,008	1,849,187	44,821
145,580	22,201	-	464,311	-	464,311
20,516	33,980	11,091	101,052	113,306	(12,254)
855	62,551	-	72,485	66,267	6,218
64,238	56,275	-	160,258	149,908	10,350
199,919	8,346	-	438,328	996,221	(557,893)
41,553	24,548	-	427,031	336,989	90,042
1,433	423	-	26,665	42,419	(15,754)
-	2,590	-	2,860	191	2,669
-	-	-	27,479	-	27,479
144,771	12,767	-	451,236	485,361	(34,125)
4,838	-	-	41,570	34,378	7,192
6,200	9,300	-	180,207	-	180,207
-	-	-	28,673	106,606	(77,933)
1,889	1,545	-	58,287	54,780	3,507
11,597	710	-	40,784	54,590	(13,806)
740	-	-	63,459	52,857	10,602
<u>1,340,764</u>	<u>657,100</u>	<u>39,028</u>	<u>7,192,109</u>	<u>7,435,507</u>	<u>(243,398)</u>
-	-	-	307,800	305,000	2,800
2,933	6,802	-	24,326	190,388	(166,062)
206,715	7,440	-	214,155	15,509	198,646
-	-	-	(15,781)	-	(15,781)
<u>209,648</u>	<u>14,242</u>	<u>-</u>	<u>530,500</u>	<u>510,897</u>	<u>19,603</u>
134,084	25,519	-	580,047	530,136	49,911
6,427	854	-	46,620	55,250	(8,630)
<u>140,511</u>	<u>26,373</u>	<u>-</u>	<u>626,667</u>	<u>585,386</u>	<u>41,281</u>
-	-	-	963,860	902,315	61,545
-	-	-	64,686	290,702	(226,016)
-	-	-	75,000	521,400	(446,400)
28,069	-	-	54,551	18,619	35,932
<u>28,069</u>	<u>-</u>	<u>-</u>	<u>1,158,097</u>	<u>1,733,036</u>	<u>(574,939)</u>
<u>4,856,702</u>	<u>1,969,746</u>	<u>39,028</u>	<u>29,019,734</u>	<u>\$ 32,097,902</u>	<u>\$ (3,078,168)</u>
<u>5,508,367</u>	<u>2,462,458</u>	<u>52,757</u>	<u>32,097,902</u>		
<u>\$ (651,665)</u>	<u>\$ (492,712)</u>	<u>\$ (13,729)</u>	<u>\$ (3,078,168)</u>		

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NONMAJOR ENTERPRISE FUNDS

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

Waste Collection and Disposal – This fund is used to account for the activities of the City's waste collection and disposal.

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.

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2019

	<u>Waste Collection and Disposal</u>	<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	\$ 412	923	\$ 4,365	\$ 75,938	\$ 81,638
Account receivables	297,994	-	-	-	297,994
Due from other funds	3,325	-	-	-	3,325
Inventory	-	11,268	-	756	12,024
Prepaid items	-	758	52,605	-	53,363
Total current assets	301,731	12,949	56,970	76,694	448,344
Capital assets:					
Buildings	-	126,628	-	-	126,628
Improvements other than buildings	-	431,754	6,300	-	438,054
Machinery and equipment	20,125	335,690	44,810	-	400,625
Total capital assets	20,125	894,072	51,110	-	965,307
Less accumulated depreciation	(18,112)	(663,636)	(44,333)	-	(726,081)
Capital assets (net of accumulated depreciation)	2,013	230,436	6,777	-	239,226
Total assets	303,744	243,385	63,747	76,694	687,570
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred outflows related to net pension liability	2,689	7,451	3,709	1,262	15,111
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	157,083	3,242	12,622	-	172,947
Promissory loans	7,110	-	-	-	7,110
Accrued liabilities:					
Payroll	7,598	4,123	1,673	248	13,642
Sales tax	-	1,064	-	211	1,275
Due to other funds	148,557	30,556	-	-	179,113
Total current liabilities	320,348	38,985	14,295	459	374,087
Noncurrent liabilities:					
Promissory loans	14,885	-	-	-	14,885
Net pension liability	65,896	209,248	71,549	29,786	376,479
Total liabilities	401,129	248,233	85,844	30,245	765,451
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred inflows related to net pension liability	6,799	19,697	8,752	3,155	38,403
<u>NET POSITION</u>					
Net investment in capital assets	2,013	230,436	6,777	-	239,226
Unrestricted (deficit)	(103,508)	(247,530)	(33,917)	44,556	(340,399)
Total net position (deficit)	\$ (101,495)	(17,094)	\$ (27,140)	\$ 44,556	\$ (101,173)

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended September 30, 2019

	<u>Waste Collection and Disposal</u>	<u>Golf Course</u>	<u>Union Station</u>	<u>Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:					
Charges for sales and services:					
Garbage collection fees	\$ 2,417,406	\$ -	\$ -	\$ -	\$ 2,417,406
Out-of-county tonnage	10,814	-	-	-	10,814
Memberships	-	40,245	-	-	40,245
Green fees	-	35,422	-	-	35,422
Cart rental	-	25,390	-	-	25,390
Concessions	-	15,219	-	17,512	32,731
Rental income	-	-	70,060	-	70,060
Miscellaneous	-	132	-	826	958
Total operating revenues	<u>2,428,220</u>	<u>116,408</u>	<u>70,060</u>	<u>18,338</u>	<u>2,633,026</u>
Operating expenses:					
Personnel services	(31,514)	(168,890)	(73,269)	(229)	(273,902)
Supplies and materials	1,076	16,378	3,996	7,594	29,044
Rent and utilities	575	13,133	83,418	-	97,126
Operation, maintenance, and repairs	246	45,822	24,630	-	70,698
Garbage disposal services	2,120,596	-	-	-	2,120,596
Depreciation	2,416	26,007	252	-	28,675
Miscellaneous	1,099	9,710	123,259	-	134,068
Total operating expenses	<u>2,094,494</u>	<u>(57,840)</u>	<u>162,286</u>	<u>7,365</u>	<u>2,206,305</u>
Operating income (loss)	<u>333,726</u>	<u>174,248</u>	<u>(92,226)</u>	<u>10,973</u>	<u>426,721</u>
Nonoperating revenues (expenses):					
Ad valorem taxes	12,971	-	-	-	12,971
Capital contributions	2,012	-	-	-	2,012
Interest income	-	-	31	268	299
Interest expense	(371)	-	-	-	(371)
Total nonoperating revenues (expenses)	<u>14,612</u>	<u>-</u>	<u>31</u>	<u>268</u>	<u>14,911</u>
Income (loss) before transfers	<u>348,338</u>	<u>174,248</u>	<u>(92,195)</u>	<u>11,241</u>	<u>441,632</u>
Transfers:					
Transfers in	-	100,000	291,750	-	391,750
Transfers out	(25,995)	-	-	-	(25,995)
Total transfers	<u>(25,995)</u>	<u>100,000</u>	<u>291,750</u>	<u>-</u>	<u>365,755</u>
Change in net position	<u>322,343</u>	<u>274,248</u>	<u>199,555</u>	<u>11,241</u>	<u>807,387</u>
Net position (deficit), October 1, 2018	<u>(423,838)</u>	<u>(291,342)</u>	<u>(226,695)</u>	<u>33,315</u>	<u>(908,560)</u>
Net position (deficit), September 30, 2019	<u>\$ (101,495)</u>	<u>\$ (17,094)</u>	<u>\$ (27,140)</u>	<u>\$ 44,556</u>	<u>\$ (101,173)</u>

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended September 30, 2019

	<u>Waste Collection and Disposal</u>	<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	\$ 2,303,775	\$ 116,408	\$ 70,060	\$ 18,339	\$ 2,508,582
Payments to suppliers	(2,328,456)	(81,195)	(235,505)	(6,559)	(2,651,715)
Payments to employees	(21,329)	(84,118)	(37,304)	(12,860)	(155,611)
Payments for internal services	(6,273)	(51,271)	(6,581)	-	(64,125)
Net cash used in operating activities	<u>(52,283)</u>	<u>(100,176)</u>	<u>(209,330)</u>	<u>(1,080)</u>	<u>(362,869)</u>
Cash flows from noncapital financing activities -					
Ad valorem taxes received	12,971	-	-	-	12,971
Transfers from other funds	45,378	100,000	213,516	-	358,894
Net cash provided by noncapital financing activities	<u>58,349</u>	<u>100,000</u>	<u>213,516</u>	<u>-</u>	<u>371,865</u>
Cash flows from capital and related financing activities -					
Payments on long-term debt:					
Promissory loans	(7,332)	-	-	-	(7,332)
Interest expense	(371)	-	-	-	(371)
Capital contributions	2,012	-	-	-	2,012
Net cash used in capital and related financing activities	<u>(5,691)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,691)</u>
Cash flows from investing activities:					
Interest received	-	-	31	268	299
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>31</u>	<u>268</u>	<u>299</u>
Net increase (decrease) in cash and cash equivalents	375	(176)	4,217	(812)	3,604
Cash and cash equivalents, October 1, 2018	<u>37</u>	<u>1,099</u>	<u>148</u>	<u>76,750</u>	<u>78,034</u>
Cash and cash equivalents, September 30, 2019	<u>\$ 412</u>	<u>\$ 923</u>	<u>\$ 4,365</u>	<u>\$ 75,938</u>	<u>\$ 81,638</u>
Reconciliation of operating income (loss) to net cash used in operating activities:					
Operating income (loss)	\$ 333,726	\$ 174,248	\$ (92,226)	\$ 10,973	\$ 426,721
Adjustments to reconcile operating income (loss) to net cash used in operating activities:					
Depreciation	2,416	26,007	252	-	28,675
Changes in assets and liabilities:					
Accounts receivable	(124,445)	-	63	-	(124,382)
Inventory	-	(4,997)	-	943	(4,054)
Prepaid items	-	52	(984)	-	(932)
Due from other funds	788	-	-	-	788
Deferred outflows related to net pension liability	14,557	25,095	11,767	1,699	53,118
Accounts payable	(211,924)	(4,605)	(5,862)	-	(222,391)
Accrued liabilities	7,298	(3,631)	(1,456)	143	2,354
Due to other funds	-	(37,782)	-	-	(37,782)
Net pension liability	(77,730)	(158,360)	(124,069)	317	(359,842)
Deferred inflows related to net pension liability	3,031	(116,203)	3,185	(15,155)	(125,142)
Total adjustments	<u>(386,009)</u>	<u>(274,424)</u>	<u>(117,104)</u>	<u>(12,053)</u>	<u>(789,590)</u>
Net cash used in operating activities	<u>\$ (52,283)</u>	<u>\$ (100,176)</u>	<u>\$ (209,330)</u>	<u>\$ (1,080)</u>	<u>\$ (362,869)</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.

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Net Position
Internal Service Funds
September 30, 2019

	<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	\$ 145,152	\$ 46,759	\$ 187,521	\$ 32,730	\$ 412,162
Due from other funds:					
General fund	71,299	-	-	-	71,299
Water and sewer fund	16,521	-	-	-	16,521
Golf course	1,182	-	-	-	1,182
Inventory	56,218	1,977	-	-	58,195
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	290,372	48,736	187,521	32,730	559,359
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	56,147	1,576	444,929	-	502,652
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	56,147	1,576	444,929	-	502,652
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>NET POSITION</u>					
Unrestricted	\$ 234,225	\$ 47,160	\$ (257,408)	\$ 32,730	\$ 56,707
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Revenues, Expenses and Changes in Net Position (Deficit)
Internal Service Funds
For the Fiscal Year Ended September 30, 2019

	<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	\$ 507,249	\$ 2,085	\$ -	\$ -	\$ 509,334
Premiums	-	-	3,424,888	-	3,424,888
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total operating revenues	507,249	2,085	3,424,888	-	3,934,222
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating expenses:					
Costs of sales and services	470,912	3,482	-	-	474,394
Claims paid	-	-	3,749,401	14,337	3,763,738
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total operating expenses	470,912	3,482	3,749,401	14,337	4,238,132
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating income (loss)	36,337	(1,397)	(324,513)	(14,337)	(303,910)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Nonoperating revenues:					
Interest income	500	159	3,156	139	3,954
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Change in net position (deficit)	36,837	(1,238)	(321,357)	(14,198)	(299,956)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net position, October 1, 2018	197,388	48,398	63,949	46,928	356,663
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net position (deficit), September 30, 2019	<u>\$ 234,225</u>	<u>\$ 47,160</u>	<u>\$ (257,408)</u>	<u>\$ 32,730</u>	<u>\$ 56,707</u>

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended September 30, 2019

	<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	\$ 476,052	\$ 2,085	\$ 3,424,888	\$ -	\$ 3,903,025
Payments to suppliers	(487,285)	(967)	(3,880,040)	(14,337)	(4,382,629)
Net cash provided by (used in) operating activities	<u>(11,233)</u>	<u>1,118</u>	<u>(455,152)</u>	<u>(14,337)</u>	<u>(479,604)</u>
Cash flows from investing activities:					
Interest received	<u>500</u>	<u>159</u>	<u>3,156</u>	<u>139</u>	<u>3,954</u>
Net cash provided by investing activities	<u>500</u>	<u>159</u>	<u>3,156</u>	<u>139</u>	<u>3,954</u>
Net increase (decrease) in cash and cash equivalents	<u>(10,733)</u>	<u>1,277</u>	<u>(451,996)</u>	<u>(14,198)</u>	<u>(475,650)</u>
Cash and cash equivalents, October 1, 2018	<u>155,885</u>	<u>45,482</u>	<u>639,517</u>	<u>46,928</u>	<u>887,812</u>
Cash and cash equivalents, September 30, 2019	<u>\$ 145,152</u>	<u>\$ 46,759</u>	<u>\$ 187,521</u>	<u>\$ 32,730</u>	<u>\$ 412,162</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 36,337	\$ (1,397)	\$ (324,513)	\$ (14,337)	\$ (303,910)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in assets and liabilities:					
Receivables - miscellaneous	-	-	505	-	505
Due from other funds	(31,197)	-	-	-	(31,197)
Inventory	(9,761)	939	-	-	(8,822)
Accounts payable	(6,612)	1,576	(131,144)	-	(136,180)
Total adjustments	<u>(47,570)</u>	<u>2,515</u>	<u>(130,639)</u>	<u>-</u>	<u>(175,694)</u>
Net cash provided by (used in) operating activities	<u>\$ (11,233)</u>	<u>\$ 1,118</u>	<u>\$ (455,152)</u>	<u>\$ (14,337)</u>	<u>\$ (479,604)</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 and Relief – This fund is used to account for the dedicated property tax assessment and collections forwarded to the 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 and 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.

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2019

	Firemen and Policemen Disability & Relief	General Retirement	Meridian Community College	Meridian Separate School District	State Police Fines and Fees	Meridian Separate School District Bonds and Interest	Total Agency Funds
<u>ASSETS</u>							
Cash and cash equivalents	\$ 67,810	\$ 24,137	\$ 128,125	\$ 1,084,744	\$ 13,329	\$ 144,950	\$ 1,463,095
Intergovernmental receivables:							
County	10,787	4,413	20,325	166,198	-	22,706	224,429
	<u>10,787</u>	<u>4,413</u>	<u>20,325</u>	<u>166,198</u>	<u>-</u>	<u>22,706</u>	<u>224,429</u>
Total assets	\$ 78,597	\$ 28,550	\$ 148,450	\$ 1,250,942	\$ 13,329	\$ 167,656	\$ 1,687,524
	<u><u>\$ 78,597</u></u>	<u><u>\$ 28,550</u></u>	<u><u>\$ 148,450</u></u>	<u><u>\$ 1,250,942</u></u>	<u><u>\$ 13,329</u></u>	<u><u>\$ 167,656</u></u>	<u><u>\$ 1,687,524</u></u>
<u>LIABILITIES</u>							
Intergovernmental payables:							
Schools	\$ -	\$ -	\$ 148,450	\$ 1,250,942	\$ -	\$ 167,656	\$ 1,567,048
PERS	78,597	28,550	-	-	-	-	107,147
State	-	-	-	-	13,329	-	13,329
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,329</u>	<u>-</u>	<u>13,329</u>
Total liabilities	\$ 78,597	\$ 28,550	\$ 148,450	\$ 1,250,942	\$ 13,329	\$ 167,656	\$ 1,687,524
	<u><u>\$ 78,597</u></u>	<u><u>\$ 28,550</u></u>	<u><u>\$ 148,450</u></u>	<u><u>\$ 1,250,942</u></u>	<u><u>\$ 13,329</u></u>	<u><u>\$ 167,656</u></u>	<u><u>\$ 1,687,524</u></u>

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended September 30, 2019

	Balance October 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2019</u>
<u>Firemen and Policemen Disability & Relief</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 93,049	\$ 935,588	\$ 960,827	\$ 67,810
Intergovernmental - county	10,918	10,787	10,918	10,787
Total assets	<u>\$ 103,967</u>	<u>\$ 946,375</u>	<u>\$ 971,745</u>	<u>\$ 78,597</u>
<u>LIABILITIES</u>				
Intergovernmental - PERS	<u>\$ 103,967</u>	<u>\$ 946,375</u>	<u>\$ 971,745</u>	<u>\$ 78,597</u>
<u>General Retirement</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 37,971	\$ 332,256	\$ 346,090	\$ 24,137
Intergovernmental - county	3,045	4,413	3,045	4,413
Total assets	<u>\$ 41,016</u>	<u>\$ 336,669</u>	<u>\$ 349,135</u>	<u>\$ 28,550</u>
<u>LIABILITIES</u>				
Intergovernmental - PERS	<u>\$ 41,016</u>	<u>\$ 336,669</u>	<u>\$ 349,135</u>	<u>\$ 28,550</u>
<u>Meridian Community College</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 133,810	\$ 2,384,442	\$ 2,390,127	\$ 128,125
Intergovernmental - county	13,884	20,325	13,884	20,325
Total assets	<u>\$ 147,694</u>	<u>\$ 2,404,767</u>	<u>\$ 2,404,011</u>	<u>\$ 148,450</u>
<u>LIABILITIES</u>				
Intergovernmental - schools	<u>\$ 147,694</u>	<u>\$ 2,404,767</u>	<u>\$ 2,404,011</u>	<u>\$ 148,450</u>

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended September 30, 2019

	Balance October 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2019</u>
Meridian Separate School District				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,138,265	\$ 18,865,175	\$ 18,918,696	\$ 1,084,744
Intergovernmental - county	111,340	166,198	111,340	166,198
Total assets	<u>\$ 1,249,605</u>	<u>\$ 19,031,373</u>	<u>\$ 19,030,036</u>	<u>\$ 1,250,942</u>
<u>LIABILITIES</u>				
Intergovernmental - schools	<u>\$ 1,249,605</u>	<u>\$ 19,031,373</u>	<u>\$ 19,030,036</u>	<u>\$ 1,250,942</u>
State Police Fines and Fees				
<u>ASSETS</u>				
Cash and cash equivalents	<u>\$ 31,983</u>	<u>\$ 412,536</u>	<u>\$ 431,190</u>	<u>\$ 13,329</u>
<u>LIABILITIES</u>				
Intergovernmental - state	<u>\$ 31,983</u>	<u>\$ 412,536</u>	<u>\$ 431,190</u>	<u>\$ 13,329</u>
Meridian Separate School District Bonds and Interest				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 149,485	\$ 2,697,397	\$ 2,701,932	\$ 144,950
Intergovernmental - county	15,510	22,706	15,510	22,706
Total assets	<u>\$ 164,995</u>	<u>\$ 2,720,103</u>	<u>\$ 2,717,442</u>	<u>\$ 167,656</u>
<u>LIABILITIES</u>				
Intergovernmental - schools	<u>\$ 164,995</u>	<u>\$ 2,720,103</u>	<u>\$ 2,717,442</u>	<u>\$ 167,656</u>

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended September 30, 2019

	Balance October 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2019</u>
	<u>Total Agency Funds</u>			
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,584,563	\$ 25,627,394	\$ 25,748,862	\$ 1,463,095
Intergovernmental receivables	154,697	224,429	154,697	224,429
Total assets	<u>\$ 1,739,260</u>	<u>\$ 25,851,823</u>	<u>\$ 25,903,559</u>	<u>\$ 1,687,524</u>
<u>LIABILITIES</u>				
Intergovernmental payables	<u>\$ 1,739,260</u>	<u>\$ 25,851,823</u>	<u>\$ 25,903,559</u>	<u>\$ 1,687,524</u>

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NONMAJOR COMPONENT UNITS

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

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

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

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Net Position
Nonmajor Component Units
September 30, 2019

	<u>Meridian Urban Renewal Authority</u>	<u>Meridian and Bonita Lakes Development Authority</u>	<u>Total Nonmajor Component Units</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 49,633	\$ 8,973	\$ 58,606
Receivables:			
Interest	48,721	-	48,721
	<hr/>	<hr/>	<hr/>
Total current assets	98,354	8,973	107,327
MLEC leverage loans receivable	5,691,198	-	5,691,198
	<hr/>	<hr/>	<hr/>
Total assets	5,789,552	8,973	5,798,525
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>			
Current liabilities:			
Current portion of note payable	97,765	-	97,765
Accounts payable	36,017	9,240	45,257
Accrued interest	24,778	-	24,778
	<hr/>	<hr/>	<hr/>
Total current liabilities	158,560	9,240	167,800
	<hr/>	<hr/>	<hr/>
Noncurrent liabilities :			
Note payable, less current portion	1,704,267	-	1,704,267
	<hr/>	<hr/>	<hr/>
Total liabilities	1,862,827	9,240	1,872,067
	<hr/>	<hr/>	<hr/>
<u>NET POSITION</u>			
Unrestricted	3,926,725	(267)	3,926,458
	<hr/>	<hr/>	<hr/>
Total net position	\$ 3,926,725	\$ (267)	\$ 3,926,458
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Activities
Nonmajor Component Units
For the Fiscal Year Ended September 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Meridian Urban Renewal Authority</u>	<u>Meridian and Bonita Lakes Development Authority</u>	<u>Total Nonmajor Component Units</u>
Nonmajor component units:							
Meridian Urban Renewal Authority	\$ 131,517	\$ 198,656	\$ -	\$ -	\$ 67,139	\$ -	\$ 67,139
Meridian and Bonita Lakes Development Authority	7,611	-	-	-	-	(7,611)	(7,611)
Total nonmajor component units	<u>\$ 139,128</u>	<u>\$ 198,656</u>	<u>\$ -</u>	<u>\$ -</u>	67,139	(7,611)	59,528
General revenues -							
Contributions					17,223	5,142	22,365
Interest income					156	1	157
Change in net position					84,518	(2,468)	82,050
Net position, October 1, 2018					3,842,207	2,201	3,844,408
Net position, September 30, 2019					<u>\$ 3,926,725</u>	<u>\$ (267)</u>	<u>\$ 3,926,458</u>

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OTHER SUPPLEMENTARY INFORMATION

CITY OF MERIDIAN, MISSISSIPPI
Scheduling Reconciling Original Ad Valorem
Tax Rolls to Fund Collections
For the Fiscal Year Ended September 30, 2019

	<u>Assessed Value</u>	<u>Millage</u>	<u>Ad Valorem Taxes</u>
City of Meridian:			
Realty	\$ 232,341,127	50.84	\$ 11,812,223
Personal property - other than auto	51,631,914	50.84	2,624,967
Public utilities	35,814,513	50.84	1,820,810
Personal autos - 2014 rates	200	50.84	10
Personal autos - 2015 rates	13,817	50.84	702
Personal autos - 2016 rates	27,114	50.84	1,378
Personal autos - 2017 rates	3,631,472	50.84	184,624
Personal autos - 2018 rates	30,647,353	50.84	1,558,111
Total City of Meridian valuation	<u>\$ 354,107,510</u>		<u>18,002,825</u>
Less homestead exemption (HEX) allowed			<u>(979,149)</u>
Total City ad valorem taxes			17,023,676
Adjustments to original tax roll:			
HEX Chargebacks		6,444	
Lauderdale County tax collector refund		12,648	
Realty		(3,460)	
Personal		(11,893)	
Homestead exemption		(5,800)	(2,061)
Add (deduct):			
Motor vehicle rent tax		84,207	
Payments in lieu of taxes		167,985	
Prior year tax collections (refunds)		43,691	
Mobile homes		4,871	
Aircraft		8,100	
Actual homestead reimbursement		561,847	870,701
Total City to account for			<u>17,892,316</u>
<u>Separate School District:</u>			
Realty	225,301,046	69.82	15,730,519
Personal property - other than auto	60,791,436	69.82	4,244,458
Public utilities	51,060,884	69.82	3,565,071
Personal autos - 2014 rates	200	69.82	14
Personal autos - 2015 rates	16,352	69.82	1,142
Personal autos - 2016 rates	27,214	69.82	1,900
Personal autos - 2017 rates	28,637,882	69.82	1,999,497
Personal autos - 2018 rates	3,394,318	69.82	236,991
Total Separate School District valuation	<u>\$ 369,229,332</u>		<u>25,779,592</u>
Less homestead exemption allowed			<u>(1,758,023)</u>
Total Separate School District ad valorem taxes			24,021,569
Adjustments to original tax roll:			
HEX Chargebacks		21,834	
Lauderdale County tax collector refund		14,697	
Realty		4,602	
Personal		16,334	
Homestead exemption		8,008	65,475
Add (deduct):			
Prior year tax collections (refunds)		70,218	
Mobile homes		18,999	89,217
Total Separate School District to account for			<u>24,176,261</u>
Total City of Meridian and Separate School District to account for			<u>\$ 42,068,577</u>

CITY OF MERIDIAN, MISSISSIPPI
Scheduling Reconciling Original Ad Valorem
Tax Rolls to Fund Collections
For the Fiscal Year Ended September 30, 2019

	<u>Taxes</u>	<u>Homestead Reimbursement</u>	<u>Total</u>
Accounted for as follows:			
General Fund	\$ 11,452,136	\$ 380,938	\$ 11,833,074
General Fund - Pilot	167,985	-	167,985
General Bond and Interest	4,241,153	140,462	4,381,615
School Bond and Interest	2,697,397	-	2,697,397
Police and Fire Disability	905,750	29,838	935,588
General Retirement	321,646	10,609	332,255
School Fund	21,085,962	-	21,085,962
	<hr/>	<hr/>	<hr/>
Total accounted for	<u><u>\$ 40,872,029</u></u>	<u><u>\$ 561,847</u></u>	41,433,876
Balance represented by:			
Real property held from tax sale	21,139	32,461	53,600
Unpaid personal property	71,644	98,392	170,036
Sold to state	27,452	39,338	66,790
Tax collector's commission	87,268	112,492	199,760
Other	-	-	144,515
Held by tax collector	-	-	-
			<hr/>
Total ad valorem taxes			<u><u>\$ 42,068,577</u></u>

CITY OF MERIDIAN, MISSISSIPPI

Schedule of Investments

September 30, 2019

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Debt service fund - restricted -				
Certificate of deposit	07/10/19	12/10/19	0.25%	<u>\$ 400,000</u>

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2019

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

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CITY OF MERIDIAN, MISSISSIPPI
Schedule of Changes in Long-Term Debt
For the Fiscal Year Ended September 30, 2019

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance October 1, 2018</u>	<u>Principal Payments</u>	<u>New Issues</u>	<u>Balance September 30, 2019</u>
<u>Governmental activities:</u>							
Water and Sewer Improvement of 2007	04/01/2007	3.75-5.25%	\$ 3,600,000	\$ 185,000	\$ 185,000	\$ -	\$ -
Public Improvement of 2008	04/22/2008	2.60-3.65%	1,000,000	400,000	75,000	-	325,000
Public Improvement of 2009	06/01/2009	3.00-4.00%	10,000,000	965,000	470,000	-	495,000
Public Improvement of 2011	03/01/2011	3.10-4.40%	4,500,000	3,330,000	195,000	-	3,135,000
Public Improvement of 2012	04/12/2012	1.90-2.70%	4,500,000	2,660,000	405,000	-	2,255,000
Water and Sewer Improvement of 2013	03/05/2014	2.20%	1,200,000	640,000	120,000	-	520,000
Refunding Bonds of 2014	08/14/2014	2.00-3.00%	8,410,000	7,370,000	970,000	-	6,400,000
Public Improvement of 2016	03/24/2016	1.20-1.625%	7,500,000	6,170,000	695,000	-	5,475,000
General Obligation Bonds 2017	02/15/2017	2.00-5.00%	20,000,000	19,370,000	680,000	-	18,690,000
General Obligation Refunding Bonds 2017	10/16/2017	2.15%	8,024,000	7,922,000	73,000	-	7,849,000
Total general obligations bonds			<u>68,734,000</u>	<u>49,012,000</u>	<u>3,868,000</u>	<u>-</u>	<u>45,144,000</u>
Special Obligation Bonds 2003B	07/01/2003	3.30-5.375%	1,500,000	555,000	100,000	-	455,000
Total special obligation bonds			<u>1,500,000</u>	<u>555,000</u>	<u>100,000</u>	<u>-</u>	<u>455,000</u>
Limited Obligation Tax Increment Bonds	12/17/2009	8.75%	4,000,000	2,505,000	2,505,000	-	-
Limited Obligation Tax Increment Bonds	03/01/2010	5.00%	300,000	120,000	30,000	-	90,000
Tax Increment Refunding Bonds	09/27/2019	2.20%	1,971,000	-	-	1,971,000	1,971,000
Total tax increment bonds			<u>6,271,000</u>	<u>2,625,000</u>	<u>2,535,000</u>	<u>1,971,000</u>	<u>2,061,000</u>
Vehicle loan	04/28/2016	1.42%	442,267	260,137	93,109	-	167,028
Fire truck loan	08/18/2016	1.42%	1,078,338	843,794	215,668	-	628,126
Vehicle loan	11/28/2016	1.42%	1,261,760	1,064,950	254,573	-	810,377
Total promissory loans			<u>2,782,365</u>	<u>2,168,881</u>	<u>563,350</u>	<u>-</u>	<u>1,605,531</u>
Special Assessment Public Improvement	06/01/2000	5.20-6.25%	1,125,000	180,000	85,000	-	95,000
Special Assessment Public Imp 2001	08/01/2001	4.50-6.00%	500,000	110,000	35,000	-	75,000
Total special assessment			<u>1,625,000</u>	<u>290,000</u>	<u>120,000</u>	<u>-</u>	<u>170,000</u>
Municipal Asset Management - tasers	06/22/2015	3.77%	120,387	24,967	24,967	-	-
Lighting Upgrades	03/01/2018	4.20%	748,026	541,311	-	206,715	748,026
Electric Vehicle Charging Station	03/08/2018	1.42%	13,680	12,540	2,736	-	9,804
Total capital leases			<u>882,093</u>	<u>578,818</u>	<u>27,703</u>	<u>206,715</u>	<u>757,830</u>
Total governmental activities			<u><u>\$ 81,794,458</u></u>	<u><u>\$ 55,229,699</u></u>	<u><u>\$ 7,214,053</u></u>	<u><u>\$ 2,177,715</u></u>	<u><u>\$ 50,193,361</u></u>
<u>Business-type activities:</u>							
EPA Clean Water State Revolving Loan Fund	10/01/2010	1.75%	9,044,496	8,849,030	396,096	-	8,452,934
Water and sewer promissory loan	01/31/2013	0.50-4.00%	12,415,000	4,980,000	865,000	-	4,115,000
Vehicle loan	04/28/2016	1.42%	495,910	291,598	104,406	-	187,192
Vehicle loan	11/28/2016	1.42%	673,822	552,877	134,486	-	418,391
Vehicle loan	11/28/2016	1.42%	36,659	29,327	7,011	-	22,316
Drinking Water Systems Improvements							
Revolving Loan Fund	09/29/2017	1.95%	8,114,960	473,361	14,498	-	458,863
Total promissory loans			<u>30,780,847</u>	<u>15,176,193</u>	<u>1,521,497</u>	<u>-</u>	<u>13,654,696</u>
Water Metering System	03/01/2018	4.20%	9,243,188	6,695,473	-	2,547,715	9,243,188
Total capital leases			<u>9,243,188</u>	<u>6,695,473</u>	<u>-</u>	<u>2,547,715</u>	<u>9,243,188</u>
Total business-type activities			<u><u>\$ 40,024,035</u></u>	<u><u>\$ 21,871,666</u></u>	<u><u>\$ 1,521,497</u></u>	<u><u>\$ 2,547,715</u></u>	<u><u>\$ 22,897,884</u></u>

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Long-Term Debt Maturities
September 30, 2019

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance September 30, 2019</u>
<u>Governmental activities:</u>				
Public Improvement of 2008	04/22/2008	2.60-3.65%	\$ 1,000,000	\$ 325,000
Public Improvement of 2009	06/01/2009	3.00-4.00%	10,000,000	495,000
Public Improvement of 2011	03/01/2011	3.10-4.40%	4,500,000	3,135,000
Public Improvement of 2012	04/12/2012	1.90-2.70%	4,500,000	2,255,000
Water and Sewer Improvement of 2013	03/05/2014	2.20%	1,200,000	520,000
Refunding Bonds of 2014	08/14/2014	2.00-3.00%	8,410,000	6,400,000
Public Improvement of 2016	03/24/2016	1.20-1.625%	7,500,000	5,475,000
General Obligation Bonds 2017	02/15/2017	2.00-5.00%	20,000,000	18,690,000
General Obligation Refunding Bonds 2017	10/16/2017	2.15%	8,024,000	7,849,000
Total general obligations bonds			<u>65,134,000</u>	<u>45,144,000</u>
Special Obligation Bonds 2003B	07/01/2003	3.30-5.375%	1,500,000	455,000
Total special obligation bonds			<u>1,500,000</u>	<u>455,000</u>
Limited Obligation Tax Increment Bonds	03/01/2010	5.00%	300,000	90,000
Tax Increment Refunding Bonds	09/27/2019	2.20%	1,971,000	1,971,000
Total tax increment bonds			<u>2,271,000</u>	<u>2,061,000</u>
Vehicle loan	04/28/2016	1.42%	442,267	167,028
Fire truck loan	08/18/2016	1.42%	1,078,338	628,126
Vehicle loan	11/28/2016	1.42%	1,261,760	810,377
Total promissory loans			<u>2,782,365</u>	<u>1,605,531</u>
Special Assessment Public Improvement	06/01/2000	5.50-6.00%	1,125,000	95,000
Special Assessment Public Imp 2001	08/01/2001	4.80-5.10%	500,000	75,000
Total special assessment			<u>1,625,000</u>	<u>170,000</u>
Lighting Upgrades	03/01/2018	4.20%	748,026	748,026
Electric Vehicle Charging Station	03/08/2018	1.42%	13,680	9,804
Total capital leases			<u>761,706</u>	<u>757,830</u>
Total governmental activities			<u><u>\$ 74,074,071</u></u>	<u><u>\$ 50,193,361</u></u>
<u>Business-type activities:</u>				
EPA Clean Water State Revolving Fund Loan	10/01/2010	1.75%	9,044,496	8,452,934
Water and sewer promissory loan	01/31/2013	0.50-4.00%	12,415,000	4,115,000
Vehicle loan	04/28/2016	1.42%	495,910	187,192
Vehicle loan	11/28/2016	1.42%	673,822	418,391
Vehicle loan	11/28/2016	1.42%	36,659	22,316
Drinking Water Systems Improvements				
Revolving Loan Fund	09/29/2017	1.95%	8,114,960	458,863
Total promissory loans			<u>30,780,847</u>	<u>13,654,696</u>
Water Metering System	03/01/2018	4.20%	9,243,188	9,243,188
Total capital leases			<u>9,243,188</u>	<u>9,243,188</u>
Total business-type activities			<u><u>\$ 40,024,035</u></u>	<u><u>\$ 22,897,884</u></u>

Maturities for the Years Ending September 30,

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025 - 2029</u>	<u>2030 - 2034</u>	<u>2035 - 2039</u>	<u>2040 - 2043</u>
\$ 75,000	\$ 80,000	\$ 85,000	\$ 85,000	\$ -	\$ -	\$ -	\$ -	\$ -
495,000	-	-	-	-	-	-	-	-
205,000	215,000	225,000	235,000	240,000	1,380,000	635,000	-	-
420,000	435,000	450,000	465,000	485,000	-	-	-	-
125,000	130,000	130,000	135,000	-	-	-	-	-
1,000,000	1,035,000	1,070,000	1,105,000	710,000	1,480,000	-	-	-
715,000	735,000	755,000	780,000	805,000	1,685,000	-	-	-
700,000	730,000	760,000	790,000	830,000	4,745,000	5,890,000	4,245,000	-
270,000	793,000	816,000	848,000	873,000	4,249,000	-	-	-
4,005,000	4,153,000	4,291,000	4,443,000	3,943,000	13,539,000	6,525,000	4,245,000	-
105,000	110,000	115,000	125,000	-	-	-	-	-
105,000	110,000	115,000	125,000	-	-	-	-	-
30,000	30,000	30,000	-	-	-	-	-	-
100,000	393,000	397,000	409,000	418,000	254,000	-	-	-
130,000	423,000	427,000	409,000	418,000	254,000	-	-	-
94,439	72,589	-	-	-	-	-	-	-
215,668	215,668	196,790	-	-	-	-	-	-
258,199	261,969	265,766	24,443	-	-	-	-	-
568,306	550,226	462,556	24,443	-	-	-	-	-
95,000	-	-	-	-	-	-	-	-
35,000	40,000	-	-	-	-	-	-	-
130,000	40,000	-	-	-	-	-	-	-
-	45,310	48,665	50,730	52,883	300,050	250,388	-	-
2,736	2,736	2,736	1,596	-	-	-	-	-
2,736	48,046	51,401	52,326	52,883	300,050	250,388	-	-
\$ 4,941,042	\$ 5,324,272	\$ 5,346,957	\$ 5,053,769	\$ 4,413,883	\$ 14,093,050	\$ 6,775,388	\$ 4,245,000	\$ -
402,496	409,597	416,822	424,176	431,659	2,275,239	2,483,134	1,609,811	-
895,000	805,000	825,000	835,000	400,000	355,000	-	-	-
105,899	81,293	-	-	-	-	-	-	-
136,420	138,412	140,418	3,141	-	-	-	-	-
7,110	7,214	7,319	673	-	-	-	-	-
484	19,881	20,272	20,671	21,077	111,773	123,210	135,817	5,678
1,547,409	1,461,397	1,409,831	1,283,661	852,736	2,742,012	2,606,344	1,745,628	5,678
-	559,886	601,341	626,863	653,468	3,707,650	3,093,980	-	-
-	559,886	601,341	626,863	653,468	3,707,650	3,093,980	-	-
\$ 1,547,409	\$ 2,021,283	\$ 2,011,172	\$ 1,910,524	\$ 1,506,204	\$ 6,449,662	\$ 5,700,324	\$ 1,745,628	\$5,678

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STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial trends information	167-174
<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	175-178
<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	179-183
<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	184-185
<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	186-188
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities:										
Net investment in capital assets	\$ 72,823	\$ 74,694	\$ 75,049	\$ 69,358	\$ 68,410	\$ 66,592	\$ 65,945	\$ 72,890	\$ 65,119	\$ 63,763
Restricted	6,985	6,519	5,755	3,538	3,572	4,783	5,329	10,914	8,295	10,675
Unrestricted	4,198	2,324	3,721	5,118	4,398	(35,407)	(39,404)	(65,016)	(65,289)	(59,081)
Total governmental activities net position	\$ 84,006	\$ 83,537	\$ 84,525	\$ 78,014	\$ 76,380	\$ 35,968	\$ 31,870	\$ 18,788	\$ 8,125	\$ 15,357
Business-type activities:										
Net investment in capital assets	\$ 19,767	\$ 19,795	\$ 20,841	\$ 18,824	\$ 20,214	\$ 21,704	\$ 25,555	\$ 21,492	\$ 22,621	\$ 19,798
Restricted	4,354	5,151	5,657	6,619	7,076	7,647	9,155	9,869	7,989	7,446
Unrestricted	2,682	3,825	4,179	6,528	8,350	4,479	5,010	5,591	6,048	11,575
Total business-type activities net position	\$ 26,803	\$ 28,771	\$ 30,677	\$ 31,971	\$ 35,640	\$ 33,830	\$ 39,720	\$ 36,952	\$ 36,658	\$ 38,819
Primary government:										
Net investment in capital assets	\$ 92,590	\$ 94,489	\$ 95,890	\$ 88,182	\$ 88,624	\$ 88,296	\$ 91,500	\$ 94,382	\$ 87,740	\$ 83,561
Restricted	11,339	11,670	11,412	10,157	10,648	12,430	14,484	20,783	16,284	18,121
Unrestricted	6,880	6,149	7,900	11,646	12,748	(30,928)	(34,394)	(59,425)	(59,241)	(47,506)
Total primary government net position	\$ 110,809	\$ 112,308	\$ 115,202	\$ 109,985	\$ 112,020	\$ 69,798	\$ 71,590	\$ 55,740	\$ 44,783	\$ 54,176

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Expenses</u>										
Governmental activities:										
General government	\$ 8,825	\$ 6,907	\$ 6,852	\$ 7,385	\$ 7,899	\$ 9,234	\$ 9,120	\$ 10,681	\$ 8,659	\$ 7,820
Public safety	16,238	15,528	15,584	16,486	16,394	16,054	16,855	19,137	18,608	16,818
Public works	8,198	7,896	7,695	12,022	7,864	7,934	8,459	12,861	10,555	7,998
Culture and recreation	2,284	3,223	2,051	2,250	2,509	2,500	3,122	13,062	12,838	1,540
Economic development	2,976	124	169	2,115	21	1	1	24	25	25
Interest on long-term debt	2,071	2,061	1,908	1,835	1,706	1,565	1,334	1,867	2,024	1,796
Total governmental activities expenses	40,592	35,739	34,259	42,093	36,393	37,288	38,891	57,632	52,709	35,997
Business-type activities:										
Water and sewer	12,161	11,742	11,765	11,788	10,625	10,449	10,921	11,290	11,444	11,477
Waste collection and disposal	2,466	1,825	1,876	1,905	1,881	1,849	1,891	2,206	2,289	2,095
Golf course	397	446	466	423	435	379	423	469	306	(58)
Union Station	352	364	353	366	235	295	317	322	348	162
Concessions	29	28	27	27	28	34	35	34	18	7
Total business-type activities expenses	15,405	14,405	14,487	14,509	13,204	13,006	13,587	14,321	14,405	13,683
Total primary government expenses	\$ 55,997	\$ 50,144	\$ 48,746	\$ 56,602	\$ 49,597	\$ 50,294	\$ 52,478	\$ 71,953	\$ 67,114	\$ 49,680
<u>Program revenues</u>										
Governmental activities:										
Charges for services:										
General government	355	501	412	705	336	577	402	380	\$ 495	\$ 360
Public safety	1,220	1,037	1,039	950	860	988	1,049	1,894	1,597	1,824
Culture and recreation	376	182	327	136	166	179	225	148	156	259
Operating grants and contributions	1,645	608	515	1,261	992	733	586	887	639	251
Capital grants and contributions	3,699	1,654	1,786	265	314	378	1,156	2,958	1,521	130
Total governmental activities program revenues	7,295	3,982	4,079	3,317	2,668	2,855	3,418	6,267	4,408	2,824
Business-type activities:										
Charges for services:										
Water and sewer	12,145	12,404	13,187	13,553	13,699	13,284	13,993	12,460	13,505	14,525
Waste collection and disposal	1,870	1,828	1,871	1,838	1,887	1,850	1,867	1,832	1,795	2,430
Golf course	271	249	296	271	244	179	224	217	148	116
Union Station	84	81	64	42	41	47	44	56	57	70
Concessions	46	42	35	38	27	31	27	20	15	18
Capital grants and contributions	-	328	1,314	148	47	1,611	1,748	-	-	-
Total business-type activities program revenues	14,416	14,932	16,767	15,890	15,945	17,002	17,903	14,585	15,520	17,160
Total primary government program revenues	\$ 21,711	\$ 18,914	\$ 20,846	\$ 19,207	\$ 18,613	\$ 19,857	\$ 21,321	\$ 20,852	\$ 19,928	\$ 19,984

CITY OF MERIDIAN, MISSISSIPPI

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Net (expense)/revenue</u>										
Governmental activities	\$ (33,297)	\$ (31,757)	\$ (30,180)	\$ (38,776)	\$ (33,725)	\$ (34,433)	\$ (35,473)	\$ (51,365)	\$ (48,301)	\$ (33,172)
Business-type activities	(989)	527	2,280	1,381	2,741	3,996	4,316	264	1,115	3,477
Total primary government net (expense)/revenue	<u>\$ (34,286)</u>	<u>\$ (31,230)</u>	<u>\$ (27,900)</u>	<u>\$ (37,395)</u>	<u>\$ (30,984)</u>	<u>\$ (30,437)</u>	<u>\$ (31,157)</u>	<u>\$ (51,101)</u>	<u>\$ (47,186)</u>	<u>\$ (29,695)</u>
<u>General revenues and other changes in net position</u>										
Governmental activities:										
Taxes:										
Property taxes	\$ 14,173	\$ 14,722	\$ 14,439	\$ 13,767	\$ 14,232	\$ 14,466	\$ 14,932	\$ 15,492	\$ 15,838	\$ 16,708
Sales taxes	13,502	13,708	14,082	14,682	14,901	14,845	14,431	16,038	16,550	18,573
Franchise taxes	2,647	2,529	2,462	2,643	2,955	2,922	2,555	2,600	2,678	2,711
County road taxes	1,224	982	781	752	678	692	714	721	717	733
Motor fuel taxes	19	19	20	20	20	31	30	31	27	28
Unrestricted grants and contributions	73	70	75	77	78	80	70	74	160	63
Unrestricted investment earnings	196	194	123	79	63	60	78	113	81	109
Transfers	(152)	(936)	66	245	(836)	266	(1,435)	3,214	1,587	1,478
Total governmental activities general revenues and other changes in net position	<u>31,682</u>	<u>31,288</u>	<u>32,048</u>	<u>32,265</u>	<u>32,091</u>	<u>33,362</u>	<u>31,375</u>	<u>38,283</u>	<u>37,638</u>	<u>40,404</u>
Business-type activities:										
Property taxes	506	400	40	71	49	57	16	65	48	13
Unrestricted investment earnings	114	105	103	86	43	116	123	117	130	149
Transfers	152	936	(66)	(245)	836	(266)	1,435	(3,214)	(1,587)	(1,478)
Total business-type activities general revenues and other changes in net position	<u>772</u>	<u>1,441</u>	<u>77</u>	<u>(88)</u>	<u>928</u>	<u>(93)</u>	<u>1,574</u>	<u>(3,032)</u>	<u>(1,409)</u>	<u>(1,316)</u>
Total primary government general revenues and other changes in net position	<u>\$ 32,454</u>	<u>\$ 32,729</u>	<u>\$ 32,125</u>	<u>\$ 32,177</u>	<u>\$ 33,019</u>	<u>\$ 33,269</u>	<u>\$ 32,949</u>	<u>\$ 35,251</u>	<u>\$ 36,229</u>	<u>\$ 39,089</u>
<u>Change in net position</u>										
Governmental activities	\$ (1,615)	\$ (469)	\$ 1,868	\$ (6,511)	\$ (1,634)	\$ (1,071)	\$ (4,098)	\$ (13,082)	\$ (10,663)	\$ 7,232
Business-type activities	(217)	1,968	2,357	1,293	3,669	3,903	5,890	(2,768)	(294)	2,161
Total primary government change in net position	<u>\$ (1,832)</u>	<u>\$ 1,499</u>	<u>\$ 4,225</u>	<u>\$ (5,218)</u>	<u>\$ 2,035</u>	<u>\$ 2,832</u>	<u>\$ 1,792</u>	<u>\$ (15,850)</u>	<u>\$ (10,957)</u>	<u>\$ 9,393</u>

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>
2010	\$ 14,173	\$ 13,502	\$ 2,647	\$ 1,224	\$ 19	\$ 31,565
2011	14,722	13,708	2,529	982	19	31,960
2012	14,439	14,082	2,462	781	20	31,784
2013	13,767	14,682	2,643	752	20	31,864
2014	14,232	14,901	2,955	678	20	32,786
2015	14,466	14,845	2,922	692	31	32,956
2016	14,932	14,431	2,555	714	30	32,662
2017	15,492	16,038	2,600	721	31	34,882
2018	15,838	16,550	2,678	717	27	35,810
2019	16,721	18,573	2,711	733	28	38,766

Source: Audit Reports - Statement of Activities

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General fund:										
Nonspendable	\$ 1,454	\$ 1,571	\$ 1,594	\$ 1,678	\$ 1,597	\$ 321	\$ 319	\$ 332	\$ 366	\$ 334
Committed	220	151	2	12	-	71	96	52	-	-
Assigned	1,011	1,204	1,931	1,889	1,799	1,917	1,938	753	641	472
Unassigned	5,684	6,433	7,582	8,341	8,371	8,966	6,628	4,196	3,691	9,182
Total general fund	\$ 8,369	\$ 9,359	\$ 11,109	\$ 11,920	\$ 11,767	\$ 11,275	\$ 8,981	\$ 5,333	\$ 4,698	\$ 9,988
All other governmental funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175	116
Restricted	12,992	11,194	13,457	6,875	6,788	7,999	14,744	21,624	11,283	13,210
Committed	347	344	345	345	345	345	346	346	210	210
Assigned	24	16	30	21	30	18	15	15	12	12
Unassigned	-	-	-	-	-	-	-	-	-	(72)
Total all other governmental funds	\$ 13,363	\$ 11,554	\$ 13,832	\$ 7,241	\$ 7,163	\$ 8,362	\$ 15,105	\$ 21,985	\$ 11,680	\$ 13,477

Source: Audit Reports - Governmental Funds Balance Sheet

Note: Fiscal year 2010 was reclassified with the implementation of GASB Statement 54 in fiscal year 2011.

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:										
Taxes	\$ 28,716	\$ 29,113	\$ 29,196	\$ 28,999	\$ 29,579	\$ 29,746	\$ 29,929	\$ 31,934	\$ 32,793	\$ 35,808
Franchise	2,647	2,529	2,462	2,644	2,955	2,922	2,555	2,600	2,678	2,711
Licenses and permits	301	271	251	251	296	277	299	258	244	264
Intergovernmental	3,888	2,257	1,513	1,588	1,354	1,177	1,593	3,733	2,073	390
Charges for services	375	182	157	136	166	179	225	149	157	259
Fines and forfeitures	1,219	1,037	1,039	950	860	988	1,049	1,894	1,597	1,824
Special assessments	74	72	74	69	72	73	74	73	68	40
Payments in lieu of taxes	68	152	156	100	150	93	137	226	207	145
Local contributions	461	55	-	7	12	14	83	168	162	54
Investment earnings	196	193	123	79	63	60	78	112	81	105
Interest costs and damages	132	169	141	126	104	197	59	125	140	130
Miscellaneous	85	268	301	573	63	299	149	155	260	116
Total revenues	38,162	36,298	35,413	35,522	35,674	36,025	36,230	41,427	40,460	41,848
Expenditures:										
General government	7,634	6,711	6,200	6,407	6,617	7,034	7,630	8,603	7,169	6,280
Public safety	14,732	15,144	15,352	16,811	16,008	15,083	17,627	18,016	16,907	15,449
Public works	4,441	4,422	4,195	4,206	4,933	4,572	4,977	5,755	5,386	4,624
Culture and recreation	3,406	2,673	2,186	2,175	2,492	2,341	2,925	12,736	12,613	2,025
Economic development	3,201	158	231	2,127	230	1	1	35	173	25
Other	11	19	23	23	-	-	-	-	-	-
Capital outlay	6,071	5,657	2,221	4,357	470	415	2,042	10,664	3,937	815
Debt service:										
Principal	3,498	3,687	3,682	4,020	3,675	3,466	3,243	4,024	5,292	5,251
Interest	1,982	2,043	1,995	1,885	1,773	1,471	1,392	1,908	2,029	1,890
Bond issuance costs	304	240	110	-	328	-	147	585	230	119
Total expenditures	45,280	40,754	36,195	42,011	36,526	34,383	39,984	62,326	53,736	36,476
Excess (deficiency) of revenues over (under) expenditures	(7,118)	(4,456)	(782)	(6,489)	(852)	1,642	(3,754)	(20,899)	(13,276)	5,372

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Other financing sources (uses):										
Transfers in	\$ 6,017	\$ 2,448	\$ 2,236	\$ 3,583	\$ 2,182	\$ 1,622	\$ 3,041	\$ 3,610	\$ 2,453	\$ 2,769
Transfers out	(6,197)	(3,447)	(2,234)	(3,350)	(3,034)	(1,387)	(4,354)	(1,824)	(902)	(1,291)
Bonds issued	4,300	8,460	4,500	-	9,610	-	7,500	20,000	8,024	1,971
Negotiable notes and loans issued	1,100	-	210	-	-	-	2,016	766	-	-
Capital leases	-	-	-	476	-	120	-	-	555	207
Premium on bonds issued	-	71	-	-	491	-	-	1,579	-	-
Principal retirement from refunding bond process	-	(3,895)	-	-	(3,110)	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	(5,518)	-	-	-	(7,794)	(1,940)
Loss on disposal of asset held for resale	-	-	-	-	-	(1,290)	-	-	-	-
Total other financing source (uses)	<u>5,220</u>	<u>3,637</u>	<u>4,712</u>	<u>709</u>	<u>621</u>	<u>(935)</u>	<u>8,203</u>	<u>24,131</u>	<u>2,336</u>	<u>1,716</u>
Net change in fund balance	<u>\$ (1,898)</u>	<u>\$ (819)</u>	<u>\$ 3,930</u>	<u>\$ (5,780)</u>	<u>\$ (231)</u>	<u>\$ 707</u>	<u>\$ 4,449</u>	<u>\$ 3,232</u>	<u>\$(10,940)</u>	<u>\$ 7,088</u>
Debt service as a percentage of noncapital expenditures	<u>14.5%</u>	<u>16.5%</u>	<u>17.2%</u>	<u>14.4%</u>	<u>15.6%</u>	<u>14.7%</u>	<u>13.1%</u>	<u>11.0%</u>	<u>14.7%</u>	<u>20.2%</u>

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

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

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

<u>Fiscal</u> <u>Year</u>	<u>Property</u> <u>Tax</u>	<u>Sales</u> <u>Tax¹</u>	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>
2010	\$ 13,971	\$ 13,502	\$ -	\$ 2,647	\$ 1,224	\$ 19	\$ 31,363
2011	14,404	13,708	-	2,529	982	19	31,642
2012	14,313	14,082	-	2,462	781	20	31,658
2013	13,545	14,682	-	2,644	752	20	31,643
2014	13,980	14,901	-	2,955	678	20	32,534
2015	14,178	14,845	-	2,922	692	31	32,668
2016	14,753	14,431	-	2,555	714	31	32,484
2017	15,144	14,015	2,023	2,600	721	31	34,534
2018	15,499	13,975	2,575	2,678	717	27	35,471
2019	16,473	15,169	3,405	2,711	733	28	38,519

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.

CITY OF MERIDIAN, MISSISSIPPI
Assessed Value and Estimated Actual Value of Tax 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 Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated True Value of Taxable Property	Assessed Value as a Percentage of Actual Value
	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Motor Vehicles</u>	<u>Other</u>					
2010	\$ 87,063	\$ 170,953	\$ 31,722	\$ 56,584	\$ 4,120	\$ 342,202	50.84	\$ 2,234,043	15.32%
2011	87,731	171,111	30,877	53,247	3,973	338,993	50.84	2,221,081	15.26%
2012	86,209	171,700	31,118	53,388	6,845	335,570	50.84	2,195,722	15.28%
2013	83,798	169,181	31,818	52,750	6,725	330,822	50.84	2,161,650	15.30%
2014	84,862	171,468	33,023	51,816	8,101	333,068	50.84	2,177,062	15.30%
2015	84,100	168,020	33,316	53,182	4,052	334,566	50.84	2,212,754	15.12%
2016	85,130	175,714	34,653	53,053	4,202	344,348	50.84	2,250,804	15.30%
2017	87,764	178,367	34,669	54,004	4,023	350,781	50.84	2,294,457	15.29%
2018	86,766	180,448	34,073	51,124	4,122	348,289	50.84	2,284,932	15.24%
2019	88,290	182,673	34,320	51,633	2,807	354,109	50.84	2,324,692	15.23%

Source: Lauderdale County real and personal property tax rolls.

CITY OF MERIDIAN, MISSISSIPPI
Property Tax Rates – Direct and Overlapping Governments
Last Ten Fiscal Years
(per \$1,000 of assessed value)

Fiscal Year	City of Meridian					Overlapping Rates							
						Lauderdale County			Meridian Separate School District				
	Operating	Debt	Special	Solid	Total	Operating	Debt	Total	Operating	Debt	Total	Meridian	Total
<u>Year</u>	<u>Millage</u>	<u>Service</u>	<u>Revenue</u>	<u>Waste</u>	<u>City</u>	<u>Millage</u>	<u>Service</u>	<u>County</u>	<u>Millage</u>	<u>Service</u>	<u>School</u>	<u>Community</u>	<u>Millage</u>
		<u>Millage</u>	<u>Pension</u>	<u>Millage</u>	<u>Millage</u>		<u>Millage</u>	<u>Millage</u>		<u>Millage</u>	<u>District</u>	<u>College</u>	
			<u>Millage</u>								<u>Millage</u>		
2010	29.92	11.88	7.44	1.60	50.84	39.36	7.47	46.83	51.42	5.81	57.23	7.00	161.90
2011	29.65	12.41	7.48	1.30	50.84	41.66	9.12	50.78	54.84	5.67	60.51	7.00	169.13
2012	28.72	13.24	7.93	0.95	50.84	41.66	9.12	50.78	54.84	5.47	60.31	7.00	168.93
2013	29.34	13.12	7.92	0.46	50.84	41.66	9.12	50.78	54.84	6.31	61.15	7.00	169.77
2014	29.72	13.17	7.77	0.18	50.84	41.66	9.12	50.78	54.84	7.98	62.82	7.00	171.44
2015	29.51	13.36	7.79	0.18	50.84	41.66	9.12	50.78	54.84	7.98	62.82	7.00	171.44
2016	29.75	13.12	7.79	0.18	50.84	41.66	9.12	50.78	54.84	7.98	62.82	7.00	171.44
2017	29.75	14.30	6.61	0.18	50.84	41.70	9.08	50.78	55.00	7.82	62.82	7.00	171.44
2018	29.75	15.95	4.96	0.18	50.84	42.21	8.57	50.78	55.00	7.82	62.82	7.00	171.44
2019	34.24	12.71	3.66	0.23	50.84	41.66	9.12	50.78	54.90	7.92	62.82	7.00	171.44

Source: Office of the City Clerk.

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

CITY OF MERIDIAN, MISSISSIPPI

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

<u>Taxpayer</u>	<u>2019</u>			<u>2010</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>
Bonita Lakes Mall/ Rockstep Meridian, LLC	\$ 6,545	1	1.54%	\$ 10,309	2	3.01%
Meridian Crossroads/Meridian, SAV LLC	3,517	2	0.83%	4,092	6	1.20%
Walmart Supercenters	3,494	3	0.82%	7,291	3	2.13%
Anderson Regional Medical Center	3,164	4	0.74%	3,280	7	0.96%
Allred Investments, LLC	1,916	5	0.45%	2,125	10	0.62%
Mississippi Power Company	1,877	6	0.44%	12,601	1	3.68%
Van Zyverden, Inc.	1,811	7	0.43%	-	-	-
Lauderdale County Economic Dev	1,662	8	0.39%	-	-	-
Peavey Electronics Corporation	1,333	9	0.31%	2,396	8	0.70%
Lowe's Home Centers Inc	1,333	10	0.31%	-	-	-
Norfolk Southern Railway Company	-	-	-	2,347	9	0.69%
Bell South Telecommunications	-	-	-	6,406	4	1.87%
Riley Memorial Hospital	-	-	-	4,866	5	1.42%
Totals	<u>\$ 26,652</u>		<u>6.26%</u>	<u>\$ 55,713</u>		<u>16.28%</u>

CITY OF MERIDIAN, MISSISSIPPI

Property Tax Levies and Collections

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected within the		Collections (Refunds) in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy	Percentage		Percentage	
		<u>Amount</u>	<u>of Levy</u>		<u>Amount</u>	<u>of Levy</u>
2010	\$ 16,960	\$ 16,824	99.20%	\$ 43	\$ 16,867	99.45%
2011	16,956	16,846	99.35%	71	16,917	99.77%
2012	16,938	16,540	97.65%	(46)	16,494	97.38%
2013	16,111	15,971	99.13%	17	15,988	99.24%
2014	16,704	16,424	98.32%	(30)	16,394	98.14%
2015	16,961	16,832	99.24%	64	16,896	99.62%
2016	17,379	17,315	99.63%	21	17,336	99.75%
2017	17,694	17,475	98.76%	20	17,495	98.88%
2018	17,617	17,526	99.48%	46	17,572	99.74%
2019	17,894	17,892	99.99%	43	17,935	100.23%

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

CITY OF MERIDIAN, MISSISSIPPI
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities								Business-Type Activities				Total Primary Government	Percentage of Personal Income ²	Per Capita ¹
	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			
2010	\$ 27,750	\$ 5,280	\$ 5,680	\$ 2,650	\$ -	\$ 431	\$ 1,372	\$ 500	\$ 6,090	\$ 11,697	\$ (345)	\$ 554	\$ 61,659	5.03%	\$ 1,498
2011	31,170	4,985	5,100	1,720	(140)	359	880	326	5,420	10,520	(266)	479	60,553	4.77%	1,472
2012	33,520	4,670	4,475	1,505	(63)	467	660	272	4,705	10,913	(19)	398	61,503	4.49%	1,504
2013	31,270	4,340	3,800	1,280	(59)	361	440	533	-	14,163	666	313	57,107	3.98%	1,396
2014	33,430	885	3,605	1,040	525	254	220	315	-	11,968	720	223	53,185	3.86%	1,323
2015	31,090	810	3,390	785	475	143	-	185	-	10,503	656	128	48,165	3.53%	1,214
2016	36,105	730	3,155	515	424	2,077	-	94	-	8,978	593	26	52,697	3.81%	1,347
2017	52,715	645	2,900	405	1,929	2,704	-	49	-	16,301	529	-	78,177	5.62%	2,061
2018	49,012	555	2,625	290	1,828	2,169	-	579	-	15,176	466	6,695	79,395	5.71%	2,093
2019	45,144	455	2,061	170	1,726	1,606	-	758	-	13,654	402	9,243	75,219	5.41%	1,983

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 2010 and 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.

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

Fiscal Year	General Obligation Bonds	Unamortized Premiums (Discounts)	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated True Value of Taxable Property¹	Per Capita²
2010	\$ 27,750	\$ -	\$ 695	\$ 27,055	1.21%	\$ 658
2011	31,170	69	855	30,384	1.37%	738
2012	33,520	58	899	32,679	1.49%	799
2013	31,270	48	852	30,466	1.41%	745
2014	33,430	526	701	33,255	1.53%	827
2015	31,090	475	918	30,647	1.39%	773
2016	36,105	424	1,442	35,087	1.56%	897
2017	52,715	1,929	1,863	52,781	2.30%	1,391
2018	49,012	1,828	1,837	49,003	2.14%	1,292
2019	45,144	1,726	400	47,270	2.03%	1,246

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

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

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

CITY OF MERIDIAN, MISSISSIPPI
Direct and Overlapping Governmental Activities Debt
As of September 30, 2019
(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	\$ 31,160	47.75%	\$ 14,879
Debt repaid with property taxes: School	<u>12,555</u>	88.91%	<u>11,163</u>
Subtotal, overlapping debt	43,715		26,042
City of Meridian direct debt	<u>54,155</u>	100.00%	<u>54,155</u>
Total direct and overlapping debt	<u><u>\$ 97,870</u></u>		<u><u>\$ 80,197</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.

CITY OF MERIDIAN, MISSISSIPPI

Long Debt Margin Information

Last Ten Fiscal Years

(amounts expressed in thousands)

	Fiscal year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt limit	\$ 51,948	\$ 51,445	\$ 51,362	\$ 50,632	\$ 51,175	\$ 50,793	\$ 52,283	\$ 53,221	\$ 52,862	\$ 53,301
Total net debt applicable to limit	27,055	30,315	32,621	30,418	32,729	30,172	34,663	30,852	27,805	26,054
Legal debt margin	\$ 24,893	\$ 21,130	\$ 18,741	\$ 20,214	\$ 18,446	\$ 20,621	\$ 17,620	\$ 22,369	\$ 25,057	\$ 27,247
Total net debt applicable to the limit as a percentage of debt limit	52.08%	58.93%	63.51%	60.08%	63.95%	59.40%	66.30%	57.97%	52.60%	48.88%

Legal Debt Margin Calculation for Fiscal Year 2019:

Assessed value	\$ 350,782
Add back: exempt real property	4,555
Total assessed value	\$ 355,337
Debt limit (15% of total assessed value)	\$ 53,301
Debt applicable to limit:	
General obligation bonds ¹	26,454
Less: Amount set aside for repayment of general obligation debt	(400)
Total net debt applicable to limit	26,054
Legal debt margin	\$ 27,247

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.

CITY OF MERIDIAN, MISSISSIPPI

Pledged Revenue Coverage

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	Water & Sewer Charges and Other	Less: Operating Expenses¹	Net Available Revenue	Debt Service			Coverage
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2010	\$ 12,145	\$ 7,239	\$ 4,906	\$ 3,605	\$ 963	\$ 4,568	107.40%
2011	12,404	7,017	5,387	1,840	789	2,629	204.91%
2012	13,187	7,544	5,643	1,930	706	2,636	214.07%
2013	13,553	7,569	5,984	2,042	652	2,694	222.12%
2014	13,699	7,647	6,052	2,195	437	2,632	229.94%
2015	13,284	7,511	5,773	1,465	355	1,820	317.20%
2016	13,993	8,076	5,917	1,525	297	1,822	324.75%
2017	12,460	8,380	4,080	1,165	236	1,401	291.22%
2018	13,505	8,296	5,209	1,225	179	1,404	371.01%
2019	14,525	7,751	6,774	865	140	1,005	674.03%

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

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

¹Total operating expenses exclusive of depreciation and amortization expense.

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

Fiscal Year	<u>Population</u>¹	<u>Personal Income (amounts expressed in thousands)</u>²	<u>Per Capita Personal Income</u>²	<u>Median Age</u>³	<u>School Enrollment</u>⁴	<u>Unemployment Rate</u>⁵
2010	41,148	\$ 3,200,882	29,764	35.7	6,418	14.8%
2011	41,146	3,319,247	30,873	34.9	6,250	14.6%
2012	40,894	3,591,963	33,515	34.8	6,209	12.6%
2013	40,921	3,747,649	35,037	33.9	6,168	11.9%
2014	40,196	3,638,085	34,257	35.0	5,880	10.0%
2015	39,661	3,593,079	34,384	34.8	5,664	8.5%
2016	39,113	3,662,632	35,374	35.2	5,555	6.4%
2017	37,940	3,734,000	36,656	36.0	5,444	5.6%
2018	37,325	3,721,121	36,862	36.3	5,143	5.2%
2019	37,325	3,721,121	36,836	36.3	5,143	5.8%

Sources: ¹U.S. Census Bureau, 2010-2018 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 May 20, 2020.

³U.S. Census Bureau, 2014-2018 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; Year: November 2019.

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

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

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

<u>Taxpayer</u>	<u>2019</u>			<u>2010</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	2,460	1	16.78%	2,610	1	19.77%
Anderson Regional Medical Center	1,345	2	9.17%	1,475	3	11.17%
Mississippi Air National Guard	1,200	3	8.19%	420	9	3.18%
Meridian Public Schools	1,000	4	6.82%	1,050	4	7.95%
East Mississippi State Hospital	940	5	6.41%	1,500	2	11.36%
Walmart Supercenters	690	6	4.71%	743	7	5.63%
City of Meridian	525	7	3.58%	570	8	4.32%
Alliance Health Center	355	8	2.42%	385	10	2.92%
Meridian Community College	327	9	2.23%	-	-	-
Avery Products	220	10	1.50%	-	-	-
Peavy Electronics Corporation	-	-	-	1,000	5	7.58%
Riley Memorial Hospital	<u>-</u>	-	<u>-</u>	<u>915</u>	6	<u>6.93%</u>
Totals	<u>9,062</u>		<u>61.81%</u>	<u>10,668</u>		<u>80.81%</u>

Source: East Mississippi Business Development Corporation

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

<u>Function</u>	<u>Full-time Equivalent Employees as of September 30,</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government	50	46	59	47	48	49	59	61	55	55
Public safety:										
Police:										
Officers	108	109	108	100	92	90	77	99	90	77
Civilians	15	15	19	17	13	18	24	19	21	20
Fire:										
Firefighters and officers	108	112	114	106	103	97	110	106	96	91
Civilians	11	10	11	9	7	9	9	8	7	6
Highways and streets	60	65	57	56	55	67	65	75	68	60
Sanitation	1	1	1	1	1	1	1	1	1	1
Culture and recreation	56	42	42	40	39	32	30	35	27	23
Water	47	48	48	45	39	39	31	37	25	27
Sewer	44	42	39	36	31	31	37	39	29	33
Golf course	5	7	8	8	10	8	9	4	2	1
Union Station	2	2	2	2	2	2	2	1	1	1
Municipal Garage	13	11	11	11	10	10	10	11	7	5
Public Safety & Training Facility	5	4	5	4	4	3	3	3	5	4
Community Development	19	16	16	18	18	22	23	20	16	18
Totals	<u>544</u>	<u>530</u>	<u>540</u>	<u>500</u>	<u>472</u>	<u>478</u>	<u>490</u>	<u>519</u>	<u>450</u>	<u>422</u>

Source: City's payroll department.

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Police:										
Physical arrests	4,952	5,089	6,254	5,847	3,917	4,012	3,838	3,997	4,541	2,578
Parking violations	5,329	4,347	3,699	3,186	2,027	1,960	1,972	1,365	1,848	2,122
Traffic violations	8,676	12,089	9,533	9,163	8,801	8,366	6,719	9,672	8,617	6,040
Fire:										
Number calls answered	1,636	2,070	1,550	1,621	1,596	1,456	1,625	1,542	1,599	1,699
Inspections	1,375	1,810	2,053	1,414	2,365	2,573	2,002	2,399	2,531	2,542
Highways and streets:										
Street resurfacing (miles)	-	-	4	19	19	-	22	14	6	6
Potholes repaired ¹	271	394	1,003	936	1,191	364	803	542	515	595
Culture and recreation:										
Meridian Activity Center/Velma Young Park/Highland Park classes	1,290	1,255	1,248	1,594	1,624	1,652	1,978	1,981	1,602	1,803
Water:										
New connections	30	50	28	46	88	46	28	31	18	19
Water leak repairs	1,291	1,344	1,196	644	640	564	595	552	444	486
Average daily consumption (millions of gallons)	4.211	5.033	5.066	5.236	5.453	5.640	5.722	5.025	4.981	4.762
Wastewater:										
Average daily sewerage treatment (millions of gallons)	7.100	6.390	7.060	8.380	6.130	6.490	7.140	6.540	6.350	6.850

Source: Various City departments.

¹For fiscal years 2012 through 2019, 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 2010 through 2011 is based on the number of service orders issued for pothole repair.

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	84	84	88	86	93	90	84	101	110	93
Fire stations	8	7	8	8	8	8	8	7	7	7
Highways and streets:										
Streets (miles)	330.35	330.35	330.35	330.35	330.35	330.35	330.35	330.35	330.35	330.35
Streetlights	6,589	6,603	6,639	6,693	6,729	6,735	6,752	6,756	6,756	6,756
Traffic signals	120	117	117	117	117	117	120	121	121	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	16	16	16	16	16	16	16	16
Community centers	3	3	3	3	3	3	3	4	4	4
Softball/Baseball fields	18	18	18	18	18	19	19	19	19	19
Soccer fields	14	14	14	14	14	14	14	14	14	14
Golf course	1	1	1	1	1	1	1	1	1	1
Splash pad	-	-	-	-	-	-	1	1	1	1
Water:										
Water mains (miles)	429	430	430	430	430	431	432	432	432	432
Fire hydrants	2,136	2,141	2,180	2,180	2,181	2,183	2,186	2,186	2,186	2,186
Maximum daily capacity (thousands of gallons)	14,500	14,500	13,952	13,952	13,952	13,952	13,952	13,952	13,952	13,952
Sewer:										
Sanitary sewers (miles)	445	445	445	445	445	445	445	445	445	445
Storm sewers (miles)	225	225	225	225	225	225	225	225	225	225
Maximum daily treatment capacity (thousands of gallons)	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000

Source: Various City departments.

GOVERNMENTAL AUDITING STANDARDS SECTION

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**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***

Independent Auditor's Report

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 (the City), as of and for the year ended September 30, 2019, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 28, 2020, which contained a reference to another auditor. The financial statements of the Meridian & Bonita Lakes Development Authority (MBLDA), a component unit included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with MBLDA.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a

combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001 and 2019-002 that we consider to be material weaknesses.

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*.

The City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

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.

BKD, LLP

Jackson, Mississippi
September 28, 2020

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Findings and Responses
September 30, 2019

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
2019-001	<p><i>Criteria or Specific Requirement</i> Management is responsible for establishing and maintaining effective internal control over financial reporting and maintaining financial records in accordance with accounting principles generally accepted in the United States of America (GAAP).</p> <p><i>Condition</i> The design of the City's accounting process does not provide for appropriate supervisory review of journal entries recorded into <i>CAFR Unlimited</i>.</p> <p><i>Cause</i> The City has not designed a formal process to provide for the review of journal entries recorded into <i>CAFR Unlimited</i> or a supervisory review of the results of those entries.</p> <p><i>Effect</i> Potentially material misstatements in the financial statements could occur and not be prevented or detected in a timely manner. During the audit, numerous errors were identified in which journal entries were posted incorrectly and required proposed adjustments by the auditor to ensure financial statements were presented in accordance with GAAP.</p> <p><i>Recommendation</i> Management should implement procedures where journal entries posted into <i>CAFR Unlimited</i> are prepared by one individual and are reviewed, approved, and posted by another. Additionally, throughout the review process, the City Clerk/Chief Financial Officer should analyze the results of entries for any unusual items such as debit balances in liability accounts which could be reflective of errors.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions</i> Management agrees with the recommendation. The City Clerk/Chief Financial Officer will review journal entries posted in <i>CAFR Unlimited</i> by the City Auditor/Chief Accountant and review the adjusted trial balance, prior to the City Auditor providing the entries and trial balance to the external auditor.</p>

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Findings and Responses
September 30, 2019

Reference Number	Finding
2019-002	<p><i>Criteria or Specific Requirement</i> Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p><i>Condition</i> The City's processes and procedures lack a formal process to ensure the timely completion of the City's year-end close and independent audit. The processes and procedures do not include formal checklists, established deadlines, a listing of responsible parties, a component of supervisory review, or a system of accountability as it relates to the year-end close procedures. Therefore, the City encountered delays in the completion of the year-end close and initial errors in the financial records that required numerous adjustments by the City and the auditor, causing a delay in the completion of the audit.</p> <p><i>Cause</i> The City's processes and procedures lack a formal year-end close process to ensure timely and accurate financial reporting at year-end.</p> <p><i>Effect</i> Significant adjustments to numerous accounts were identified during the audit to correct the financial statements. Additionally, delays in the year-end close process caused delays in the completion of the audit.</p> <p><i>Recommendation</i> We suggest the City develop a formal year-end close process that includes checklists, established deadlines, a listing of responsible parties, a component of supervisory review, and a system of accountability to ensure timely and accurate financial reporting. This process should also include a component to ensure the necessary account reconciliations are completed timely and accurately and subject to supervisory review. The year-end close process should begin immediately after year-end and should be completed by mid-January, with the exception of a very few adjustments that require information that is not available until a later date.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions</i> Management agrees with the recommendation and will evaluate and implement the recommended processes and procedures.</p>

**Report on Compliance with State of Mississippi
Office of the State Auditor Requirements****Independent Auditor's Report**

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

We have audited the basic financial statements of the City of Meridian, Mississippi (the City) as of and for the year ended September 30, 2019, and have issued our report dated September 28, 2020, which contained a reference to other auditors. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

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

The results of those procedures and our audit of the general purpose financial statements disclosed no material instances of noncompliance with state laws and regulations.

This report is intended for the information of the City's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

BKD, LLP

Jackson, Mississippi
September 28, 2020