

OFFICE OF THE STATE AUDITOR REPORT NOTE:

Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

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

CITY OF MERIDIAN, MISSISSIPPI

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020**

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

CITY OF MERIDIAN, MISSISSIPPI
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2020

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INTRODUCTORY SECTION

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December 31, 2021

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

Mayor:

JIMMIE SMITH, SR.
(P) 601.485.1927
(F) 601.485.1911

Councilmembers:

GEORGE M. THOMAS
Ward 1

DWAYNE DAVIS
Ward 2

JOSEPH NORWOOD
Ward 3

ROMANDE WALKER
Ward 4

TY BELL LINDSEY
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

Public Safety:

(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

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 annual comprehensive financial report of the City of Meridian, Mississippi ("City") for the fiscal year ended September 30, 2020.

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

The City's financial statements have been audited in accordance with auditing standards generally accepted in the United States of America by Breazeale, Saunders & O'Neil, Ltd., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2020, 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, 2020, 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 2020 population of 35,052. 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 eighth 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. 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 Marriott Tribute Portfolio Hotel and the opening of the Mississippi Children’s Museum – Meridian, which added to the City’s cultural tourism in 2021.

The City also serves as a regional health center, with five hospitals that employ over 5,500 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 Sailors and Marines in aviation and technical fields. NAS Meridian also provides the RCTA or Regional

Counterdrug Training Academy. The RCTA offers a variety of training for law enforcement entities throughout the southeast in interdiction, investigation and operations. Additionally, Meridian is home to the Key Field National Guard Base located at G.V. "Sonny" Montgomery National Guard Complex. Key Field is home to the 186th Air Refueling Wing, 238th Air Support Operations 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. The Facility is a training hub for Active Shooter training in Mississippi, investing over \$75,000 in equipment to be used in the training. The Facility partners with Meridian Community College in providing work force training to City of Meridian employees and it is 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

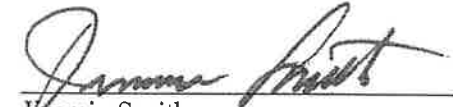
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report ("ACFR") for the fiscal year ended September 30, 2019. This is the twenty-fourth consecutive 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 ACFR. 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 ACFR 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,


Jimmie Smith
Mayor


Brandye Latimer
CFO/City Clerk



Government Finance Officers Association

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

Presented to

**City of Meridian
Mississippi**

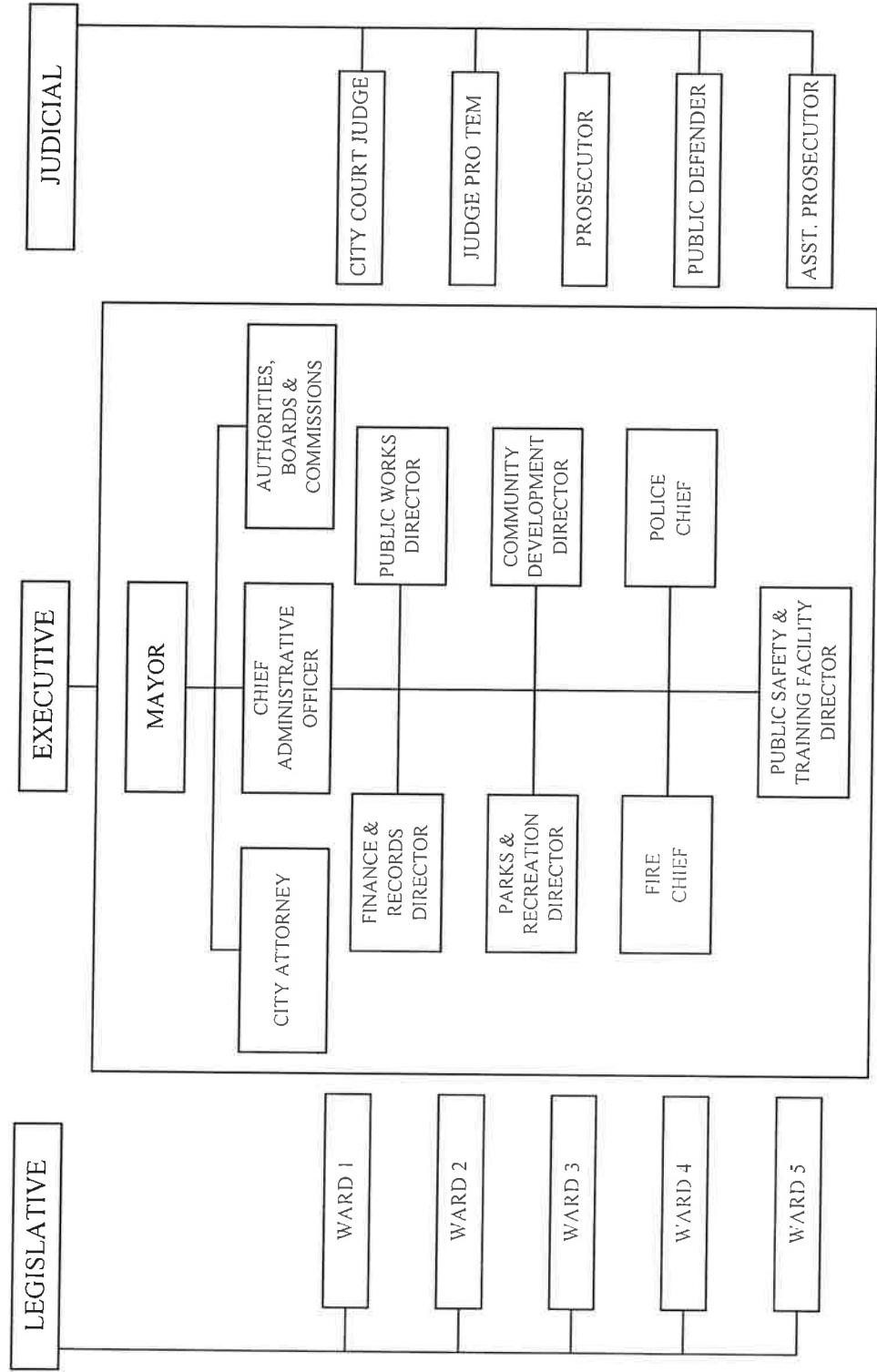
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF MERIDIAN, MISSISSIPPI
 Organizational Structure
 September 30, 2020



CITY OF MERIDIAN, MISSISSIPPI

Listing of City Officials

September 30, 2020

Elected Officials

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

Appointed Officials

| | |
|--|------------------|
| Chief Administrative Officer | Eddie Kelly |
| Finance & Records Director/City Clerk | Brandye Latimer |
| Public Works Director | Hugh Smith |
| Parks & Recreation Director | Trent Posey |
| Community Development Director | Laura Carmichael |
| Fire Chief | Ricky Leister |
| Police Chief | Vacant |
| Public Safety & Training Facility Director | Douglas Stephens |
| City Attorney | Kermit Kendrick |

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Meridian, Mississippi ("City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Meridian Airport Authority, which represent 86.32 percent, 86.86 percent, and 98.45 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in

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

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2020, 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 on pages 17 through 29, the budgetary comparison information on pages 110 through 113, and the pension required supplementary information on pages 114 through 122 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The combining and individual nonmajor fund financial statements and schedules, other supplementary information, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, this information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Jackson, Mississippi
December 31, 2021

By: Ryan Sanders : O'Neil, Itel.

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CITY OF MERIDIAN, MISSISSIPPI
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2020

As management of the City of Meridian, Mississippi ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. 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 \$60,960 (*net position*). Of this amount, the \$(38,230) *deficit unrestricted net position* is largely due to the City's \$53,994 net pension liability recognized as a result of the fiscal year 2015 implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions: An Amendment of GASB Statement No. 27*.
- The City's total net position increased by \$6,784. This increase in net position is due to an increase in Public Safety operating grants.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$34,495, an increase of \$11,030 in comparison with the prior year. Approximately 38.6 percent of this total amount, \$13,320, 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 \$13,494 or 46.0 percent of total general fund expenditures.
- The City's total debt increased by \$42,255 (57.8 percent) during the current fiscal year. The increase is due to (1) \$6,000 proceeds from the 2020 General Obligations Bond issue (2) \$955 proceeds from a Mississippi Development Authority capital improvements loan for an access road, (3) \$763 proceeds drawn on the EPA Drinking Water Systems Improvements Revolving Loan Fund Program for water treatment plant filter basin repairs and (4) \$41,000 proceeds from a Mississippi Development Bank promissory loan for water and sewer improvement projects. This was offset by the payment of \$6,463 in outstanding debt.

Overview of the Financial Statements

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

CITY OF MERIDIAN, MISSISSIPPI
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2020

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

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

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

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

The government-wide financial statements can be found on pages 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.

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Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

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

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

The basic governmental funds financial statements can be found on pages 36 - 41 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the business-type activities of the water and sewer fund, which is considered to be a major fund of the City. Data from the nonmajor enterprise funds are combined into a single, aggregate presentation.

CITY OF MERIDIAN, MISSISSIPPI
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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.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 51 - 108 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 109 - 122 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 123 - 151 of this report.

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Government-wide Financial Analysis

The following table presents the City's net positions at September 30, 2020 compared to September 30, 2019.

City of Meridian's Net Position

| <u>Description</u> | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|-----------------------------------|---------------------------------------|--------------------|--|--------------------|---------------------|--------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Current and other assets | \$ 38,014 | 26,965 | 77,242 | 30,773 | 115,256 | 57,738 |
| Capital assets, net | <u>89,797</u> | <u>92,187</u> | <u>42,135</u> | <u>42,031</u> | <u>131,932</u> | <u>134,218</u> |
| Total assets | <u>127,811</u> | <u>119,152</u> | <u>119,377</u> | <u>72,804</u> | <u>247,188</u> | <u>191,956</u> |
| Deferred outflows of resources | <u>4,153</u> | <u>2,644</u> | <u>622</u> | <u>347</u> | <u>4,775</u> | <u>2,991</u> |
| Long-term liabilities outstanding | 101,508 | 97,962 | 78,978 | 30,802 | 180,486 | 128,764 |
| Other liabilities | <u>3,250</u> | <u>3,654</u> | <u>2,365</u> | <u>2,672</u> | <u>5,615</u> | <u>6,326</u> |
| Total liabilities | <u>104,758</u> | <u>101,616</u> | <u>81,343</u> | <u>33,474</u> | <u>186,101</u> | <u>135,090</u> |
| Deferred inflows of resources | <u>4,119</u> | <u>4,822</u> | <u>783</u> | <u>859</u> | <u>4,902</u> | <u>5,681</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 63,921 | 63,763 | 18,837 | 19,798 | 82,758 | 83,561 |
| Restricted | 11,164 | 10,676 | 5,268 | 7,445 | 16,432 | 18,121 |
| Unrestricted (deficit) | <u>(51,998)</u> | <u>(59,081)</u> | <u>13,768</u> | <u>11,575</u> | <u>(38,230)</u> | <u>(47,506)</u> |
| Total net position | <u>\$ 23,087</u> | <u>15,358</u> | <u>37,873</u> | <u>38,818</u> | <u>60,960</u> | <u>54,176</u> |

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$60,960 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (136 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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An additional portion of the City's net position (27 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(38,230) in *deficit unrestricted net position* is largely due to the City's \$53,994 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 \$2,177 in restricted net position reported in connection with the City's business-type activities. This is a result of a \$1,693 decrease in funds available for debt service and a \$484 decrease in funds authorized for capital projects in the water and sewer fund.

The City's net position increased \$6,784 during the current fiscal year. This increase in net position is largely attributable to the governmental activities.

The following table presents the City's a summary of the changes in net position for the fiscal year ended September 30, 2020 compared to the fiscal year ended September 30, 2019.

City of Meridian's Changes in Net Position

| <u>Description</u> | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|--|---|--------------------|--|--------------------|---------------------|--------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,541 | 2,443 | 17,436 | 17,160 | 18,977 | 19,603 |
| Operating grants and contributions | 1,510 | 251 | - | - | 1,510 | 251 |
| Capital grants and contributions | 2,183 | 130 | - | - | 2,183 | 130 |
| General revenues: | | | | | | |
| Property taxes | 17,235 | 16,708 | 20 | 13 | 17,255 | 16,721 |
| Other taxes | 20,167 | 22,047 | - | - | 20,167 | 22,047 |
| Grants and contributions not restricted to specific programs | 86 | 63 | - | - | 86 | 63 |
| Unrestricted investment earnings | <u>85</u> | <u>109</u> | <u>167</u> | <u>149</u> | <u>252</u> | <u>258</u> |
| Total revenues | <u>42,807</u> | <u>41,751</u> | <u>17,623</u> | <u>17,322</u> | <u>60,430</u> | <u>59,073</u> |

CITY OF MERIDIAN, MISSISSIPPI
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Fiscal Year Ended September 30, 2020

| <u>Description</u> | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|--|--------------------------------|---------------|---------------------------------|----------------|---------------|---------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Expenses: | | | | | | |
| General government | \$ 7,464 | 7,820 | - | - | 7,464 | 7,820 |
| Public safety | 15,813 | 16,818 | - | - | 15,813 | 16,818 |
| Public works | 7,371 | 7,998 | - | - | 7,371 | 7,998 |
| Culture and recreation | 4,421 | 1,540 | - | - | 4,421 | 1,540 |
| Economic development | 4 | 25 | - | - | 4 | 25 |
| Interest on long-term debt | 1,445 | 1,796 | - | - | 1,445 | 1,796 |
| Sanitation | - | - | 2,438 | 2,095 | 2,438 | 2,095 |
| Water and sewer | - | - | 14,270 | 11,477 | 14,270 | 11,477 |
| Golf Course, Union Station and Concessions | - | - | 420 | 111 | 420 | 111 |
| Total expenses | <u>36,518</u> | <u>35,997</u> | <u>17,128</u> | <u>13,683</u> | <u>53,646</u> | <u>49,680</u> |
| Excess of revenues over (under) expenses before transfers | 6,289 | 5,754 | 495 | 3,639 | 6,784 | 9,393 |
| Transfers | <u>1,441</u> | <u>1,478</u> | <u>(1,441)</u> | <u>(1,478)</u> | <u>-</u> | <u>-</u> |
| Change in net position | 7,730 | 7,232 | (946) | 2,161 | 6,784 | 9,393 |
| Net position - beginning | <u>15,357</u> | <u>8,125</u> | <u>38,819</u> | <u>36,658</u> | <u>54,176</u> | <u>44,783</u> |
| Net position - ending | \$ <u>23,087</u> | <u>15,357</u> | <u>37,873</u> | <u>38,819</u> | <u>60,960</u> | <u>54,176</u> |

Governmental activities. Governmental activities increased the City's net position by \$7,730. Key elements of these changes in net position are as follows:

- Property tax revenues increased \$527 or three percent in 2020 compared to 2019. This increase in property tax receipts is primarily due to a 1.39 mills or four percent increase in the 2020 general fund millage rate.
- Charges for services decreased \$902 or 37 percent in 2020 compared to 2019. This was mostly due to a \$673 decrease in public safety charges for services and a \$226 decrease in culture and recreation charges for services.
- Operating grants and contributions increased \$1,259 or 502 percent in 2020 compared to 2019. This increase was due to a \$966 increase in operating grants for public safety.

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- Capital grants and contributions increased \$2,053 or 1,579 percent in 2020 compared to 2019. This was largely due to a \$2,063 increase in capital grants for public works.
- Other taxes (which include sales taxes) decreased \$1,880 or nine percent.
- Total revenues increased \$1,056 or three percent. This was mainly due to a \$1,259 increase in operating grants and contributions and a \$2,053 increase in capital grants and contributions, offset by a \$1,880 increase in other tax revenues.
- Total expenses increased \$521 or one percent. This was primarily due to a \$2,881 increase in culture and recreation expenditures, offset by \$1,005 decrease in public safety expenditures, a \$627 decrease in public works expenditures and a \$356 decrease in general government expenditures.

Business-type activities. Business-type activities decreased the City's net position by \$946. This is primarily due to a \$2,793 increase water and sewer expenditures.

Financial Analysis of the City's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$34,495, an increase of \$11,030 in comparison with the prior year. Of this total, \$18,649 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 \$552 is considered *nonspendable* because it has been used for inventory and land held for resale. A total of \$1,127 has been assigned, meaning there are limitations resulting from its intended use. A total of \$847 has been *committed* through formal action of the City Council for construction or acquisition of capital assets. The remaining \$13,320 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 \$13,494, while total fund balance was \$15,633.

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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 46.0 percent of total general fund expenditures, while total fund balance represents 53 percent of that same amount. The fund balance of the City's general fund increased by \$5,645 during the current fiscal year. This was primarily due to a \$3,159 excess of revenues over expenditures, which included a \$978 increase in intergovernmental revenues, plus \$1,379 in insurance and settlement recoveries.

The debt service fund has a total fund balance of \$5,301, all of which is restricted for the payment of debt service. The net increase of \$319 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 \$6,251 at the end of the current fiscal year. \$5,864 of the special revenue fund is restricted. The remaining \$387 fund balance of the special revenue fund is committed, assigned or nonspendable. The special revenue fund's fund balance increased \$28 during the current fiscal year. This increase is due to a \$13 excess of revenues over expenditures and transfers in of \$15.

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 \$13,880. The water and sewer fund net position decreased by \$1,194.

General Fund Budgetary Highlights

There was an increase of \$200 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 | \$ (314) |
| Finance and records | 49 |
| Parks and recreation | 104 |
| Public works | 900 |
| Police | (354) |
| Fire | (385) |
| Public safety & training facility | <u>200</u> |
| Total | \$ <u>200</u> |

Actual revenues were under the final amended budget by \$426.

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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 | \$ 439 |
| Finance and records | 200 |
| Community development | 220 |
| Parks and recreation | 765 |
| Public works | 257 |
| Police | 555 |
| Fire | 481 |
| Public safety & training facility | 87 |
| Arts district parking garage | <u>11</u> |
| Total | \$ <u>3,015</u> |

Variances between the final amended budgeted expenditures and actual expenditures were primarily due to unfilled positions, which resulted in expenditures for personnel services and related supplies that were under budget. Also, due to the coronavirus (COVID-19) pandemic, several sports, festivals and classes were canceled, resulting in seasonal Parks and Recreation positions that were not filled and budgeted costs that were not expended.

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, 2020, amounts to \$131,932 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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

- Began engineering services for EPA consent decree related tasks.
- Began engineering services for the 22nd Avenue/Sela Ward Parkway enhancement from North Frontage Road to the railroad overpass.
- Began engineering services for the Highway 80 emergency bridge repair project.
- Completed installation of an advanced water metering system and energy efficient lighting in City buildings.
- Completed the bridge repair on Valley Road across Sowashee creek.
- Completed pedestrian improvements along Highway 80.

CITY OF MERIDIAN, MISSISSIPPI
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2020

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

| <u>Description</u> | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|------------------------------------|---------------------------------------|--------------------|--|--------------------|---------------------|--------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Land | \$ 8,197 | 8,192 | 251 | 251 | 8,448 | 8,443 |
| Right of ways | 3 | 3 | 105 | 105 | 108 | 108 |
| Collections – historical treasures | 141 | 141 | - | - | 141 | 141 |
| Building and system | 30,252 | 31,095 | 30,052 | 29,805 | 60,304 | 60,900 |
| Improvements other than buildings | 2,007 | 2,112 | 165 | 170 | 2,172 | 2,282 |
| Machinery and equipment | 7,675 | 8,674 | 11,562 | 2,394 | 19,237 | 11,068 |
| Infrastructure | 40,942 | 41,752 | - | - | 40,942 | 41,752 |
| Construction in progress | <u>580</u> | <u>218</u> | <u>-</u> | <u>9,306</u> | <u>580</u> | <u>9,524</u> |
| Total | \$ <u>89,797</u> | <u>92,187</u> | <u>42,135</u> | <u>42,031</u> | <u>131,932</u> | <u>134,218</u> |

Additional information on the City's capital assets can be found in note 5 on pages 74 - 77 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$49,460. Of this amount, \$47,139 comprises debt backed by the full faith and credit of the City, \$350 is special obligation bonds, \$1,931 is tax increment financing bonds and \$40 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment.

The City's total bonded debt increased by \$1,630 (3.4 percent) during the current fiscal year. The increase is due to the issuance of new bonds exceeding the retirements.

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Management's Discussion and Analysis
Fiscal Year Ended September 30, 2020

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>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| General obligation bonds | \$ 47,139 | 45,144 | - | - | 47,139 | 45,144 |
| Special obligation bonds | 350 | 455 | - | - | 350 | 455 |
| Limited obligation tax increment financing bonds | 1,931 | 2,061 | - | - | 1,931 | 2,061 |
| Special assessment debt with governmental commitment | <u>40</u> | <u>170</u> | <u>-</u> | <u>-</u> | <u>40</u> | <u>170</u> |
| Total | \$ <u>49,460</u> | <u>47,830</u> | <u>-</u> | <u>-</u> | <u>49,460</u> | <u>47,830</u> |

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 \$51,014 which is significantly in excess of the City's net outstanding general obligation debt of \$27,134 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 82 - 88 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City is currently 3.0 percent, which is lower than the rate of 6.3 percent a year ago. The statewide average is 3.1 percent as compared to the national average of 3.9 percent.
- The revitalization of the City continued with the issuance of 338 building permits during 2020 with a construction value of \$19 million.

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- 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 7.3 percent versus the national average which increased 7.0 percent.
- Sales tax collections year-to-date in fiscal year 2020 are down 0.09 percent from the previous fiscal year. During the twelve months of fiscal year 2021, the City has received \$15,386 in sales tax collections, compared to \$13,472 received during the same period of fiscal year 2020.

All of these factors were considered in preparing the City's budget for the 2021 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased to \$13,494. The City did not appropriate this amount for spending in the 2021 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, 2020

| | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|--------------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 11,002,950 | 19,361,614 | 30,364,564 | 3,219,674 |
| Receivables, net: | | | | |
| Taxes | 2,661,115 | - | 2,661,115 | |
| Accounts | 654,524 | 2,209,345 | 2,863,869 | 1,547,090 |
| Intergovernmental | 1,137,654 | 75,895 | 1,213,549 | 1,051,337 |
| Interest | - | - | - | 46,632 |
| Miscellaneous | 1,070,888 | - | 1,070,888 | - |
| Internal balances | 103,900 | (103,900) | - | - |
| Inventory | 53,004 | 832,342 | 885,346 | 663,874 |
| Prepaid items | 512,337 | 454,900 | 967,237 | 73,675 |
| Temporarily restricted assets: | | | | |
| Cash and investments | 18,539,110 | 54,412,019 | 72,951,129 | 111,726 |
| Taxes receivable | 514,068 | - | 514,068 | - |
| Special assessments receivable | 207,195 | - | 207,195 | - |
| Intergovernmental receivables | 1,502,187 | - | 1,502,187 | - |
| Leverage loans receivable | - | - | - | 5,447,567 |
| Land held for resale | 54,422 | - | 54,422 | - |
| Capital assets not being depreciated: | | | | |
| Land | 8,197,265 | 250,864 | 8,448,129 | 2,468,621 |
| Right of ways | 2,600 | 105,143 | 107,743 | - |
| Collections - historical treasures | 141,250 | - | 141,250 | - |
| Construction in progress | 580,219 | - | 580,219 | 4,878,645 |
| Capital assets net of accumulated depreciation: | | | | |
| Buildings | 30,252,160 | - | 30,252,160 | 11,795,385 |
| Water and sewer system | - | 30,051,484 | 30,051,484 | - |
| Improvements other than buildings | 2,007,429 | 164,815 | 2,172,244 | 10,212,044 |
| Machinery and equipment | 7,674,235 | 11,562,536 | 19,236,771 | 700,181 |
| Infrastructure | 40,942,049 | - | 40,942,049 | - |
| Total assets | <u>127,810,561</u> | <u>119,377,057</u> | <u>247,187,618</u> | <u>42,216,451</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | | |
| Deferred loss on refundings | 554,061 | - | 554,061 | - |
| Deferred outflows related to net pension liability | <u>3,599,200</u> | <u>621,503</u> | <u>4,220,703</u> | <u>621,509</u> |
| Total deferred outflows of resources | <u>4,153,261</u> | <u>621,503</u> | <u>4,774,764</u> | <u>621,509</u> |

(Continued)

CITY OF MERIDIAN, MISSISSIPPI

Statement of Net Position

September 30, 2020

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|---------------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| <u>LIABILITIES</u> | | | | |
| Accounts payable and other current liabilities | \$ 1,624,635 | 645,590 | 2,270,225 | 643,211 |
| Accrued interest | 314,454 | - | 314,454 | - |
| Accrued salaries | 519,748 | 107,521 | 627,269 | - |
| Accrued sales tax | - | 15,271 | 15,271 | - |
| Liabilities payable from restricted assets | 790,690 | 1,596,954 | 2,387,644 | - |
| Unearned revenue | - | - | - | - |
| Noncurrent liabilities: | | | | |
| Due within one year: | | | | |
| Bonds, loans and leases payable | 5,073,914 | 605,719 | 5,679,633 | 201,553 |
| Bonds and loans payable from restricted assets | - | 1,675,253 | 1,675,253 | - |
| Compensated absences | 277,412 | 44,225 | 321,637 | - |
| Claims and judgments | 826,372 | - | 826,372 | - |
| Due in more than one year: | | | | |
| Bonds, loans and leases payable | 48,783,944 | 68,560,945 | 117,344,889 | 2,135,999 |
| Compensated absences | 554,824 | 89,791 | 644,615 | 233,513 |
| Net pension liability | <u>45,991,965</u> | <u>8,001,661</u> | <u>53,993,626</u> | <u>8,711,477</u> |
| Total liabilities | <u>104,757,958</u> | <u>81,342,930</u> | <u>186,100,888</u> | <u>11,925,753</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Deferred gain on refundings | - | 15,254 | 15,254 | - |
| Deferred inflows related to net pension liability | <u>4,119,493</u> | <u>767,213</u> | <u>4,886,706</u> | <u>126,362</u> |
| Total deferred inflows of resources | <u>4,119,493</u> | <u>782,467</u> | <u>4,901,960</u> | <u>126,362</u> |
| <u>NET POSITION</u> | | | | |
| Net investment in capital assets | 63,920,559 | 18,836,908 | 82,757,467 | 30,054,876 |
| Restricted for: | | | | |
| Debt service | 9,085,074 | 5,119,724 | 14,204,798 | - |
| Sowashee Creek maintenance | 248,021 | - | 248,021 | - |
| Construction/acquisition of capital assets | 12,320 | 148,755 | 161,075 | 111,726 |
| Paving projects | 52,561 | - | 52,561 | - |
| Purposes of grantors/donors | 247,220 | - | 247,220 | - |
| Law enforcement | 1,518,360 | - | 1,518,360 | - |
| Unrestricted (deficit) | <u>(51,997,744)</u> | <u>13,767,776</u> | <u>(38,229,968)</u> | <u>619,243</u> |
| Total net position | \$ <u>23,086,371</u> | <u>37,873,163</u> | <u>60,959,534</u> | <u>30,785,845</u> |

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

CITY OF MERIDIAN, MISSISSIPPI
Statement of Activities
For the Fiscal Year Ended September 30, 2020

| <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 | \$ 7,464,379 | 356,955 | - | - |
| Public safety | 15,813,403 | 1,150,820 | 1,485,168 | - |
| Public works | 7,370,725 | - | - | 2,182,369 |
| Culture and recreation | 4,420,640 | 32,988 | 24,903 | - |
| Economic development | 3,886 | - | - | - |
| Interest on long-term debt | 1,445,636 | - | - | - |
| Total governmental activities | <u>36,518,669</u> | <u>1,540,763</u> | <u>1,510,071</u> | <u>2,182,369</u> |
| Business-type activities: | | | | |
| Water and sewer | 14,269,894 | 14,837,928 | - | - |
| Waste collection and disposal | 2,437,377 | 2,393,126 | - | - |
| Golf course | 118,939 | 90,798 | - | - |
| Union Station | 297,183 | 106,432 | - | - |
| Concessions | <u>4,516</u> | <u>7,845</u> | <u>-</u> | <u>-</u> |
| Total business-type activities | <u>17,127,909</u> | <u>17,436,129</u> | <u>-</u> | <u>-</u> |
| Total primary government | \$ <u>53,646,578</u> | <u>18,976,892</u> | <u>1,510,071</u> | <u>2,182,369</u> |
| Component units: | | | | |
| Meridian Airport Authority | \$ 13,401,195 | 11,218,294 | 61,501 | 3,791,824 |
| Nonmajor component units | <u>120,120</u> | <u>189,683</u> | <u>47,760</u> | <u>-</u> |
| Total component units | \$ <u>13,521,315</u> | <u>11,407,977</u> | <u>109,261</u> | <u>3,791,824</u> |

General revenues:

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

Transfers

Total general revenues and transfers

Change in net position

Net position, October 1, 2019, as previously reported

Prior period adjustment

Net position, October 1, 2019, as restated

Net position, September 30, 2020

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

Net (Expense) Revenue and Changes in Net Position

| Primary Government | | | |
|---------------------------|----------------------|---------------------|-------------------|
| Governmental | Business-type | | Component |
| Activities | Activities | Total | Units |
| (7,107,424) | - | (7,107,424) | - |
| (13,177,415) | - | (13,177,415) | - |
| (5,188,356) | - | (5,188,356) | - |
| (4,362,749) | - | (4,362,749) | - |
| (3,886) | - | (3,886) | - |
| <u>(1,445,636)</u> | <u>-</u> | <u>(1,445,636)</u> | <u>-</u> |
| <u>(31,285,466)</u> | <u>-</u> | <u>(31,285,466)</u> | <u>-</u> |
| - | 568,034 | 568,034 | - |
| - | (44,251) | (44,251) | - |
| - | (28,141) | (28,141) | - |
| - | (190,751) | (190,751) | - |
| <u>-</u> | <u>3,329</u> | <u>3,329</u> | <u>-</u> |
| <u>-</u> | <u>308,220</u> | <u>308,220</u> | <u>-</u> |
| <u>(31,285,466)</u> | <u>308,220</u> | <u>(30,977,246)</u> | <u>-</u> |
| - | - | - | 1,670,424 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>117,323</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>1,787,747</u> |
| 17,235,488 | 20,053 | 17,255,541 | - |
| 16,846,244 | - | 16,846,244 | - |
| 2,549,667 | - | 2,549,667 | - |
| 740,305 | - | 740,305 | - |
| 30,584 | - | 30,584 | - |
| 85,563 | - | 85,563 | - |
| 85,385 | 167,445 | 252,830 | 9.110 |
| <u>1,441,133</u> | <u>(1,441,133)</u> | <u>-</u> | <u>-</u> |
| <u>39,014,369</u> | <u>(1,253,635)</u> | <u>37,760,734</u> | <u>9.110</u> |
| <u>7,728,903</u> | <u>(945,415)</u> | <u>6,783,488</u> | <u>1,796.857</u> |
| 15,357,468 | 38,818,578 | 54,176,046 | 29,341.939 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>(352.951)</u> |
| <u>15,357,468</u> | <u>38,818,578</u> | <u>54,176,046</u> | <u>28,988.988</u> |
| \$ <u>23,086,371</u> | <u>37,873,163</u> | <u>60,959,534</u> | <u>30,785.845</u> |

CITY OF MERIDIAN, MISSISSIPPI

Balance Sheet
 Governmental Funds
 September 30, 2020

| | <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 | \$ 10,517,014 | - | 3,425 | - | 10,520,439 |
| Receivables, net: | | | | | |
| Taxes | 2,661,115 | - | - | - | 2,661,115 |
| Accounts | 654,524 | - | - | - | 654,524 |
| Intergovernmental | 1,137,654 | - | - | - | 1,137,654 |
| Miscellaneous | 1,041,905 | - | 28,983 | - | 1,070,888 |
| Due from other funds | 1,214,713 | - | - | 116,960 | 1,331,673 |
| Prepaid items | 305,704 | - | 192,242 | - | 497,946 |
| Land held for resale | 54,422 | - | - | - | 54,422 |
| Restricted assets: | | | | | |
| Cash and cash equivalents | 316,029 | 4,665,755 | 5,432,043 | 7,527,014 | 17,940,841 |
| Investments | - | 598,269 | - | - | 598,269 |
| Receivables, net: | | | | | |
| Taxes | - | 37,345 | 476,723 | - | 514,068 |
| Special assessments receivable | - | 207,195 | - | - | 207,195 |
| Intergovernmental receivables | - | - | 472,096 | 1,030,091 | 1,502,187 |
| Total assets | \$ 17,903,080 | 5,508,564 | 6,605,512 | 8,674,065 | 38,691,221 |

(Continued)

CITY OF MERIDIAN, MISSISSIPPI

Balance Sheet
Governmental Funds
September 30, 2020

| | <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 | \$ 1,019,745 | - | 10,365 | - | 1,030,110 |
| Accrued salaries | 519,748 | - | - | - | 519,748 |
| Due to other funds | 414,926 | - | - | 1,233,616 | 1,648,542 |
| Liabilities payable from restricted assets: | | | | | |
| Accounts payable | - | - | 321,887 | 130,444 | 452,331 |
| Deposits payable | 316,029 | - | - | - | 316,029 |
| Unearned revenue | - | - | 22,330 | - | 22,330 |
| Total liabilities | <u>2,270,448</u> | <u>-</u> | <u>354,582</u> | <u>1,364,060</u> | <u>3,989,090</u> |
| Deferred inflows of resources - | | | | | |
| Unavailable revenue - special assessments | - | 207,195 | - | - | 207,195 |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Prepaid items | 305,704 | - | 192,242 | - | 497,946 |
| Land held for resale | 54,422 | - | - | - | 54,422 |
| Restricted for: | | | | | |
| Debt service | - | 5,301,369 | 4,098,159 | - | 9,399,528 |
| Purposes of grantors/donors | - | - | 245,644 | - | 245,644 |
| Law enforcement | - | - | 1,518,360 | - | 1,518,360 |
| Government record management | - | - | 1,576 | - | 1,576 |
| Sowashee Creek maintenance | - | - | - | 248,021 | 248,021 |
| Construction/acquisition of capital assets | - | - | - | 7,024,175 | 7,024,175 |
| Damage repairs and stabilization | - | - | - | - | - |
| Paving and sidewalk projects | - | - | - | 211,855 | 211,855 |
| Committed to: | | | | | |
| Paving projects | 221,610 | - | - | - | 221,610 |
| Fire truck cost | 131,833 | - | - | - | 131,833 |
| Contributions and grants | 310,000 | - | - | - | 310,000 |
| Urban renewal and redevelopment | - | - | 183,412 | - | 183,412 |
| Assigned to: | | | | | |
| General government activities | 193,766 | - | - | - | 193,766 |
| Public safety | 190,068 | - | 2,850 | - | 192,918 |
| Public works | 553,118 | - | - | - | 553,118 |
| Sports events and other recreation | 177,870 | - | 8,687 | - | 186,557 |
| Unassigned (deficit) | 13,494,241 | - | - | (174,046) | 13,320,195 |
| Total fund balances | <u>15,632,632</u> | <u>5,301,369</u> | <u>6,250,930</u> | <u>7,310,005</u> | <u>34,494,936</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 17,903,080</u> | <u>5,508,564</u> | <u>6,605,512</u> | <u>8,674,065</u> | <u>38,691,221</u> |

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

CITY OF MERIDIAN, MISSISSIPPI
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2020

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

| | |
|--|----------------------|
| Fund balances - total governmental funds | \$ 34,494,936 |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. | 89,797,207 |
| 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. | 207,195 |
| 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. | (101,774,726) |
| 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 \$59,717). | <u>361,759</u> |
| Net position of governmental activities | \$ <u>23,086,371</u> |

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

CITY OF MERIDIAN, MISSISSIPPI
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2020

| | <u>General</u> | <u>Debt Service</u> | <u>Special Revenue</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|-------------------------|----------------------------|--|---|
| Revenues: | | | | | |
| Taxes: | | | | | |
| Property | \$ 12,340,053 | 4,589,379 | - | - | 16,929,432 |
| Sales | 14,328,491 | - | 2,517,753 | - | 16,846,244 |
| Franchise | 2,549,667 | - | - | - | 2,549,667 |
| County road | 740,305 | - | - | - | 740,305 |
| Motor fuel | 30,584 | - | - | - | 30,584 |
| Licenses and permits | 268,914 | - | - | - | 268,914 |
| Intergovernmental | 1,297,570 | - | 299,121 | 2,152,369 | 3,749,060 |
| Charges for services | 32,988 | - | - | - | 32,988 |
| Fines and forfeitures | 450,565 | - | 700,255 | - | 1,150,820 |
| Special assessments | - | 1,422 | - | - | 1,422 |
| Payments in lieu of taxes | 171,686 | - | - | - | 171,686 |
| Local contributions | - | - | 28,943 | - | 28,943 |
| Interest on investments | 49,565 | 12,792 | 19,024 | 4,004 | 85,385 |
| Interest costs and damages | 133,262 | - | - | - | 133,262 |
| Miscellaneous | 88,041 | - | 5,081 | - | 93,122 |
| Total revenues | <u>32,481,691</u> | <u>4,603,593</u> | <u>3,570,177</u> | <u>2,156,373</u> | <u>42,811,834</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 6,879,107 | - | - | - | 6,879,107 |
| Public safety | 15,136,592 | - | 521,494 | - | 15,658,086 |
| Public works | 4,961,597 | - | - | - | 4,961,597 |
| Culture and recreation | 1,786,206 | - | 1,516,752 | 1,042,675 | 4,345,633 |
| Economic development | - | - | 3,886 | - | 3,886 |
| Capital outlay | - | - | - | 2,806,793 | 2,806,793 |
| Debt service: | | | | | |
| Principal retirement | 556,674 | 3,670,000 | 700,000 | - | 4,926,674 |
| Interest and fiscal charges | 2,694 | 896,890 | 814,844 | - | 1,714,428 |
| Bond issuance costs | - | - | - | 224,000 | 224,000 |
| Total expenditures | <u>29,322,870</u> | <u>4,566,890</u> | <u>3,556,976</u> | <u>4,073,468</u> | <u>41,520,204</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>3,158,821</u> | <u>36,703</u> | <u>13,201</u> | <u>(1,917,095)</u> | <u>1,291,630</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | 1,895,500 | 282,280 | 15,000 | 9,417 | 2,202,197 |
| Transfers out | (788,730) | - | - | (9,417) | (798,147) |
| General obligation bonds issued | - | - | - | 6,000,000 | 6,000,000 |
| Loan proceeds | - | - | - | 954,701 | 954,701 |
| Insurance and settlement recoveries | 1,379,173 | - | - | - | 1,379,173 |
| Total other financing sources (uses) | <u>2,485,943</u> | <u>282,280</u> | <u>15,000</u> | <u>6,954,701</u> | <u>9,737,924</u> |
| Net change in fund balances | 5,644,764 | 318,983 | 28,201 | 5,037,606 | 11,029,554 |
| Fund balances, October 1, 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> |
| Fund balances, September 30, 2020 | <u>\$ 15,632,632</u> | <u>5,301,369</u> | <u>6,250,930</u> | <u>7,310,005</u> | <u>34,494,936</u> |

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

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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, 2020

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

| | |
|--|----------------------------|
| Net change in fund balances - total governmental funds | \$ 11,029,554 |
| 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. | (2,352,366) |
| Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the cost of the capital assets disposed of. | (39,233) |
| Governmental funds do not report contributions of capital assets to or from enterprise funds because they do not require the use of or provide current financial resources. However, in the statement of activities the net carrying amount of these contributions are recorded as transfers. | 2,083 |
| Special assessment revenues related to prior periods reported as revenues in the governmental funds are not reported as revenues in the statement of activities. | (314) |
| 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. | (1,906,150) |
| 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. | 721,944 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | (8,802) |
| Internal service funds are used to charge the costs of certain activities, such as garage services, office supplies, and unemployment compensation to individual funds. The net revenue of the internal service funds are reported with governmental activities (net of amount allocated to business-type activities of \$82,582). | <u>282,187</u> |
| Change in net position of governmental activities | \$ <u>7,728,903</u> |

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

CITY OF MERIDIAN, MISSISSIPPI

Statement of Net Position

Proprietary Funds

September 30, 2020

| | Business-type Activities - Enterprise Funds | | | Governmental |
|---|---|---------------------------------|------------------------------|--|
| | Water & Sewer | Nonmajor Enterprise Funds | Total Enterprise Funds | Activities - Internal Service Funds |
| <u>ASSETS</u> | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 19,093,375 | 268,239 | 19,361,614 | 482,511 |
| Restricted cash and cash equivalents: | | | | |
| Customer deposits | 1,062,311 | - | 1,062,311 | - |
| Revenue bond construction funds | 46,185,168 | - | 46,185,168 | - |
| Other construction funds | 752,405 | - | 752,405 | - |
| Revenue bond debt service account | 6,412,135 | - | 6,412,135 | - |
| Receivables: | | | | |
| Accounts | 2,284,124 | 279,877 | 2,564,001 | - |
| Less allowance for uncollectibles | (354,656) | - | (354,656) | - |
| Intergovernmental | 75,895 | - | 75,895 | - |
| Due from other funds | 52,989 | 2,966 | 55,955 | 586,464 |
| Inventory | 819,311 | 13,031 | 832,342 | 53,004 |
| Prepaid items | 396,074 | 58,826 | 454,900 | - |
| Total current assets | 76,779,131 | 622,939 | 77,402,070 | 1,121,979 |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Land | 250,864 | - | 250,864 | - |
| Right of ways | 105,143 | - | 105,143 | - |
| Buildings | - | 126,628 | 126,628 | - |
| Water and sewer system | 114,629,159 | - | 114,629,159 | - |
| Improvements other than buildings | - | 438,054 | 438,054 | - |
| Machinery and equipment | 17,356,746 | 418,583 | 17,775,329 | - |
| Total capital assets | 132,341,912 | 983,265 | 133,325,177 | - |
| Less accumulated depreciation | (90,446,395) | (743,940) | (91,190,335) | - |
| Capital assets (net of accumulated depreciation) | 41,895,517 | 239,325 | 42,134,842 | - |
| Total noncurrent assets | 41,895,517 | 239,325 | 42,134,842 | - |
| Total assets | 118,674,648 | 862,264 | 119,536,912 | 1,121,979 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | | |
| Deferred outflows related to net pension liability | 585,412 | 36,091 | 621,503 | - |

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
Statement of Net Position
Proprietary Funds
September 30, 2020

| | 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>LIABILITIES</u> | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 410,486 | 235,104 | 645,590 | 594,525 |
| Promissory loans | 598,470 | 7,249 | 605,719 | - |
| Liabilities payable from restricted assets: | | | | |
| Customer deposits | 1,062,311 | - | 1,062,311 | - |
| Accounts payable | 357,599 | - | 357,599 | - |
| Promissory loans (plus unamortized premium of \$310,367) | 1,115,367 | - | 1,115,367 | - |
| Interest payable | 177,044 | - | 177,044 | - |
| Accrued liabilities: | | | | |
| Payroll | 94,892 | 12,629 | 107,521 | - |
| Compensated absences | 44,225 | - | 44,225 | - |
| Sales tax | 13,900 | 1,371 | 15,271 | - |
| Due to other funds | 168,559 | 51,013 | 219,572 | 105,978 |
| Current portion of capital lease | 559,886 | - | 559,886 | - |
| Total current liabilities | 4,602,739 | 307,366 | 4,910,105 | 700,503 |
| Noncurrent liabilities: | | | | |
| Compensated absences | 89,791 | - | 89,791 | - |
| Promissory loans (plus unamortized premium of \$7,406,307) | 59,870,228 | 7,415 | 59,877,643 | - |
| Capital lease payable | 8,683,302 | - | 8,683,302 | - |
| Net pension liability | 7,525,927 | 475,734 | 8,001,661 | - |
| Total noncurrent liabilities | 76,169,248 | 483,149 | 76,652,397 | - |
| Total liabilities | 80,771,987 | 790,515 | 81,562,502 | 700,503 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Deferred gain on refundings | 15,254 | - | 15,254 | - |
| Deferred inflows related to net pension liability | 724,699 | 42,514 | 767,213 | - |
| Total deferred inflows of resources | 739,953 | 42,514 | 782,467 | - |
| <u>NET POSITION</u> | | | | |
| Net investment in capital assets | 18,599,596 | 237,312 | 18,836,908 | - |
| Restricted for: | | | | |
| Debt service | 5,119,724 | - | 5,119,724 | - |
| Capital projects | 148,755 | - | 148,755 | - |
| Unrestricted (deficit) | 13,880,045 | (171,986) | 13,708,059 | 421,476 |
| Total net position | \$ 37,748,120 | 65,326 | 37,813,446 | 421,476 |
| Reconciliation to government-wide statement of net position: | | | | |
| Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds | | | 59,717 | |
| Net position of business-type activities | | | \$ 37,873,163 | |

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

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CITY OF MERIDIAN, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2020

| | Business-type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Funds |
|--|--|--|---------------------------------------|---|
| | Water & Sewer | Nonmajor Enterprise Funds | Total Enterprise Funds | |
| Operating revenues: | | | | |
| Charges for sales and services: | | | | |
| Water sales | \$ 7,612,753 | - | 7,612,753 | - |
| Sewer charges | 6,582,101 | - | 6,582,101 | - |
| Tap fees | 31,541 | - | 31,541 | - |
| Garbage collection fees | - | 2,356,556 | 2,356,556 | - |
| Out-of-county tonnage | - | 36,570 | 36,570 | - |
| Memberships | - | 29,860 | 29,860 | - |
| Green fees | - | 28,531 | 28,531 | - |
| Cart rental | - | 22,168 | 22,168 | - |
| Concessions | - | 17,741 | 17,741 | - |
| Internal service charges | - | - | - | 4,195,642 |
| Rental income | - | 106,432 | 106,432 | - |
| Miscellaneous | 611,533 | 343 | 611,876 | - |
| Total operating revenues | <u>14,837,928</u> | <u>2,598,201</u> | <u>17,436,129</u> | <u>4,195,642</u> |
| Operating expenses: | | | | |
| Personnel services | 3,669,303 | 277,097 | 3,946,400 | - |
| Supplies and materials | 481,485 | 18,294 | 499,779 | - |
| Cost of sales and services | - | - | - | 619,688 |
| Rent and utilities | 1,443,238 | 71,022 | 1,514,260 | - |
| Operation, maintenance, and repairs | 700,756 | 62,707 | 763,463 | - |
| Garbage disposal services | - | 2,263,896 | 2,263,896 | - |
| Depreciation and amortization | 3,202,960 | 27,877 | 3,230,837 | - |
| Claims paid | - | - | - | 3,247,411 |
| Miscellaneous | 3,347,404 | 136,834 | 3,484,238 | - |
| Total operating expenses | <u>12,845,146</u> | <u>2,857,727</u> | <u>15,702,873</u> | <u>3,867,099</u> |
| Operating income (loss) | <u>1,992,782</u> | <u>(259,526)</u> | <u>1,733,256</u> | <u>328,543</u> |
| Nonoperating revenues (expenses): | | | | |
| Ad valorem taxes | - | 20,053 | 20,053 | - |
| Interest income | 167,185 | 260 | 167,445 | 1,226 |
| Interest expense | (397,330) | (288) | (397,618) | - |
| Debt issuance costs | (1,110,000) | - | (1,110,000) | - |
| Transfer of capital assets to governmental funds | (2,083) | - | (2,083) | - |
| Total nonoperating revenues (expenses) | <u>(1,342,228)</u> | <u>20,025</u> | <u>(1,322,203)</u> | <u>1,226</u> |
| Income (loss) before transfers | <u>650,554</u> | <u>(239,501)</u> | <u>411,053</u> | <u>329,769</u> |
| Transfers: | | | | |
| Transfers in | 6,450 | 450,000 | 456,450 | 35,000 |
| Transfers out | (1,851,500) | (44,000) | (1,895,500) | - |
| Total transfers | <u>(1,845,050)</u> | <u>406,000</u> | <u>(1,439,050)</u> | <u>35,000</u> |
| Change in net position | <u>(1,194,496)</u> | <u>166,499</u> | <u>(1,027,997)</u> | <u>364,769</u> |
| Net position (deficit), October 1, 2019 | <u>38,942,616</u> | <u>(101,173)</u> | | <u>56,707</u> |
| Net position, September 30, 2020 | <u>\$ 37,748,120</u> | <u>65,326</u> | | <u>421,476</u> |
| Reconciliation to government-wide statement of activities: | | | | |
| Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds | | | 82,582 | |
| Change in net position of business-type activities | | | <u>\$ (945,415)</u> | |

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

CITY OF MERIDIAN, MISSISSIPPI
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2020

| | 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 | \$ 15,390,674 | 2,616,678 | 18,007,352 | - |
| Receipts from internal users | - | - | - | 3,698,181 |
| Payments to suppliers | (5,802,162) | (2,625,071) | (8,427,233) | (3,664,058) |
| Payments to employees | (2,885,520) | (171,960) | (3,057,480) | - |
| Payments for internal services | <u>(556,280)</u> | <u>(23,764)</u> | <u>(580,044)</u> | <u>-</u> |
| Net cash provided by (used in) operating activities | <u>6,146,712</u> | <u>(204,117)</u> | <u>5,942,595</u> | <u>34,123</u> |
| Cash flows from noncapital financing activities: | | | | |
| Ad valorem taxes received | - | 20,053 | 20,053 | - |
| Transfers from other funds | 6,450 | 450,000 | 456,450 | 35,000 |
| Transfers to other funds | <u>(1,851,500)</u> | <u>(44,000)</u> | <u>(1,895,500)</u> | <u>-</u> |
| Net cash provided by (used in) noncapital financing activities | <u>(1,845,050)</u> | <u>426,053</u> | <u>(1,418,997)</u> | <u>35,000</u> |
| Cash flows from capital and related financing activities: | | | | |
| Funds received from revolving loan grant | 687,005 | - | 687,005 | - |
| Funds received from promissory loans | 46,944,527 | - | 46,944,527 | - |
| Acquisition and construction of capital assets | (3,308,616) | (27,975) | (3,336,591) | - |
| Payments on long-term debt - | | | | |
| Promissory notes | (1,528,210) | (7,332) | (1,535,542) | - |
| Interest paid on debt | <u>(865,746)</u> | <u>(288)</u> | <u>(866,034)</u> | <u>-</u> |
| Net cash provided by (used in) capital and related financing activities | <u>41,928,960</u> | <u>(35,595)</u> | <u>41,893,365</u> | <u>-</u> |
| Cash flows from investing activities - | | | | |
| Interest received | <u>73,159</u> | <u>260</u> | <u>73,419</u> | <u>1,226</u> |
| Net increase in cash and cash equivalents | 46,303,781 | 186,601 | 46,490,382 | 70,349 |
| Cash and cash equivalents, October 1, 2019 (including \$12,475,511 in restricted accounts) | <u>27,201,613</u> | <u>81,638</u> | <u>27,283,251</u> | <u>412,162</u> |
| Cash and cash equivalents, September 30, 2020 (including \$54,412,019 in restricted accounts) | \$ <u>73,505,394</u> | <u>268,239</u> | <u>73,773,633</u> | <u>482,511</u> |

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2020

| | 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) | \$ <u>1,992,782</u> | <u>(259,526)</u> | <u>1,733,256</u> | <u>328,543</u> |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation and amortization | 3,202,960 | 27,877 | 3,230,837 | - |
| Changes in assets and liabilities: | | | | |
| Accounts receivable | 601,736 | 18,118 | 619,854 | - |
| Receivables - miscellaneous | - | - | - | - |
| Due from other funds | (52,989) | 359 | (52,630) | (497,462) |
| Inventory | (64,428) | (1,009) | (65,437) | 5,191 |
| Prepaid items | 10,640 | (5,463) | 5,177 | - |
| Deferred outflows related to net pension liability | (253,408) | (20,980) | (274,388) | - |
| Accounts payable | 72,336 | 62,158 | 134,494 | 91,873 |
| Accrued liabilities | 28,470 | (917) | 27,553 | - |
| Customer deposits | 3,999 | - | 3,999 | - |
| Due to other funds | 151,829 | (128,100) | 23,729 | 105,978 |
| Net pension liability | 530,520 | 99,255 | 629,775 | - |
| Deferred inflows related to net pension liability | <u>(77,735)</u> | <u>4,111</u> | <u>(73,624)</u> | <u>-</u> |
| Total adjustments | <u>4,153,930</u> | <u>55,409</u> | <u>4,209,339</u> | <u>(294,420)</u> |
| Net cash provided by (used in) operating activities | \$ <u>6,146,712</u> | <u>(204,117)</u> | <u>5,942,595</u> | <u>34,123</u> |
| Noncash investing, capital, and financing activities: | | | | |
| Amortization of debt premium/discount | \$ <u>(91,167)</u> | <u>-</u> | <u>(91,167)</u> | <u>-</u> |
| Amortization of gain/loss on debt refunding | \$ <u>(2,859)</u> | <u>-</u> | <u>(2,859)</u> | <u>-</u> |
| Prepaid bond insurance acquired through bond issue | \$ <u>(351,060)</u> | <u>-</u> | <u>(351,060)</u> | <u>-</u> |
| Capital assets transferred to governmental funds | \$ <u>(2,083)</u> | <u>-</u> | <u>(2,083)</u> | <u>-</u> |

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

CITY OF MERIDIAN, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2020

| | <u>Agency Funds</u> |
|---|--------------------------------|
| <u>ASSETS</u> | |
| Cash and cash equivalents | \$ 1,517,971 |
| Intergovernmental receivables - County | <u>211,054</u> |
| Total assets | \$ <u>1,729,025</u> |
| <u>LIABILITIES</u> | |
| Intergovernmental payables: | |
| Schools | \$ 1,627,215 |
| PERS | 80,571 |
| State | <u>21,239</u> |
| Total liabilities | \$ <u>1,729,025</u> |

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

CITY OF MERIDIAN, MISSISSIPPI

Statement of Net Position

Component Units

September 30, 2020

| | <u>Meridian Airport Authority</u> | <u>Nonmajor Component Units</u> | <u>Total Component Units</u> |
|--|--|--|---|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 2,939,805 | 279,869 | 3,219,674 |
| Receivables: | | | |
| Accounts | 1,547,090 | - | 1,547,090 |
| Intergovernmental - | | | |
| Federal | 1,051,337 | - | 1,051,337 |
| Interest | - | 46,632 | 46,632 |
| Inventory | 663,874 | - | 663,874 |
| Prepaid items | 73,675 | - | 73,675 |
| Restricted assets - cash | 111,726 | - | 111,726 |
| MLEC leverage loans receivable | - | 5,447,567 | 5,447,567 |
| Capital assets not being depreciated: | | | |
| Land | 2,468,621 | - | 2,468,621 |
| Construction in progress | 4,878,645 | - | 4,878,645 |
| Capital assets (net of accumulated depreciation): | | | |
| Buildings | 11,795,385 | - | 11,795,385 |
| Improvements other than buildings | 10,212,044 | - | 10,212,044 |
| Machinery and equipment | 700,181 | - | 700,181 |
| Total assets | <u>36,442,383</u> | <u>5,774,068</u> | <u>42,216,451</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Deferred outflows related to net pension liability | <u>621,509</u> | <u>-</u> | <u>621,509</u> |
| <u>LIABILITIES</u> | | | |
| Accounts payable | 524,987 | 2,233 | 527,220 |
| Accrued liabilities | 92,557 | 23,434 | 115,991 |
| Noncurrent liabilities: | | | |
| Due within one year - | | | |
| Note payable | 98,298 | 103,255 | 201,553 |
| Due in more than one year: | | | |
| Note payable | 534,987 | 1,601,012 | 2,135,999 |
| Compensated absences | 233,513 | - | 233,513 |
| Net pension liability | <u>8,711,477</u> | <u>-</u> | <u>8,711,477</u> |
| Total liabilities | <u>10,195,819</u> | <u>1,729,934</u> | <u>11,925,753</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Deferred inflows related to net pension liability | <u>126,362</u> | <u>-</u> | <u>126,362</u> |
| <u>NET POSITION</u> | | | |
| Invested in capital assets, net of related debt | 30,054,876 | - | 30,054,876 |
| Restricted for capital projects | 111,726 | - | 111,726 |
| Unrestricted (deficit) | <u>(3,424,891)</u> | <u>4,044,134</u> | <u>619,243</u> |
| Total net position | \$ <u>26,741,711</u> | <u>4,044,134</u> | <u>30,785,845</u> |

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

CITY OF MERIDIAN, MISSISSIPPI
Statement of Activities
Component Units
For the Fiscal Year Ended September 30, 2020

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-------------------|
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Meridian Airport Authority | Nonmajor Component Units | Total |
| Component units: | | | | | | | |
| Meridian Airport Authority | \$ 13,401,195 | 11,218,294 | 61,501 | 3,791,824 | 1,670,424 | - | 1,670,424 |
| Nonmajor component units | <u>120,120</u> | <u>189,683</u> | <u>47,760</u> | <u>-</u> | <u>-</u> | <u>117,323</u> | <u>117,323</u> |
| Total component units | \$ <u>13,521,315</u> | <u>11,407,977</u> | <u>109,261</u> | <u>3,791,824</u> | 1,670,424 | 117,323 | 1,787,747 |
| General revenues - | | | | | | | |
| Interest income | | | | | <u>8,757</u> | <u>353</u> | <u>9,110</u> |
| Change in net position | | | | | <u>1,679,181</u> | <u>117,676</u> | <u>1,796,857</u> |
| Net position, October 1, 2019, as previously reported | | | | | 25,415,481 | 3,926,458 | 29,341,939 |
| Prior period adjustment | | | | | <u>(352,951)</u> | <u>-</u> | <u>(352,951)</u> |
| Net position, October 1, 2019, as restated | | | | | <u>25,062,530</u> | <u>3,926,458</u> | <u>28,988,988</u> |
| Net position, September 30, 2020 | | | | | \$ <u>26,741,711</u> | <u>4,044,134</u> | <u>30,785,845</u> |

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

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

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

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

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

Major Discretely Presented Component Unit -

Meridian Airport Authority

Meridian Airport Authority ("MAA") was established by the City on March 17, 1992, in accordance with Title 61, Chapter 3, Article V of the Mississippi Code of 1972 to manage the local airport facilities within the City's jurisdiction. MAA has a five-member Board appointed by the City's Mayor and approved by the

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

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

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

City Council. Also, the City has the ability to impose its will upon MAA because it has reserved the right to unilaterally abolish MAA at its discretion.

Nonmajor Discretely Presented Component Units:

Meridian Urban Renewal Authority

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

Meridian and Bonita Lakes Development Authority

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

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

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

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

Meridian Urban Renewal Authority
723 23rd Avenue
Meridian, Mississippi

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

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

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

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

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

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

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

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

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

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

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

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

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

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

service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary fund:

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.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

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

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

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.

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are reported as nonoperating.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(1) Summary of Significant Accounting Policies (Continued)

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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, 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.

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

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

(f) Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

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

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.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

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

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

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

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

The tax rate of the City is expressed in terms of mills (ten mills equal one cent). For the year ended September 30, 2020, the City's 2020 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>2020</u> | <u>2019</u> | |
| General | 35.63 | 34.24 | 1.39 |
| Solid waste fund | - | .23 | (.23) |
| Fire and police disability retirement fund (closed) | 1.54 | 2.70 | (1.16) |
| General municipal retirement fund (closed) | .96 | .96 | - |
| Debt service (general bonds and interest) | 12.71 | 12.71 | - |
| Meridian Municipal Separate School District | 62.82 | 62.82 | - |
| Meridian Community College | <u>7.00</u> | <u>7.00</u> | <u>-</u> |
| Total mills | <u><u>120.66</u></u> | <u><u>120.66</u></u> | <u><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.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

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

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

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

(h) **Land Held for Resale**

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

(i) **Restricted Assets**

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

The "revenue bond operation and maintenance" account receives sufficient amounts to provide for the payment of current expenses to be paid each month, plus any prior month deficiencies. The "revenue bond construction" accounts are used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. Any surplus remaining after all deposits and transfers required and allowed by the bond resolution are to be used solely for purposes pertaining to the system. As of September 30, 2020, all accounts required under the bond resolution were fully funded as required.

(j) **Capital Assets**

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

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

(j) **Capital Assets**

Capital asset thresholds are as follows:

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

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred in the business-type activities during the current fiscal year was \$680,297. Of this amount, \$282,679 was included as part of the cost of capital assets under construction.

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

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

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

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

(k) **Compensated Absences**

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

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

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

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

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

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

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

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

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

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

(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 five pension related items that qualify for reporting in this category – see note 10 for further details.

In addition to liabilities, the statement of net position and the governmental funds balance sheet 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:

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

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

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

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

Deferred inflows related to net pension liability reported in the government-wide statement of net position and the proprietary funds statement of net position – the City's has one pension related item that qualifies for reporting in this category – see note 10 for further details.

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

(o) **Pensions**

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

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

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

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

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

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

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

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

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

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

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

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

Committed – the fund balance is reported as committed for amounts that can only be used for specific purposes as a result of constraints imposed by the adoption of a formal action by the City Council. The City Council is the highest level of decision-making authority and issues equally binding orders, ordinances, and resolutions. City Council orders establish a fund balance commitment by authorizing contracts or allocating funds to specific projects. Committed amounts cannot be modified or uncommitted except by removing the constraints through the same formal action by City Council.

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(1) Summary of Significant Accounting Policies (Continued)

(p) Fund Balances/Net Position (Continued)

Unassigned – the unassigned fund balance is the residual classification for the general fund. This classification represents the portion of the 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

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*, the requirements related to effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments were effective upon issuance (January 2020). The remaining requirements are effective for financial reporting periods beginning after June 15, 2021.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, the requirements of this Statement, except for the following paragraphs, are effective for financial reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for financial reporting periods ended after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for financial reporting periods beginning after June 15, 2021.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

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

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

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for financial reporting periods beginning after June 15, 2022.
- GASB Statement 96, *Subscription-Based Information Technology Arrangements*, effective for financial reporting periods beginning after June 15, 2022.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, issued in June 2020, the requirements of this Statement, except for the requirements in the following sentences, are effective for financial reporting periods beginning after June 15, 2021. The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement were effective immediately. Questions 4.3 and 4.5 of Implementation Guide 2019-2, as amended, are effective for financial reporting periods beginning after December 15, 2019.

(r) **Financial Statement Format**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the City's financial position and operations. For consistency, certain 2019 financial statement amounts have been reclassified to conform with the 2020 financial statement presentation. Such reclassifications had no material effect on the City's financial position, changes in financial position, or cash flows.

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(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 (Continued)**

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 | \$ (49,460,000) |
| Premium on refunded debt issue | (1,636,470) |
| Promissory loans payable | (2,006,294) |
| Accrued interest payable | (314,454) |
| Capital leases payable | (755,094) |
| Compensated absences | (832,236) |
| Claims and judgments | (826,372) |
| Net pension liability | (45,991,965) |
| Deferred inflows/outflows related to net pension liability | (520,293) |
| Deferred gain/loss on refunding | 554,061 |
| Prepaid insurance on bond issue | <u>14,391</u> |
| Net adjustment to reduce fund balances – total governmental funds to arrive at net position – governmental activities | <u>\$ (101,774,726)</u> |

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

| <u>Description</u> | <u>Amount</u> |
|--|--------------------------|
| Net position of the internal service funds | \$ 421,476 |
| Less internal payable representing charges in excess of cost to business-type activities | <u>(59,717)</u> |
| Net adjustment to increase fund balances – total governmental funds to arrive at net position – governmental activities | <u>\$ 361,759</u> |

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this difference are as follows:

| <u>Description</u> | <u>Amount</u> |
|---|------------------------------|
| Capital outlay | \$ 2,894,273 |
| Depreciation expense | <u>(5,246,639)</u> |
| Net adjustment to reduce net change in fund balances – total governmental funds to arrive at change in net position of governmental activities | \$ <u>(2,352,366)</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 current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities”. The details of this difference are as follows:

| <u>Description</u> | <u>Amount</u> |
|---|------------------------------|
| Principal retirement of long-term debt | \$ 4,926,674 |
| Amortization of bond premiums, prepaid insurance, and deferred loss on refunding | 121,877 |
| Issuance of general obligation refunding bonds | <u>(6,000,000)</u> |
| Issuance of MDA capital loan | <u>(954,701)</u> |
| Net adjustment to reduce net change in fund balances – total governmental funds to arrive at change in net position of governmental activities | \$ <u>(1,906,150)</u> |

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

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

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

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

| <u>Description</u> | <u>Amount</u> |
|---|--------------------------|
| Compensated absences | \$ 91,194 |
| Accrued interest expense | 143,983 |
| Claims and judgments | <u>(243,979)</u> |
| Net adjustment to reduce net change in fund balances – total governmental funds to arrive at change in net position of governmental activities | \$ <u>(8,802)</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 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 | \$ 364,769 |
| Less income from charges to business-type activities | <u>(82,582)</u> |
| Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net position of governmental activities | \$ <u>282,187</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 2020, the original total budgeted expenditures were \$99,571,130 and were increased by amendments to \$107,391,130.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(3) Stewardship, Compliance and Accountability

(a) Budgetary Information (Continued)

The City adopts annual budgets in accordance with statutory requirements established by the Mississippi Municipal Budget Law, Section 21-35-1, Mississippi Code Ann. (1972), Chapter 35 of Title 21 and regulatory requirements established by Section 21-35-29, Mississippi Code Ann. (1972). State law requires revenues and expenditures to be budgeted as follows: revenues which should be credited to the budget are those which are legally receipted (cash basis) from October 1 through September 30 at the minimum legal level required by the state auditor; expenditures which should be charged to the budget are those which are legally budgeted and disbursed during the fiscal year or within 30 days thereafter. The purpose level or object (personnel services, supplies and expenses, capital outlay, and transfers and other charges) is the minimum legal level determined by the State Auditor where expenditures may not exceed appropriations. The City adopts budgets for capital project and internal service funds by fund type as a whole rather than by individual funds. A governing authority may, at its discretion, adopt an annual budget at a more detailed level if it so desires. Expenditures for uncompleted improvements in progress of construction may be charged to the budget at any time. Penalties for exceeding the budget apply at the legal level (lowest level adopted by the governing authority) except for capital outlay, election expenses and payment of emergency warrants. All appropriations lapse 30 days after year-end. Appropriations paid after this period must be budgeted again during the next budget year. State law requires all funds receiving revenues from the municipality, funds which will require approval from the governing authorities for expenditures to be made, proprietary funds and funds confiscated and forfeited in connection with drug and liquor cases to have an adopted budget. Fiduciary funds do not require board approval to make disbursements.

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

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

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

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 governmental/capital project fund) had a deficit fund balance at September 30, 2020, of \$164,640. This deficit will be remedied in subsequent years by litigation for the recovery costs incurred for the emergency drainage structure repairs.

The Valley Road Access fund (a nonmajor governmental/capital project fund) had a deficit fund balance at September 30, 2020, of \$9,406. This deficit will be remedied by a future transfer of bond funds within the capital project funds.

The Waste Collection and Disposal fund (a nonmajor enterprise fund) had a deficit net position at September 30, 2020, of \$169,693. This deficit will be remedied by a future residential and commercial rate increase and the establishment of a general fund emergency operations account for debris collection and disposal resulting from weather-related events, including tornados and ice storms.

The Health and Life Insurance Reserve Fund (a nonmajor internal service fund) had a deficit net position at September 30, 2020, of \$186,604. This deficit will be remedied by future medical, dental, vision and life insurance 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 \$103,711,457, and the bank balance was \$104,344,822. The entire bank balance was covered by federal depository insurance or collateralized in accordance with state law. The collateral for public entities' deposits in financial institutions are held in the name of the Mississippi State Treasurer under a program established by the

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(4) Deposits and Investments (Continued)

Deposits

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

The carrying amount of deposits for discretely presented component units was \$3,331,400, and the bank balance was \$3,432,256. These bank balances were covered by federal depository insurance or collateralized in accordance with State law as described above.

Investments

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

| <u>Description</u> | <u>Fair Value</u> | <u>Maturity Date (Within One Year)</u> |
|--|--------------------------|--|
| Federated Government Obligation Fund | \$ 198,269 | - |
| Certificate of deposit - Citizens National Bank | <u>400,000</u> | 03/10/2021 |
| Total investments | \$ <u>598,269</u> | |

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

Credit risk: The City and its component units are allowed, by State statute, to invest excess funds in any bonds or other direct obligations of the United States of America, of the State of Mississippi, or of any county or municipality of Mississippi, when such county or municipal bonds have been properly approved; or in obligations issued or guaranteed in full as to principal and interest by the United States of America which are subject to a repurchase agreement with a qualified depository; or in interest-bearing time certificates of deposit with any financial institution approved for the deposit of state funds. It is the City's policy to limit its investments to those allowed by the State statute.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(4) Deposits and Investments (Continued)

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

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

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

| <u>Description</u> | <u>Amount</u> |
|---|------------------------------|
| Cash on hand | \$ 3,940 |
| Cash with trustee | 919,998 |
| Carrying amount of deposits (including certificates of deposit) | 103,711,457 |
| Carrying amount of investments (securities) | <u>198,269</u> |
| Total cash and investments | <u>\$ 104,833,664</u> |
| Cash and cash equivalents | \$ 30,364,564 |
| Cash and investments – restricted | <u>72,951,129</u> |
| Total reported on the government- wide statement of net position | 103,315,693 |
| Cash and cash equivalents reported on the statement of fiduciary assets and liabilities not included on the government-wide statement of net position | <u>1,517,971</u> |
| Total reported | <u>\$ 104,833,664</u> |

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(5) Capital Assets

Primary government:

Capital asset activity for the year ended September 30, 2020, was as follows:

| | Balance October 1, <u>2019</u> | <u>Increases</u> | <u>Decreases</u> | Balance September 30, <u>2020</u> |
|--|--------------------------------------|-------------------------|-------------------------|---|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 8,191,965 | 5,300 | - | 8,197,265 |
| Right of ways | 2,600 | - | - | 2,600 |
| Collections - historical treasures | 141,250 | - | - | 141,250 |
| Construction-in-progress | <u>218,003</u> | <u>2,382,080</u> | <u>2,019,864</u> | <u>580,219</u> |
| Total capital assets, not being depreciated | <u>8,553,818</u> | <u>2,387,380</u> | <u>2,019,864</u> | <u>8,921,334</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 44,560,302 | 18,090 | - | 44,578,392 |
| Improvements other than buildings | 5,147,234 | - | - | 5,147,234 |
| Machinery and equipment | 24,698,686 | 440,108 | 401,148 | 24,737,646 |
| Infrastructure | <u>118,749,590</u> | <u>2,106,374</u> | <u>-</u> | <u>120,855,964</u> |
| Total capital assets, being depreciated | <u>193,155,812</u> | <u>2,564,572</u> | <u>401,148</u> | <u>195,319,236</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 13,465,365 | 860,867 | - | 14,326,232 |
| Improvements other than buildings | 3,035,728 | 104,077 | - | 3,139,805 |
| Machinery and equipment | 16,024,295 | 1,365,299 | 326,183 | 17,063,411 |
| Infrastructure | <u>76,997,519</u> | <u>2,916,396</u> | <u>-</u> | <u>79,913,915</u> |
| Total accumulated depreciation | <u>109,522,907</u> | <u>5,246,639</u> | <u>326,183</u> | <u>114,443,363</u> |
| Total capital assets, being depreciated, net | <u>83,632,905</u> | <u>(2,682,067)</u> | <u>74,965</u> | <u>80,875,873</u> |
| Total governmental activities capital assets, net | \$ <u>92,186,723</u> | <u>(294,687)</u> | <u>2,094,829</u> | <u>89,797,207</u> |

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(5) Capital Assets (Continued)

| | Balance October 1, <u>2019</u> | <u>Increases</u> | <u>Decreases</u> | Balance September 30, <u>2020</u> |
|--|--------------------------------------|-------------------|-------------------|---|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 250,864 | - | - | 250,864 |
| Right of ways | 105,143 | - | - | 105,143 |
| Construction-in-progress | <u>9,305,837</u> | <u>2,313,986</u> | <u>11,619,823</u> | <u>-</u> |
| Total capital assets, not being depreciated | <u>9,661,844</u> | <u>2,313,986</u> | <u>11,619,823</u> | <u>356,007</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 126,628 | - | - | 126,628 |
| Water and sewer system | 112,509,952 | 2,119,207 | - | 114,629,159 |
| Improvements other than buildings | 438,054 | - | - | 438,054 |
| Machinery and equipment | <u>7,299,946</u> | <u>10,523,216</u> | <u>47,833</u> | <u>17,775,329</u> |
| Total capital assets, being depreciated | <u>120,374,580</u> | <u>12,642,423</u> | <u>47,833</u> | <u>132,969,170</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 126,628 | - | - | 126,628 |
| Water and sewer system | 82,704,762 | 1,872,913 | - | 84,577,675 |
| Improvements other than buildings | 266,726 | 6,513 | - | 273,239 |
| Machinery and equipment | <u>4,907,132</u> | <u>1,351,411</u> | <u>45,750</u> | <u>6,212,793</u> |
| Total accumulated depreciation | <u>88,005,248</u> | <u>3,230,837</u> | <u>45,750</u> | <u>91,190,335</u> |
| Total capital assets, being depreciated, net | <u>32,369,332</u> | <u>9,411,586</u> | <u>2,083</u> | <u>41,778,835</u> |
| Total business-type activities | | | | |
| capital assets, net | \$ <u>42,031,176</u> | <u>11,725,572</u> | <u>11,621,906</u> | <u>42,134,842</u> |

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

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

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

| | <u>Amount</u> |
|--|----------------------------|
| Governmental activities: | |
| General government | \$ 691,361 |
| Public safety | 763,051 |
| Public works | 3,609,471 |
| Culture and recreation | <u>182,756</u> |
| Total depreciation expense - governmental activities | \$ <u>5,246,639</u> |
| Business-type activities: | |
| Water and sewer department | \$ 3,202,960 |
| Golf course | 25,527 |
| Union Station | <u>2,350</u> |
| Total depreciation expense - business-type activities | \$ <u>3,230,837</u> |

Construction-in-progress is composed of:

| | |
|--|-----------------------|
| Governmental activities: | |
| 22nd Avenue/Sela Ward Parkway improvements | \$ 151,010 |
| Old Highway 80 emergency bridge repair | 250,366 |
| Sweet Gum Bottom Road improvements | <u>178,843</u> |
| Total governmental activities | <u>580,219</u> |

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(5) Capital Assets (Continued)

Discretely presented component units:

Capital asset activity for the year ended September 30, 2020, was as follows:

| | Balance October 1, <u>2019</u> | <u>Increases</u> | <u>Decreases</u> | Balance September 30, <u>2020</u> |
|--|---|-------------------------|-------------------------|--|
| Meridian Airport Authority: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,468,621 | - | - | 2,468,621 |
| Construction-in-progress | <u>3,963,954</u> | <u>1,885,059</u> | <u>970,368</u> | <u>4,878,645</u> |
| Total capital assets, not being depreciated | <u>6,432,575</u> | <u>1,885,059</u> | <u>970,368</u> | <u>7,347,266</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 17,697,766 | 118,241 | - | 17,816,007 |
| Improvements other than buildings | 32,215,195 | 231,356 | - | 32,446,551 |
| Machinery and equipment | <u>2,971,929</u> | <u>961,507</u> | <u>-</u> | <u>3,933,436</u> |
| Total capital assets, being depreciated | <u>52,884,890</u> | <u>1,311,104</u> | <u>-</u> | <u>54,195,994</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 5,294,701 | 725,921 | - | 6,020,622 |
| Improvements other than buildings | 20,888,699 | 1,345,808 | - | 22,234,507 |
| Machinery and equipment | <u>2,985,720</u> | <u>247,535</u> | <u>-</u> | <u>3,233,255</u> |
| Total accumulated depreciation | <u>29,169,120</u> | <u>2,319,264</u> | <u>-</u> | <u>31,488,384</u> |
| Total capital assets, being depreciated, net | <u>23,715,770</u> | <u>(1,008,160)</u> | <u>-</u> | <u>22,707,610</u> |
| Total Meridian Airport Authority | \$ <u>30,148,345</u> | <u>876,899</u> | <u>970,368</u> | <u>30,054,876</u> |

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(6) Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2020, is as follows:

Due to/from other funds:

| <u>Receivable fund</u> | <u>Payable fund</u> | <u>Amount</u> |
|--------------------------------------|-----------------------------|----------------------------|
| General Fund | Nonmajor Governmental Funds | \$ 1,116,656 |
| | Nonmajor Enterprise Funds | 45,068 |
| | Internal Service Funds | 52,989 |
| Nonmajor Governmental Funds | Nonmajor Governmental Funds | 116,960 |
| Water & Sewer Fund | Internal Service Funds | 52,989 |
| Nonmajor Enterprise Funds | General Fund | 2,966 |
| Internal Service Funds | General Fund | 411,960 |
| | Water & Sewer Fund | 168,559 |
| | Nonmajor Enterprise Funds | <u>5,945</u> |
| Total due to/from other funds | | \$ <u>1,974,092</u> |

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

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

Interfund transfers:

| <u>Transfers out:</u> | <u>Transfers in:</u> | | | | | | | <u>Total transfers out</u> |
|-------------------------------|----------------------|--------------------------|-----------------------------|------------------------------------|-------------------------------|----------------------------------|-------------------------------|----------------------------|
| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Special Revenue Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Water & Sewer Fund</u> | <u>Nonmajor Enterprise Funds</u> | <u>Internal Service Funds</u> | |
| General Fund | \$ - | 282,280 | 15,000 | - | 6,450 | 450,000 | 35,000 | 788,730 |
| Nonmajor | | | | | | | | |
| Governmental Funds | - | - | - | 9,417 | - | - | - | 9,417 |
| Water & Sewer Fund | 1,851,500 | - | - | - | - | - | - | 1,851,500 |
| Nonmajor | | | | | | | | |
| Enterprise Funds | 44,000 | - | - | - | - | - | - | 44,000 |
| Total transfers in | <u>\$ 1,895,500</u> | <u>282,280</u> | <u>15,000</u> | <u>9,417</u> | <u>6,450</u> | <u>450,000</u> | <u>35,000</u> | <u>2,693,647</u> |

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

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

A summary of the transfers follows:

| <u>Description</u> | <u>Transferred to the General Fund</u> |
|---|--|
| Cost of assets transferred | \$ 37,816 |
| Accumulated depreciation | <u>(35,733)</u> |
| Net carrying value of assets transferred | <u>\$ 2,083</u> |

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(7) **Leases**

Capital Leases

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

A summary of leased equipment capitalized in the financial statements at September 30, 2020, follows:

| <u>Description</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|---|---|--|
| Machinery and equipment | \$ 761,706 | 9,819,383 |
| Less accumulated depreciation | <u>(148,325)</u> | <u>(810,099)</u> |
| Total leased equipment capitalized | \$ <u>613,381</u> | <u>9,009,284</u> |

The future minimum lease obligations and the net present value of minimum lease commitments at September 30, 2020, follows:

| <u>Year Ending September 30,</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|--|---|--|
| 2021 | \$ 80,409 | 959,793 |
| 2022 | 80,409 | 959,793 |
| 2023 | 79,269 | 959,793 |
| 2024 | 77,673 | 959,793 |
| 2025 | 77,673 | 959,793 |
| 2026-2030 | 388,365 | 4,798,965 |
| 2031-2033 | <u>194,183</u> | <u>2,399,482</u> |
| Total minimum lease commitments | 977,981 | 11,997,412 |
| Less amount representing interest | <u>(222,887)</u> | <u>(2,754,224)</u> |
| Present value of minimum lease payments | 755,094 | 9,243,188 |
| Current portion of obligations under capital leases | <u>(48,046)</u> | <u>(559,886)</u> |
| Obligations under capital leases, less current installments | \$ <u>707,048</u> | <u>8,683,302</u> |

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

(7) **Leases (Continued)**

Operating Leases

The City leases premises for use as a law enforcement center. The original lease term expired in May, 2033. In fiscal year 2021, MURA purchased the law enforcement center and this lease was terminated on April 23, 2021. The City leases additional space for use by law enforcement through a lease which expires in June, 2023. The City also leases golf carts for the public golf course. This lease term expires in January, 2024. Costs for these leases totaled \$576,997 for the year ended September 30, 2020.

Meridian Airport Authority (a discretely presented component unit) leases refueling trucks for use in the operations of Meridian Aviation with monthly lease payments through April, 2023. Costs for this lease totaled \$45,000 for the year ended September 30, 2020.

The future minimum lease payments for the operating leases at September 30, 2020, are as follows:

| <u>Year Ending September 30,</u> | <u>City of Meridian</u> | <u>Meridian Airport Authority</u> |
|--|------------------------------------|--|
| 2021 | \$ 354,700 | 45,000 |
| 2022 | 31,009 | 45,000 |
| 2023 | 26,284 | 45,000 |
| 2024 | <u>4,936</u> | <u>-</u> |
| Total future minimum lease payments | \$ <u>416,929</u> | <u>135,000</u> |

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(8) Long-Term Liabilities

A summary of long-term liabilities at September 30, 2020 follows:

| | <u>Interest Rates</u> | <u>Amount</u> |
|--|---------------------------|----------------------|
| Governmental activities: | | |
| Outstanding bonds: | | |
| General government | .90 - 5.00% | \$ 47,139,000 |
| Special obligation bonds – parking facilities | 3.30 - 5.375% | 350,000 |
| Limited obligation bonds – tax increment financing | 2.20 - 5.00% | 1,931,000 |
| Special assessment debt with City commitment | 4.80 – 5.10% | 40,000 |
| Plus unamortized premium on debt refunding | | 1,636,470 |
| Other debt: | | |
| Promissory loans | 1.42 – 3.00% | 2,006,294 |
| Capital leases | 1.42 – 4.20% | 755,094 |
| Compensated absences | | 832,236 |
| Claims and judgments | | 826,372 |
| Net pension liability | | <u>45,991,965</u> |
| Total governmental activities | | 101,508,431 |
| Less current portion payable | | <u>(6,724,774)</u> |
| Governmental activities, net | | \$ <u>94,783,657</u> |
| Business-type activities: | | |
| Water & sewer promissory loans | .50 - 5.00% | \$ 53,882,055 |
| Plus unamortized premium on debt refunding | | <u>7,716,674</u> |
| Total promissory loans | | 61,598,729 |
| Capital leases | 4.20% | 9,243,188 |
| Compensated absences | | 134,016 |
| Net pension liability | | <u>8,001,661</u> |
| Total business-type activities | | 78,977,594 |
| Less current portion payable | | <u>(2,325,197)</u> |
| Business activities, net | | \$ <u>76,652,397</u> |
| Discretely presented component units: | | |
| Promissory loans | 2.83% - 5.50% | \$ 2,337,552 |
| Compensated absences | | 233,513 |
| Net pension liability | | <u>8,711,477</u> |
| Total discretely presented component units | | 11,282,542 |
| Less current portion payable | | <u>(201,553)</u> |
| Discretely presented component units, net | | \$ <u>11,080,989</u> |

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(8) Long-Term Liabilities (Continued)

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

| <u>Year Ending September 30,</u> | <u>Governmental Activities</u> | | | | | <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> | |
| 2021 | \$ 5,691,001 | 128,813 | 462,839 | 42,040 | 625,165 | 6,949,858 |
| 2022 | 5,917,201 | 127,900 | 456,649 | - | 550,488 | 7,052,238 |
| 2023 | 6,140,882 | 131,719 | 428,283 | - | 103,964 | 6,804,848 |
| 2024 | 5,512,601 | - | 428,186 | - | 79,116 | 6,019,903 |
| 2025 | 5,043,516 | - | 256,794 | - | 79,116 | 5,379,426 |
| 2026-2030 | 17,263,305 | - | - | - | 395,580 | 17,658,885 |
| 2031-2035 | 8,993,073 | - | - | - | 395,580 | 9,388,653 |
| 2036-2040 | <u>2,997,859</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>26,372</u> | <u>3,024,231</u> |
| Total | \$ <u>57,559,438</u> | <u>388,432</u> | <u>2,032,751</u> | <u>42,040</u> | <u>2,255,381</u> | <u>62,278,042</u> |
| Interest included in above totals | \$ <u>10,420,438</u> | <u>38,432</u> | <u>101,751</u> | <u>2,040</u> | <u>249,087</u> | <u>10,811,748</u> |

| <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> |
| 2021 | \$ 3,067,859 | 311,099 |
| 2022 | 3,282,201 | 311,100 |
| 2023 | 3,175,410 | 311,100 |
| 2024 | 2,708,616 | 311,100 |
| 2025 | 2,473,616 | 311,100 |
| 2026-2030 | 11,629,215 | 1,090,797 |
| 2031-2035 | 13,953,515 | 390,837 |
| 2036-2040 | 16,901,653 | - |
| 2041-2045 | 18,677,707 | - |
| 2046-2050 | <u>18,582,400</u> | <u>-</u> |
| Total | \$ <u>94,452,192</u> | <u>3,037,133</u> |
| Interest included in above totals | \$ <u>40,570,137</u> | <u>699,581</u> |

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(8) Long-Term Liabilities (Continued)

A summary of changes in the long-term liabilities during the year ended September 30, 2020, follows:

| <u>Description</u> | <u>October 1, 2019</u> | <u>Additions</u> | <u>Deletions</u> | <u>September 30, 2020</u> | <u>Due Within One Year</u> |
|---|-----------------------------|--------------------------|-------------------------|-------------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation debt | \$ 45,144,000 | 6,000,000 | 4,005,000 | 47,139,000 | 4,287,000 |
| Special obligation bonds | 455,000 | - | 105,000 | 350,000 | 110,000 |
| Limited obligation bonds | 2,061,000 | - | 130,000 | 1,931,000 | 423,000 |
| Special assessment with City commitment | 170,000 | - | 130,000 | 40,000 | 40,000 |
| Unamortized premiums/discounts | <u>1,725,895</u> | <u>-</u> | <u>89,425</u> | <u>1,636,470</u> | <u>99,802</u> |
| Total bonds payable | 49,555,895 | 6,000,000 | 4,459,425 | 51,096,470 | 4,959,802 |
| Promissory loans | 1,605,531 | 954,701 | 553,938 | 2,006,294 | 613,142 |
| Capital leases | 757,830 | - | 2,736 | 755,094 | 48,046 |
| Compensated absences | 923,430 | 1,117,845 | 1,209,039 | 832,236 | 277,412 |
| Claims and judgments | 582,393 | 801,112 | 557,133 | 826,372 | 826,372 |
| Net pension liability | <u>44,537,212</u> | <u>1,454,753</u> | <u>-</u> | <u>45,991,965</u> | <u>-</u> |
| Governmental activities long-term liabilities | \$ <u>97,962,291</u> | <u>10,328,411</u> | <u>6,782,271</u> | <u>101,508,431</u> | <u>6,724,774</u> |
| Business-type activities: | | | | | |
| Promissory loans | \$ 13,654,696 | 41,762,900 | 1,535,541 | 53,882,055 | 1,410,719 |
| Unamortized premiums/discounts | 402,254 | 7,405,587 | 91,167 | 7,716,674 | 310,367 |
| Capital leases | 9,243,188 | - | - | 9,243,188 | 559,886 |
| Compensated absences | 129,841 | 206,998 | 202,823 | 134,016 | 44,225 |
| Net pension liability | <u>7,371,886</u> | <u>629,775</u> | <u>-</u> | <u>8,001,661</u> | <u>-</u> |
| Business-type activities long-term liabilities | \$ <u>30,801,865</u> | <u>50,005,260</u> | <u>1,829,531</u> | <u>78,977,594</u> | <u>2,325,197</u> |
| Discretely presented component units: | | | | | |
| Meridian Airport Authority: | | | | | |
| Promissory loans | \$ 728,878 | - | 95,593 | 633,285 | 98,298 |
| Compensated absences | 218,831 | 14,682 | - | 233,513 | - |
| Net pension liability | 7,564,458 | 1,147,019 | - | 8,711,477 | - |
| Meridian Urban Renewal Authority - | | | | | |
| Promissory loans | <u>1,802,032</u> | <u>-</u> | <u>97,765</u> | <u>1,704,267</u> | <u>103,255</u> |
| Discretely presented component units | \$ <u>10,314,199</u> | <u>1,161,701</u> | <u>193,358</u> | <u>11,282,542</u> | <u>201,553</u> |

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

(8) Long-Term Liabilities (Continued)

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The original amount of outstanding general obligation bonds issued in prior years is \$55,134,000.

During fiscal year 2020, the City issued general obligation bonds in the amount of \$6,000,000. The proceeds from this bond issue will be used for repair, maintenance and reconstruction of roads, streets, bridges and public utility systems.

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, 2020, 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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements
September 30, 2020

(8) Long-Term Liabilities (Continued)

obligations and pledge the full faith and credit of the City. Annual debt service is provided through collection of special assessments on benefited property and ad valorem taxes levied for debt service. The original amount of outstanding special assessment bonds issued in prior years is \$500,000.

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 ("MDEQ") through the EPA Water Pollution Control Revolving Loan Fund Program. The proceeds from this note were used for the rehabilitation of the South Wastewater Treatment Plant. The City has drawn \$8,452,934 against these loan funds as of September 30, 2020. Accrued interest in the amount \$205,345 has been financed with this principal amount. The City's loan agreement with MDEQ includes provisions that in the event of default, the Commissioner of the Mississippi Department of Revenue may be notified to intercept the delinquent amount, plus ten (10) percent annual penalty interest, from the City's monthly sales tax diversion. MDEQ may also accelerate the repayment schedule or increase the interest rate in accordance with WPCRLF Regulations.

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. This refunding resulted in a decrease in future debt service payments of \$407,116 and resulted in an economic gain of \$401,991. The net revenues of the City's water and sewer system are pledged for principal and interest payments. In the event of default, the Indenture Trustee shall declare outstanding amounts to be immediately due and payable.

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

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

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

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

The above Citizens National Bank promissory loans include a provision that, upon default, the interest rate shall be increased by adding an additional five (5) percentage point margin. The lender may also declare the entire unpaid principal balance and accrued unpaid interest immediately due.

In September, 2017, the City entered into an \$8,114,960 Drinking Water Systems Improvements Revolving Loan Fund ("DWSIRLF") loan agreement with the Mississippi State Department of Health ("MSDH"). 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 \$1,227,987 against these loan funds as of September 30, 2020. Interest accrued to prior to the initiation of the repayment process will be added to the final allowable project costs to determine the actual principal amount to be repaid by the City. The interest will begin to accrue at a future date based on construction progress. The City's loan agreement with MSDH includes provisions that, in the event of default, the Commissioner of the Mississippi Department of Revenue may be notified to intercept the delinquent amount, plus ten (10) percent annual penalty interest, from the City's monthly sales tax diversion. MSDH may also accelerate the repayment schedule or the increase the interest rate in accordance with DWSIRLF regulations.

In August, 2020, the City entered into a \$41,000,000 loan agreement with Mississippi Development Bank. The proceeds from this loan are to be used for improving, repairing and extending the combined water and sewer system of the City.

In September, 2020, the City entered into a \$954,701 Capital Improvements Revolving Loan Program agreement with Mississippi Development Authority. The proceeds from this loan will be used for rehabilitation of the Valley Road Bridge over Sowashee Creek.

Letter of Credit

The City maintains a \$600,000 unsecured irrevocable letter of credit with Citizens National Bank. This letter of credit was issued for a fee of \$6,075 in favor of Travelers Indemnity Company for support of the City's deductible for workers compensation claims. This letter of credit expires August 1, 2021, with an automatic extension for one year. As of September 30, 2020, the City had no outstanding balance on this letter of credit. The interest rate is set at one-quarter of 1.0 percent quarterly plus \$75.

Pledged Revenues

The City has formally committed to secure certain debt issued by the City with specific future revenues. A summary of these debt issues as of September 30, 2020, and the related revenues pledged follows:

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(8) Long-Term Liabilities (Continued)

| <u>Debt Issue</u> | <u>Current Year Revenue Received</u> | <u>Current Year Principal and Interest</u> | <u>Debt Service as a % of Pledged Revenue</u> |
|--|--|--|---|
| General obligation bonds – Mississippi Arts and Entertainment Center | \$ 2,517,753 | 1,512,094 | 60.06% |
| Limited obligation bonds: | | | |
| 2009 Crossroads improvements | 171,125 | 307,906 | 179.93% |
| 2019 Crossroads improvements | 133,523 | 128,290 | 96.08% |
| Riverbirch improvements | 35,600 | 34,500 | 96.91% |
| Special assessment debt – paving projects | 141,522 | 156,590 | 110.65% |

Interlocal Cooperation Agreement

During fiscal year 2014, the City entered into an Interlocal Cooperation Agreement with Lauderdale County, Mississippi (“County”) for joint and cooperative action relating to the financing for construction of infrastructure improvements and facilities as an inducement to CertainTeed, Inc. for locating industrial facilities in the City and County, which will increase employment opportunities in the area. The agreement includes the City and County jointly funding the debt service of the \$700,000 capital improvement loan granted to Lauderdale County from the Mississippi Development Authority. The City’s share totals \$405,555, including principal and interest. The City remits to the County \$40,556 annually through May, 2025.

Discretely Presented Component Units:

The Meridian Airport Authority (“MAA”) had a long-term note payable outstanding that was converted to a tax-exempt debt on November 10, 2015. The tax-exempt debt is payable from resources derived from operations, but is supported by the full faith and credit of MAA. 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, 2020, MAA had not made any draws against the available balance.

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

(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, 2020, 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> |
|---|------------------------------------|--|
| 2021 | \$ 134,423 | 160,017 |
| 2022 | 123,939 | 116,451 |
| 2023 | 116,743 | 56,046 |
| 2024 | 71,788 | 14,923 |
| 2025 | 17,350 | 14,923 |
| Thereafter | <u>3,700</u> | <u>321,838</u> |
| Total minimum future rentals | \$ <u>467,943</u> | <u>684,198</u> |

(10) **Defined Benefit Pension Plans**

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

General information about the Plan

Plan Description

The City and its component unit MAA contribute to the Public Employees' Retirement System of Mississippi ("PERS"), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq. (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available at www.pers.ms.gov and may also be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS, 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits Provided

Membership in PERS is a condition of employment granted upon hiring for qualifying City and MAA employees. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

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

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

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% of their annual covered salary and the employers are required to contribute at an actuarially determined rate. The employers' rate as of September 30, 2020, was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature.

A summary of the City's and MAA's contributions to PERS for the fiscal year ended September 30, 2020, follows:

| <u>Description</u> | <u>City of Meridian</u> | <u>Meridian Airport Authority</u> |
|---------------------------|------------------------------------|--|
| Employer contributions | \$ <u>2,801,222</u> | <u>492,307</u> |
| Contribution rate | <u>17.40%</u> | <u>17.40%</u> |

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(10) Defined Benefit Pension Plans (Continued)

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

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

At September 30, 2020, the City and MAA reported a liability for their proportionate share of the net pension liability of the plan as follows:

| <u>Description</u> | <u>City of Meridian</u> | <u>Meridian Airport Authority</u> |
|-----------------------|-----------------------------|---|
| Net pension liability | \$ <u>46,347,381</u> | <u>8,711,477</u> |

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's and MAA's proportion of the net pension liability were based on the ratio of their actual contributions to the pension plan relative to the total actual contributions of all participating entities for the fiscal year.

The City's and MAA's proportionate share of the plan's net pension liability at June 30, 2020 and 2019 were as follows:

| <u>Description</u> | <u>City of Meridian</u> | <u>Meridian Airport Authority</u> |
|-------------------------------------|-----------------------------|---|
| Proportionate share – June 30, 2020 | 0.24% | 0.045% |
| Proportionate share – June 30, 2019 | <u>0.25%</u> | <u>0.043%</u> |
| Increase (decrease) | <u>(0.01)%</u> | <u>0.002%</u> |

For the year ended September 30, 2020, the City and MAA recognized pension expense of \$2,767,591 and \$793,475, respectively.

At September 30, 2020, the City and MAA reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(10) Defined Benefit Pension Plans (Continued)**Cost-Sharing Multiple-Employer Defined Benefit Pension Plan - Public Employees Retirement System (Continued)****City of Meridian**

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|--|---|
| Differences between expected and actual experience | \$ 402,301 | - |
| Net difference between projected and actual earnings on plan investments | 1,903,773 | - |
| Changes of assumptions | 259,269 | - |
| Changes in proportion | 383,617 | 4,886,706 |
| City contributions subsequent to the measurement date | <u>773,890</u> | <u>-</u> |
| Totals | \$ <u>3,722,850</u> | <u>4,886,706</u> |

Meridian Airport Authority

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|--|---|
| Differences between expected and actual experience | \$ 53,344 | - |
| Net difference between projected and actual earnings on plan investments | 418,401 | - |
| Changes of assumptions | 20,054 | 35,192 |
| Changes in proportion | - | 91,170 |
| MAA contributions subsequent to the measurement date | <u>129,710</u> | <u>-</u> |
| Totals | \$ <u>621,509</u> | <u>126,362</u> |

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

The amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(10) Defined Benefit Pension Plans (Continued)

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

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

| <u>Year Ending September 30,</u> | <u>City of Meridian</u> | <u>Meridian Airport Authority</u> |
|----------------------------------|------------------------------|---|
| 2021 | \$ (1,905,350) | 204,617 |
| 2022 | (1,125,306) | 48,893 |
| 2023 | 499,444 | 54,599 |
| 2024 | <u>593,465</u> | <u>57,328</u> |
| Total | \$ <u>(1,937,747)</u> | <u>365,437</u> |

Actuarial Assumptions

The total pension liability as of the June 30, 2020 measurement date, was determined by an actuarial valuation prepared as of June 30, 2019. The following actuarial assumptions are 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: (1) for males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119 and (2) 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 used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

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

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

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.

The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020, 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 |
| Fixed income | 20.00 | 0.50 |
| Real estate | 10.00 | 4.00 |
| Private equity | 8.00 | 6.25 |
| Cash | 1.00 | 0.00 |
| Total | <u>100.00%</u> | |

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00 percent) and that employer contributions will be made at the current employer contribution rate (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.

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(10) Defined Benefit Pension Plans (Continued)

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

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>59,990,990</u> | <u>46,347,381</u> | <u>35,085,922</u> |
| MAA's proportionate share of the net pension liability | \$ <u>9,811,211</u> | <u>8,711,477</u> | <u>5,545,553</u> |

Payable to Pension Plan

As of September 30, 2020, the City reported a payable of \$337,341 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2020.

Pension Plan Fiduciary Net Position

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

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

General information about the Plan

Plan Description

The City also participates in the Mississippi Municipal Retirement Systems ("MMRS") Meridian General Plan and Meridian Fire and Police Plan which have been closed to new participants since July 1, 1976. MMRS is an agent multiple-employer defined benefit plan administered by PERS. MMRS was designed to provide retirement benefits for general municipal employees, as well as firefighters and police officers. The City is one of two cities providing retirement benefits to general municipal employees and one of seventeen cities providing retirement benefits to firefighters and police officers. Plan provisions are

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2018

(10) Defined Benefit Pension Plans (Continued)

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

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

Benefits Provided

Membership in the MMRS is comprised of employees who were hired prior to July 1, 1976, and includes only those eligible employees of the City who did not opt to become a member of PERS. MMRS provides retirement, disability, and death benefits to plan members and their beneficiaries.

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

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

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(10) Defined Benefit Pension Plans (Continued)

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

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

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

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

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

At June 30, 2020 (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 | 37 | 115 |
| Inactive members entitled to but not yet receiving benefits | <u>-</u> | <u>-</u> |
| Total | <u>37</u> | <u>115</u> |

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(10) Defined Benefit Pension Plans (Continued)

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

Contributions

Funding policies for MMRS are established by Mississippi statutes. Employer contributions are paid through an annual millage rate on the assessed property values of the City. For the year ended September 30, 2020, the City levied 2.50 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 2020, the Meridian Fire and Police employees' contribution rate was ten percent of covered payroll and Meridian General employees' contribution rate was seven percent of covered payroll. There were no active Meridian General Plan or Meridian Fire and Police Plan employees in fiscal year 2020. The City's contributions to the Meridian General Plan and the Meridian Fire and Police Plan for the fiscal year ended September 30, 2020, were \$335,750 and \$635,530, 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, 2020, 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, 2020, actuarial valuations were determined using the following actuarial information and assumptions:

| <u>Description</u> | <u>Assumptions</u> |
|---------------------------|--|
| Inflation | 3.00% |
| Salary increases | 3.25% - 4.75%, including inflation |
| Investment rate of return | 6.50%, net of pension plan investment expense, including inflation |

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

(10) Defined Benefit Pension Plans (Continued)

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

The underlying mortality assumptions used in the June 30, 2020 valuation were adopted by the PERS Board of Trustees when the experience investigation for the four-year period ending June 30, 2018, was adopted on April 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 6.50 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.

Changes in Net Pension Liability

Changes in the City's net pension liability for each plan for the year ended September 30, 2020 were as follows:

| | <u>Meridian General Plan</u> | | |
|---|---------------------------------------|---|-------------------------------------|
| | <u>Total Pension Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net Pension Liability</u> |
| Balance at September 30, 2019 | \$ <u>5,642,413</u> | <u>3,190,789</u> | <u>2,451,624</u> |
| Changes for the year: | | | |
| Interest | 410,988 | - | 410,988 |
| Difference between expected and actual experience | (31,882) | - | (31,882) |
| Contributions – employer | - | 330,399 | (330,399) |
| Net investment income | - | 89,865 | (89,865) |
| Benefit payments, including refunds of employee contributions | (678,676) | (678,676) | - |
| Administrative expense | - | (6,608) | 6,608 |
| Net changes | <u>(299,570)</u> | <u>(265,020)</u> | <u>(34,550)</u> |
| Balance at September 30, 2020 | \$ <u>5,342,843</u> | <u>2,925,769</u> | <u>2,417,074</u> |

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(10) Defined Benefit Pension Plans (Continued)

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

| | Meridian Fire & Police Plan | | |
|--|--|--|----------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| Balance at September 30, 2019 | \$ <u>14,471,392</u> | <u>9,363,460</u> | <u>5,107,932</u> |
| Changes for the year: | | | |
| Interest | 1,058,698 | - | 1,058,698 |
| Difference between expected and actual experience | (32,465) | - | (32,465) |
| Contributions – employer | - | 652,276 | (652,276) |
| Net investment income | - | 265,764 | (265,764) |
| Benefit payments, including refunds of employee contributions | (1,621,534) | (1,621,534) | - |
| Administrative expense | - | (13,046) | 13,046 |
| Net changes | <u>(595,301)</u> | <u>(716,540)</u> | <u>121,239</u> |
| Balance at September 30, 2020 | \$ <u>13,876,091</u> | <u>8,646,920</u> | <u>5,229,171</u> |

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

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

| <u>Description</u> | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|---------------------------|------------------------------------|--|------------------------------------|
| Meridian General | \$ <u>2,795,495</u> | <u>2,417,074</u> | <u>2,085,065</u> |
| Meridian Fire and Police | \$ <u>6,244,371</u> | <u>5,229,171</u> | <u>4,340,943</u> |

Pension Plan Fiduciary Net Position

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

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

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

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

For the year ended September 30, 2020, each plan recognized pension expense as follows:

| <u>Description</u> | <u>Meridian General</u> | <u>Meridian Fire & Police</u> |
|---------------------------|--------------------------------|--|
| Pension expense | \$ <u>180,469</u> | <u>465,965</u> |

At September 30, 2020, 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 | \$ 83,217 | - |
| City contributions subsequent to the measurement date | <u>40,164</u> | <u>-</u> |
| Total Meridian General | \$ <u>123,381</u> | <u>-</u> |
| <i>Meridian Fire and Police:</i> | | |
| Net difference between projected and actual earnings on plan investments | \$ 293,376 | - |
| City contributions subsequent to the measurement date | <u>81,096</u> | <u>-</u> |
| Total Meridian Fire and Police | \$ <u>374,472</u> | <u>-</u> |

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

The amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2021.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(10) Defined Benefit Pension Plans (Continued)

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

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

| <u>Year Ending September 30,</u> | <u>Meridian General</u> | <u>Meridian Fire & Police</u> |
|----------------------------------|-----------------------------|---|
| 2021 | \$ (9,260) | (9,205) |
| 2022 | 105,067 | 30,606 |
| 2023 | 113,202 | 33,083 |
| 2024 | <u>84,367</u> | <u>28,733</u> |
| Total | \$ <u>293,376</u> | <u>83,217</u> |

Payable to Pension Plans

As of September 30, 2020, the City reported a payable of \$82,354 for the outstanding amount of contributions to the pension plans required for the year ended September 30, 2020.

Summary of Pension Plan Balances

The City's pension related balances presented on the Statement of Net Position as of September 30, 2020, 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>3,722,850</u> | <u>123,381</u> | <u>374,472</u> | <u>4,220,703</u> |
| Net pension liability | \$ <u>46,347,381</u> | <u>2,417,074</u> | <u>5,229,171</u> | <u>53,993,626</u> |
| Deferred inflows related to net pension liability | \$ <u>4,886,706</u> | <u>-</u> | <u>-</u> | <u>4,886,706</u> |
| Pension expense | \$ <u>2,767,591</u> | <u>180,469</u> | <u>465,965</u> | <u>3,414,025</u> |

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

(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 2020, from the prior year. Settled claims have not exceeded commercial coverage in any of the past several years.

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

Changes in the balances of claims liabilities during the fiscal years ended September 30, 2020 and 2019, follows:

| <u>Description</u> | <u>2020</u> | <u>2019</u> |
|------------------------------------|-------------------|------------------|
| Unpaid claims, beginning of year | \$ 582,393 | 690,764 |
| Incurred claims (including IBNR's) | 801,112 | 238,787 |
| Claim payments | <u>(557,133)</u> | <u>(347,158)</u> |
| Unpaid claims, end of year | \$ <u>826,372</u> | <u>582,393</u> |

Effective October 1, 2004, the City contracts with a third party administrator to administer a partially self-insured health plan. The City moved from a fully insured contract and, based on historical projections, maintains the same level of funding. Aggregate (\$1,000,000) and specific (\$100,000 per participant) stop-loss insurance coverages were obtained to guard against any large unforeseen claim losses. Fully insured transplant coverage was also secured to allow transplants to be fully insured outside of specific and aggregate insurance limits. This plan also provides life insurance on each employee for \$25,000 double indemnity. The City established the health and life insurance reserve fund ("the Fund") in the internal service fund group to account for this activity.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(11) Risk Management (Continued)

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

Changes in the balances of claims liabilities during the fiscal years ended September 30, 2020 and 2019, follows:

| <u>Description</u> | <u>2020</u> | <u>2019</u> |
|------------------------------------|--------------------|--------------------|
| Unpaid claims, beginning of year | \$ 444,929 | 576,073 |
| Incurred claims (including IBNR's) | 2,358,929 | 3,444,305 |
| Claim payments | <u>(2,235,234)</u> | <u>(3,575,449)</u> |
| Unpaid claims, end of year | \$ <u>568,624</u> | <u>444,929</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. The total costs related to this consent decree cannot be determined at this time.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2020

(13) Contingent Liabilities

Litigation

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

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

Federally Assisted Programs – Compliance Audits

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

(14) Tax Abatements

Tax abatements are available to manufacturers and other new enterprises as authorized in Sections 27-31-101 and 27-31-105 of Mississippi Code Annotated (1972) and are granted by the City Council to encourage businesses to locate or expand operations in the City and to create new job opportunities for City residents. The City has a total of seventeen (17) ad valorem tax abatement agreements with eight (8) different businesses as of September 30, 2020. These agreements are subject to the requirements of GASB Statement No. 77.

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(14) Tax Abatements (Continued)

The City abated the following taxes for the fiscal year ended September 30, 2020:

| <u>Description</u> | <u>Assessed Valuation</u> | <u>Fiscal Year 2020 Ad Valorem Taxes Abated</u> |
|---|-------------------------------|---|
| Real property tax abatements ending December 31, 2020 through 2022 | \$ 831,125 | 42,255 |
| Personal property tax abatements ending December 31, 2020 through 2028 | <u>503,620</u> | <u>34,542</u> |
| Totals | \$ <u>1,334,745</u> | <u>76,797</u> |

(15) Construction and Other Significant Commitments

The City has executed a professional engineering services agreement for the engineering services associated with the Old Highway 80 Bridge replacement. The engineering services and construction will be 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, realign travel lanes and add decorative street and pedestrian lighting along 22nd Avenue from North Frontage Road to the railroad overpass. 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 one of two contracts for the construction and paving of a relocated Sweet Gum Bottom Road. The construction and paving will be funded up to \$500,000 from the Mississippi Department of Transportation due to the closure of Knight Parker Road and removal of Interstate 59/20 bridges.

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") in 2019. The consent decree will require capital expenditures and increased operational expenditures related to the sewer system. Such expenditures will require an annual nine percent (9%) increase in rates for water and sewer system services through fiscal year 2025. The City has executed three professional engineering services agreements for consent decree related tasks. The engineering services and future construction will be paid from a \$41,000,000 water and sewer promissory note issued in August, 2020.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

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

The City has pledged to contribute \$1,000,000 over a six-year period towards the development of the Mississippi Children's Museum - Meridian ("Museum"). Contributions through 2020 total \$525,000. The Museum will operate in downtown Meridian, Mississippi under the guidance and umbrella of the Mississippi Children's Museum, a non-profit corporation.

The City has pledged to contribute \$1,000,000 over a ten-year period towards the START Campaign for the Mississippi Arts and Entertainment Center ("Center"). Contributions through 2020 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.

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 Mississippi Arts and Entertainment Center. The special tax was levied beginning in November, 2016 and will be rescinded once the bonds are paid in full. Any funds remaining shall be used for the operation, support, repair, maintenance, and improvement of the Center.

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

| <u>Description</u> | <u>Encumbrance Amount</u> |
|--|-------------------------------|
| Assigned for various governmental services | \$ 1,114,822 |

(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 nonmajor enterprise fund.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2020

(17) Prior Period Adjustment

The October 1, 2019 beginning balance of the net assets of the Meridian Airport Authority (a discretely presented component unit) has been restated to correct certain errors resulting in an understatement of previously recorded accumulated depreciation. The correction has no effect on the results of the current year's activities, however the cumulative effect increased accumulated depreciation and decreased net assets by \$352,951.

(18) Subsequent Events

Events that occur after the statement of net position date, but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date require recognition in the financial statements. Subsequent events that provide evidence about conditions that existed after the statement of net position date require disclosure in the notes to the financial statements. Management evaluated the activity of the City through December 31, 2021, (the date the financial statements were available to be issued) and noted the following items which require disclosure in the notes to the financial statements.

In April, 2021, the Meridian Urban Renewal Authority ("MURA"), a component unit of the City, purchased the Meridian Law Enforcement Center. To complete the transaction, MURA issued Tax-Exempt Urban Renewal Revenue Refunding Bonds, Series, 2021, in the amount of \$2,555,000. Prior to the closing, the City had been leasing the facility from Meridian Law Enforcement Center, LLC through a twenty-year lease agreement that began in May, 2013, at an annual base rental of \$305,000. In May, 2020, the City entered into a Contribution Agreement with MURA in which the City will provide the debt service on MURA's 2021 bond issue. The bonds mature over a 10-year period and have an interest rate of 2.65 percent.

In June, 2021, the City issued \$10,045,000 in Combined Water and Sewer System Revenue Refunding Bonds. The bonds were issued to provide funds for the refunding and prepayment of the outstanding \$9,991,214 energy efficient equipment lease purchase agreement dated March 1, 2018. The bonds mature over a 12-year period and have an interest rate of 1.605 percent.

In August, 2021, the City issued \$900,000 in Tax Increment Limited Obligation Bonds to reimburse the developer of the Crossroads Phase II commercial retail center for infrastructure improvements. The bonds mature over a 10-year period and have an interest rate of 2.95 percent.

In December, 2021, the City issued \$6,000,000 in General Obligation Bonds to be used for repair, maintenance and reconstruction of roads, streets and bridges. The bonds mature over a 10-year period and have an interest rate of 1.72 percent.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1 (Page 1 of 3)**CITY OF MERIDIAN, MISSISSIPPI****General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balances -****Budget and Actual (Budgetary Basis)****For the Fiscal Year Ended September 30, 2020**

| | Budgeted Amounts | | Actual (Budgetary Basis) Amounts | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|--------------------------|--------------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 12,373,577 | 12,373,577 | 12,304,927 | (68,650) |
| Sales | 13,858,000 | 13,858,000 | 13,867,414 | 9,414 |
| County road | 725,000 | 725,000 | 740,556 | 15,556 |
| Gasoline | 28,000 | 28,000 | 30,584 | 2,584 |
| Payment in lieu of taxes | 168,000 | 168,000 | 169,836 | 1,836 |
| Intergovernmental: | | | | |
| Alcoholic beverage | 54,000 | 54,000 | 47,325 | (6,675) |
| State Fire Insurance Fund | 243,000 | 243,000 | 248,239 | 5,239 |
| Municipal aid | 20,520 | 20,520 | 20,520 | - |
| Franchise: | | | | |
| Mississippi Power Company | 2,100,520 | 2,100,520 | 1,994,939 | (105,581) |
| Atmos Energy | 150,500 | 150,500 | 141,579 | (8,921) |
| Comcast Cable Company | 405,000 | 405,000 | 388,407 | (16,593) |
| East Mississippi Electric Power Assn. | 54,000 | 54,000 | 52,504 | (1,496) |
| Contact Network, Inc. | 3,000 | 3,000 | 4,305 | 1,305 |
| Telepak Networks, Inc. | 41,500 | 41,500 | 39,036 | (2,464) |
| Fines and forfeitures | 450,000 | 450,000 | 450,565 | 565 |
| Licenses and permits: | | | | |
| Privilege license | 117,000 | 117,000 | 119,276 | 2,276 |
| Building and allied permits | 155,000 | 155,000 | 149,638 | (5,362) |
| Charges for services: | | | | |
| Garbage collection | 2,560,000 | 2,560,000 | 2,412,447 | (147,553) |
| Recreation | 80,000 | 80,000 | 30,786 | (49,214) |
| Enterprise Funds | 1,851,500 | 1,851,500 | 1,895,500 | 44,000 |
| Training fees | 63,310 | 63,310 | 9,017 | (54,293) |
| Miscellaneous | 170,000 | 170,000 | 124,295 | (45,705) |
| Interest on investments | 50,000 | 50,000 | 49,565 | (435) |
| Interest costs and damages | 130,000 | 130,000 | 134,047 | 4,047 |
| Transfers in | 491,917 | 691,917 | 711,917 | 20,000 |
| Total revenues | <u>36,343,344</u> | <u>36,543,344</u> | <u>36,137,224</u> | <u>(406,120)</u> |
| Expenditures: | | | | |
| General government: | | | | |
| Personnel services | 1,396,630 | 1,389,880 | 1,321,475 | 68,405 |
| Supplies and expenses | 730,464 | 724,464 | 657,493 | 66,971 |
| Capital outlay | 16,200 | 28,950 | 15,690 | 13,260 |
| Transfers and other charges | 1,945,523 | 1,631,751 | 1,341,501 | 290,250 |
| Total general government | <u>4,088,817</u> | <u>3,775,045</u> | <u>3,336,159</u> | <u>438,886</u> |

(Continued)

CITY OF MERIDIAN, MISSISSIPPI

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended September 30, 2020

| | 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 | \$ 1,214,621 | 1,163,408 | 1,090,434 | 72,974 |
| Supplies and expenses | 1,977,775 | 2,027,775 | 1,916,669 | 111,106 |
| Capital outlay | 204,525 | 254,525 | 239,068 | 15,457 |
| Transfers and other charges | 35,000 | 35,000 | 35,000 | - |
| Total finance and records | <u>3,431,921</u> | <u>3,480,708</u> | <u>3,281,171</u> | <u>199,537</u> |
| Community development: | | | | |
| Personnel services | 984,262 | 984,262 | 906,768 | 77,494 |
| Supplies and expenses | 249,831 | 249,831 | 171,811 | 78,020 |
| Capital outlay | 21,024 | 21,024 | 15,673 | 5,351 |
| Transfers and other charges | 401,000 | 401,000 | 341,612 | 59,388 |
| Total community development | <u>1,656,117</u> | <u>1,656,117</u> | <u>1,435,864</u> | <u>220,253</u> |
| Parks and recreation: | | | | |
| Personnel services | 1,600,636 | 1,524,379 | 1,201,847 | 322,532 |
| Supplies and expenses | 867,777 | 846,352 | 594,496 | 251,856 |
| Capital outlay | 192,373 | 213,798 | 202,797 | 11,001 |
| Transfers and other charges | - | 180,000 | - | 180,000 |
| Total parks and recreation | <u>2,660,786</u> | <u>2,764,529</u> | <u>1,999,140</u> | <u>765,389</u> |
| Public works: | | | | |
| Personnel services | 3,074,575 | 3,274,575 | 3,242,545 | 32,030 |
| Supplies and expenses | 1,406,097 | 1,584,653 | 1,568,369 | 16,284 |
| Capital outlay | 204,718 | 204,718 | 204,715 | 3 |
| Transfers and other charges | 2,610,000 | 3,131,444 | 2,922,838 | 208,606 |
| Total public works | <u>7,295,390</u> | <u>8,195,390</u> | <u>7,938,467</u> | <u>256,923</u> |
| Police: | | | | |
| Personnel services | 6,936,704 | 6,255,494 | 5,972,826 | 282,668 |
| Supplies and expenses | 1,706,950 | 1,756,950 | 1,490,472 | 266,478 |
| Capital outlay | 358,000 | 635,452 | 630,022 | 5,430 |
| Transfers and other charges | 12,500 | 12,500 | 12,500 | - |
| Total police | <u>9,014,154</u> | <u>8,660,396</u> | <u>8,105,820</u> | <u>554,576</u> |
| Fire: | | | | |
| Personnel services | 6,184,449 | 5,728,089 | 5,468,331 | 259,758 |
| Supplies and expenses | 850,600 | 850,600 | 680,776 | 169,824 |
| Capital outlay | 593,383 | 664,743 | 613,042 | 51,701 |
| Transfers and other charges | 12,500 | 12,500 | 12,500 | - |
| Total fire | <u>7,640,932</u> | <u>7,255,932</u> | <u>6,774,649</u> | <u>481,283</u> |

(Continued)

SCHEDULE 1 (Page 3 of 3)**CITY OF MERIDIAN, MISSISSIPPI****General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balances -****Budget and Actual (Budgetary Basis)****For the Fiscal Year Ended September 30, 2020**

| | Budgeted Amounts | | Actual | Variance with |
|--|-------------------------|-------------------|----------------------|-----------------------|
| | Original | Final | (Budgetary | Final Budget - |
| | | | Basis) | Positive |
| | | | Amounts | (Negative) |
| Expenditures (continued): | | | | |
| Public Safety & Training Facility: | | | | |
| Personnel services | \$ 341,710 | 306,810 | 286,408 | 20,402 |
| Supplies and expenses | 161,517 | 161,517 | 149,854 | 11,663 |
| Capital outlay | - | 34,900 | 34,884 | 16 |
| Transfers and other charges | - | 200,000 | 145,061 | 54,939 |
| Total public safety | | | | |
| & training facility | 503,227 | 703,227 | 616,207 | 87,020 |
| Arts District Parking Garage - | | | | |
| Supplies and expenses | 52,000 | 52,000 | 40,887 | 11,113 |
| Total expenditures | 36,343,344 | 36,543,344 | 33,528,364 | 3,014,980 |
| Net change in fund balances | \$ - | - | 2,608,860 | 2,608,860 |
| Fund balances, October 1, 2019 | | | 9,987,868 | |
| Fund balances, September 30, 2020 | | | \$ 12,596,728 | |

Note to Schedule:

The following schedule reconciles the amounts on the schedule 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.

| Description | Amount |
|--|---------------------|
| Net change in fund balances - budgetary basis | \$ 2,608,860 |
| Basis differences: | |
| Net accrued revenues and related receivables | 293,995 |
| Net accrued expenditures and related liabilities | 2,741,909 |
| Net change in fund balances - GAAP basis | \$ 5,644,764 |

SCHEDULE 2**CITY OF MERIDIAN, MISSISSIPPI****Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balances -****Budget and Actual (Budgetary Basis)****For the Fiscal Year Ended September 30, 2020**

| | Budgeted Amounts | | Actual (Budgetary Basis) Amounts | Variance with Final Budget - Positive (Negative) |
|--|-------------------------|---------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | \$ 2,010,000 | 2,010,000 | 3,333,546 | 1,323,546 |
| Expenditures - | | | | |
| Project costs | <u>3,500,000</u> | <u>3,500,000</u> | <u>3,211,003</u> | <u>288,997</u> |
| Net change in fund balances | \$ <u>(1,490,000)</u> | <u>(1,490,000)</u> | 122,543 | <u>1,612,543</u> |
| Fund balances, October 1, 2019 | | | <u>6,222,728</u> | |
| Fund balances, September 30, 2020 | | | \$ <u>6,345,271</u> | |

Note to Schedule:

The following schedule reconciles the amounts on the schedule 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>Amount</u> |
|--|----------------------|
| Net change in fund balances - budgetary basis | \$ 122,543 |
| Basis differences: | |
| Net accrued revenues and related receivables | 297,010 |
| Net accrued expenditures and related liabilities | <u>(391,352)</u> |
| Net change in fund balances - GAAP basis | \$ <u>28,201</u> |

SCHEDULE 3

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>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|---------------|-------------|-------------|-------------|-------------|-------------|
| City's proportion of the net pension liability | 0.239412% | 0.252101% | 0.292935% | 0.280872% | 0.260207% | 0.253100% |
| City's proportionate share of the net pension liability \$ | 46,347,381 | 44,349,541 | 48,235,616 | 46,545,503 | 46,442,492 | 38,645,070 |
| City's covered payroll | \$ 15,944,160 | 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 | 290.69% | 270.12% | 257.85% | 258.33% | 279.00% | 244.39% |
| Plan fiduciary net position as a percentage of the total pension liability | 58.97% | 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 ten years.

The City has presented information for the years in which it is available.

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

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

SCHEDULE 4

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

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Statutorily required contributions | \$ 2,801,222 | 2,600,913 | 2,846,562 | 2,967,048 | 2,742,339 | 2,508,000 |
| Contributions in relation to the statutorily required contribution | <u>2,801,222</u> | <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> | <u>-</u> |
| City's covered payroll | \$ <u>16,098,988</u> | <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>17.40%</u> | <u>16.19%</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 ten years.
The City has presented information for the years in which it is available.

²Effective July 1, 2019, the employer contribution rate increased to 17.40%. The contributions as a percentage of covered payroll for 2019 is a blend of the former contribution rate of 15.75% and the current contribution rate of 17.40%.

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

CITY OF MERIDIAN, MISSISSIPPI
Required Supplementary Information
Public Employees' Retirement System of Mississippi
Notes to PERS Pension Schedules
September 30, 2020

(1) Changes of Assumptions

Plan Year 2020:

- There were no changes in actuarial assumptions since the last valuation.

Plan Year 2019:

- The expectation of retired life mortality was changed to PubS.H-2010(B) Retiree Table with the following adjustments: (1) for males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119, (2) for females, 85% of the female rates from ages 18 to 65 were scaled up to 102% for ages 75 to 119, and (3) 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: (1) for males, 137% of male rates at all ages, (2) for females, 115% of female rates at all ages, and (3) 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.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

Plan Year 2018:

- There were no changes in actuarial assumptions since the last valuation.

Plan Year 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 assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

Plan Year 2016:

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

CITY OF MERIDIAN, MISSISSIPPI
Required Supplementary Information
Public Employees' Retirement System of Mississippi
Notes to PERS Pension Schedules
September 30, 2020

(1) **Changes of Assumptions (Continued)**

Plan Year 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 retirement rates were adjusted to more closely reflect actual experience.
- Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

(2) **Changes in Benefit Provisions**

In plan year 2016, the interest rate on employee contributions was changed to the money market rate as published by *The Wall Street Journal* on December 31 of each preceding year with a minimum rate of 1.0 percent and a maximum rate of 5.0 percent.

(3) **Actuarial Methods and Assumptions Used to Determine Employer Contribution Rates**

The actuarially determined contribution rates in the schedule of the City's contributions are calculated as of June 30, two years prior to the end of the plan year in which the contributions are reported (June 30, 2018 valuation for the June 30, 2020 plan 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 | 30.9 years |
| Asset valuation method | 5-year smoothed market |
| Price inflation | 3.00% |
| Salary increase | 3.25% to 18.50%, including inflation |
| Investment rate of return | 7.75%, net of pension plan investment expense, including inflation |

SCHEDULE 5

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

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|---------------------|------------------|------------------|------------------|------------------|------------------|
| Measurement period fiscal year end ² | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 |
| Total pension liability: | | | | | | |
| Interest | \$ 410,988 | 437,947 | 458,020 | 471,793 | 495,938 | 517,472 |
| Difference between expected and actual experience | (31,882) | (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 | <u>(678,676)</u> | <u>(704,023)</u> | <u>(713,603)</u> | <u>(689,684)</u> | <u>(709,204)</u> | <u>(729,218)</u> |
| Net change in total pension liability | (299,570) | (360,524) | (263,794) | (165,765) | (321,307) | (79,201) |
| Total pension liability, beginning | <u>5,642,413</u> | <u>6,002,937</u> | <u>6,266,731</u> | <u>6,432,496</u> | <u>6,753,803</u> | <u>6,833,004</u> |
| Total pension liability, ending (a) | <u>\$ 5,342,843</u> | <u>5,642,413</u> | <u>6,002,937</u> | <u>6,266,731</u> | <u>6,432,496</u> | <u>6,753,803</u> |
| Plan fiduciary net position: | | | | | | |
| Contributions - employer | \$ 330,399 | 354,148 | 482,522 | 514,966 | 722,557 | 729,047 |
| Contributions - employee | - | - | 2,431 | 4,488 | 5,581 | 4,767 |
| Net investment income | 89,865 | 222,168 | 259,283 | 428,676 | 44,792 | 92,425 |
| Benefit payments, including refunds of employee contributions | (678,676) | (704,023) | (713,603) | (689,684) | (709,204) | (729,218) |
| Administrative expense | (6,608) | (7,083) | (9,650) | (10,299) | (14,451) | (14,581) |
| Other | <u>-</u> | <u>(57)</u> | <u>(304)</u> | <u>3,565</u> | <u>9,284</u> | <u>-</u> |
| Net change in plan fiduciary net position | (265,020) | (134,847) | 20,679 | 251,712 | 58,559 | 82,440 |
| Plan fiduciary net position, beginning | <u>3,190,789</u> | <u>3,325,636</u> | <u>3,304,957</u> | <u>3,053,245</u> | <u>2,994,686</u> | <u>2,912,246</u> |
| Plan fiduciary net position, ending (b) | <u>\$ 2,925,769</u> | <u>3,190,789</u> | <u>3,325,636</u> | <u>3,304,957</u> | <u>3,053,245</u> | <u>2,994,686</u> |
| Plan net pension liability - ending (a-b) | <u>\$ 2,417,074</u> | <u>2,451,624</u> | <u>2,677,301</u> | <u>2,961,774</u> | <u>3,379,251</u> | <u>3,759,117</u> |
| Plan fiduciary net position as a percentage total pension liability | <u>54.76%</u> | <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> | <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> | <u>N/A</u> |

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

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

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

The notes to MMRS pension schedules are an integral part of this schedule.

SCHEDULE 6

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>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|--------------------|------------------|------------------|------------------|------------------|------------------|
| Actuarially determined contribution ² | \$ 288,108 | 228,358 | 326,870 | 270,338 | 375,655 | 436,118 |
| Contributions in relation to the actuarially required contribution ² | <u>330,399</u> | <u>354,148</u> | <u>482,522</u> | <u>514,966</u> | <u>722,557</u> | <u>729,047</u> |
| Contribution deficiency (excess) | \$ <u>(42,291)</u> | <u>(125,790)</u> | <u>(155,652)</u> | <u>(244,628)</u> | <u>(346,902)</u> | <u>(292,929)</u> |
| City's covered payroll ³ | \$ <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| Contributions as a percentage of covered payroll ³ | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |

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

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

³Payroll related information is not provided because this plan is closed to new entrants and there are no remaining active members in the Meridian General plan.

The notes to MMRS pension schedules are an integral part of this schedule.

SCHEDULE 7

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

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Measurement period fiscal year end ² | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 |
| Total pension liability: | | | | | | |
| Interest | \$ 1,058,698 | 1,128,051 | 1,181,262 | 1,270,520 | 1,356,255 | 1,404,037 |
| Difference between expected and actual experience | (32,465) | (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 | <u>(1,621,534)</u> | <u>(1,687,103)</u> | <u>(1,758,321)</u> | <u>(1,830,058)</u> | <u>(1,939,245)</u> | <u>(2,002,352)</u> |
| Net change in total pension liability | (595,301) | (927,657) | (722,207) | (1,187,582) | (1,160,848) | (81,957) |
| Total pension liability, beginning | <u>14,471,392</u> | <u>15,399,049</u> | <u>16,121,256</u> | <u>17,308,838</u> | <u>18,469,686</u> | <u>18,551,643</u> |
| Total pension liability, ending (a) | \$ <u>13,876,091</u> | <u>14,471,392</u> | <u>15,399,049</u> | <u>16,121,256</u> | <u>17,308,838</u> | <u>18,469,686</u> |
| Plan fiduciary net position: | | | | | | |
| Contributions - employer | \$ 652,276 | 977,170 | 1,240,676 | 1,773,349 | 1,937,647 | 1,809,952 |
| Net investment income | 265,764 | 565,753 | 736,409 | 1,198,539 | 11,593 | 256,985 |
| Benefit payments, including refunds of employee contributions | (1,621,534) | (1,687,103) | (1,758,321) | (1,830,058) | (1,939,245) | (2,002,352) |
| Administrative expense | (13,046) | (19,543) | (24,814) | (35,467) | (38,753) | (36,199) |
| Other | <u>-</u> | <u>2,179</u> | <u>(852)</u> | <u>6,988</u> | <u>23,380</u> | <u>-</u> |
| Net change in plan fiduciary net position | (716,540) | (161,544) | 193,098 | 1,113,351 | (5,378) | 28,386 |
| Plan fiduciary net position, beginning | <u>9,363,460</u> | <u>9,525,004</u> | <u>9,248,564</u> | <u>8,135,213</u> | <u>8,140,591</u> | <u>8,112,205</u> |
| Plan fiduciary net position, ending (b) | \$ <u>8,646,920</u> | <u>9,363,460</u> | <u>9,441,662</u> | <u>9,248,564</u> | <u>8,135,213</u> | <u>8,140,591</u> |
| Plan net pension liability - ending (a-b) | \$ <u>5,229,171</u> | <u>5,107,932</u> | <u>5,957,387</u> | <u>6,872,692</u> | <u>9,173,625</u> | <u>10,329,095</u> |
| Plan fiduciary net position as a percentage total pension liability | <u>62.32%</u> | <u>64.70%</u> | <u>61.31%</u> | <u>57.37%</u> | <u>47.00%</u> | <u>44.08%</u> |
| Covered payroll ³ | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <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> | <u>N/A</u> |

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

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

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

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

The notes to MMRS pension schedules are an integral part of this schedule.

SCHEDULE 8

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

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|--------------------|------------------|------------------|------------------|------------------|------------------|
| Actuarially determined contribution ² | \$ 568,785 | 630,088 | 840,458 | 930,941 | 1,007,377 | 1,082,718 |
| Contributions in relation to the actuarially required contribution ² | <u>652,276</u> | <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>(83,491)</u> | <u>(347,082)</u> | <u>(400,218)</u> | <u>(842,408)</u> | <u>(930,270)</u> | <u>(727,234)</u> |
| City's covered payroll ³ | \$ <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| Contributions as a percentage of covered payroll ³ | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |

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

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

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

The notes to MMRS pension schedules are an integral part of this schedule.

CITY OF MERIDIAN, MISSISSIPPI
Required Supplementary Information
Mississippi Municipal Retirement Systems
Notes to MMRS Pension Schedules
September 30, 2020

(1) Changes of Assumptions

Plan Year 2019:

- The assumed rates of mortality and salary increases were revised to reflect the results of the experience investigation for the four-year period ended June 30, 2018 and adopted by the PERS Board on August 27, 2019.

Plan Year 2017:

- The assumed rates of mortality were revised to reflect the results of the experience investigation for the five-year period ended June 30, 2016 and adopted by the PERS Board on April 25, 2017.

Plan Year 2015:

- The post-retirement mortality tables were changed.
- The price inflation assumption was reduced from 3.50% to 3.00%.
- The real rate of return net of investment expenses changed from 4.50% to 4.75%. Due to this change and the change in price inflation, the investment return assumption was reduced from 8.00% to 7.75%.

(2) Changes in Benefit Provisions

There were no changes to benefit provisions since the last valuation.

(3) Actuarial Methods and Assumptions Used to Determine Employer Contribution Rates

The actuarially determined contribution rates in the schedule of the City's contributions are calculated as of June 30, two years prior to the end of the plan year in which the contributions are reported (June 30, 2018 valuation for the June 30, 2020 plan year-end).

The following actuarial methods and assumptions were used to determine the most recent contribution rates reported in that schedule:

| | |
|-------------------------------|--|
| Actuarial cost method | Ultimate Asset Reserve |
| Amortization method | N/A |
| Remaining amortization period | N/A |
| Asset valuation method | Market value of assets |
| Inflation | 3.00% |
| Salary increase | 3.25% to 4.75%, including inflation |
| Investment rate of return | 6.50%, net of pension plan investment expense, including inflation |

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

Capital Projects Funds (Continued)

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

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

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

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.

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.

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

Valley Road Access – This fund is used to account for the proceeds and disbursements from the Mississippi Development Authority Capital Improvements Revolving Loan to be used for rehabilitation of the Valley Road Bridge over Sowashee Creek.

Infrastructure Modernization Use Tax – This fund is used to account for the City's diversion and disbursements from the Mississippi Department of Revenue Internet Use Tax to be used for repair, maintenance and reconstruction of roads, streets and bridges.

2020 General Obligation Bonds – This fund is used to account for the proceeds and disbursements from the 2020 general obligation bonds to be used for repair, maintenance and reconstruction of roads, streets and bridges.

CITY OF MERIDIAN, MISSISSIPPI

Combining Balance Sheet

Nonmajor Governmental Funds

Nonmajor Capital Projects Funds

September 30, 2020

| | <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>Highway 39 Signalization</u> |
|--|-----------------------------|-----------------------------------|--|--|---|--|---------------------------------|-------------------------------------|
| <u>ASSETS</u> | | | | | | | | |
| Due from other funds | \$ - | - | 35,779 | - | - | - | 81,181 | - |
| Restricted assets - | | | | | | | | |
| Cash and cash equivalents | 257,711 | 26,576 | - | - | 43,207 | 182,988 | - | - |
| Intergovernmental receivables | - | - | - | - | - | - | - | - |
| Total assets | \$ 257,711 | 26,576 | 35,779 | - | 43,207 | 182,988 | 81,181 | - |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | | | |
| Liabilities: | | | | | | | | |
| Due to other funds | \$ - | - | - | - | - | 116,960 | - | - |
| Liabilities payable from restricted assets - | | | | | | | | |
| Accounts payable | 9,690 | 6,698 | - | - | - | 1,875 | - | - |
| Total liabilities | 9,690 | 6,698 | - | - | - | 118,835 | - | - |
| Fund balances: | | | | | | | | |
| Restricted for: | | | | | | | | |
| Sowashee Creek maintenance | 248,021 | - | - | - | - | - | - | - |
| Construction/acquisition of capital assets | - | 19,878 | - | - | 43,207 | - | - | - |
| Paving and sidewalk projects | - | - | 35,779 | - | - | 64,153 | 81,181 | - |
| Unassigned (deficit) | - | - | - | - | - | - | - | - |
| Total fund balances | 248,021 | 19,878 | 35,779 | - | 43,207 | 64,153 | 81,181 | - |
| Total liabilities and fund balances | \$ 257,711 | 26,576 | 35,779 | - | 43,207 | 182,988 | 81,181 | - |

SCHEDULE 9

| <u>Velma Young Community Center</u> | <u>Drainage Structure Collapse Emergency</u> | <u>2016 General Obligation Bonds</u> | <u>Vehicle Loans</u> | <u>2017 General Obligation Bonds</u> | <u>Old Highway 80 Pedestrian Improvement</u> | <u>Old Highway 80 Emergency Repair</u> | <u>22nd Avenue Overpass Enhancement Project</u> | <u>Valley Road Access</u> | <u>Infrastructure Modernization Use Tax</u> | <u>2020 General Obligation Bonds</u> | <u>Total Nonmajor Capital Projects Funds</u> |
|---|--|--|--------------------------|--|--|--|---|-----------------------------------|---|--|--|
| - | - | - | - | - | - | - | - | - | - | - | 116,960 |
| 5,916 | - | 42,595 | 559 | 343 | 24,065 | 359,953 | 438,159 | - | 368,942 | 5,776,000 | 7,527,014 |
| - | - | - | - | - | 75,390 | - | - | 954,701 | - | - | 1,030,091 |
| <u>5,916</u> | <u>-</u> | <u>42,595</u> | <u>559</u> | <u>343</u> | <u>99,455</u> | <u>359,953</u> | <u>438,159</u> | <u>954,701</u> | <u>368,942</u> | <u>5,776,000</u> | <u>8,674,065</u> |
| - | 152,549 | - | - | - | - | - | - | 964,107 | - | - | 1,233,616 |
| - | 12,091 | 11,853 | - | - | 13,883 | 50,318 | 24,036 | - | - | - | 130,444 |
| - | 164,640 | 11,853 | - | - | 13,883 | 50,318 | 24,036 | 964,107 | - | - | 1,364,060 |
| - | - | - | - | - | - | - | - | - | - | - | 248,021 |
| 5,916 | - | - | 559 | 343 | 85,572 | 309,635 | 414,123 | - | 368,942 | 5,776,000 | 7,024,175 |
| - | - | 30,742 | - | - | - | - | - | - | - | - | 211,855 |
| - | (164,640) | - | - | - | - | - | - | (9,406) | - | - | (174,046) |
| <u>5,916</u> | <u>(164,640)</u> | <u>30,742</u> | <u>559</u> | <u>343</u> | <u>85,572</u> | <u>309,635</u> | <u>414,123</u> | <u>(9,406)</u> | <u>368,942</u> | <u>5,776,000</u> | <u>7,310,005</u> |
| <u>5,916</u> | <u>-</u> | <u>42,595</u> | <u>559</u> | <u>343</u> | <u>99,455</u> | <u>359,953</u> | <u>438,159</u> | <u>954,701</u> | <u>368,942</u> | <u>5,776,000</u> | <u>8,674,065</u> |

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Nonmajor Capital Projects Funds
For the Fiscal Year Ended September 30, 2020

| | <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>Highway 39 Signalization</u> |
|--|-----------------------------|-----------------------------------|--|--|---|--|---------------------------------|-------------------------------------|
| Revenues: | | | | | | | | |
| Intergovernmental: | | | | | | | | |
| Federal | \$ - | - | - | - | - | - | - | - |
| State | - | - | - | - | - | - | - | - |
| Interest on investments | 678 | 104 | - | 3 | 111 | 876 | - | 8 |
| Total revenues | <u>678</u> | <u>104</u> | <u>-</u> | <u>3</u> | <u>111</u> | <u>876</u> | <u>-</u> | <u>8</u> |
| Expenditures: | | | | | | | | |
| Culture and recreation | - | - | - | - | - | - | - | - |
| Construction/acquisition of capital assets | - | - | - | - | - | 274,686 | - | - |
| Engineering and other | 20,919 | 25,320 | - | - | - | 10,700 | - | - |
| Bond issuance costs | - | - | - | - | - | - | - | - |
| Total expenditures | <u>20,919</u> | <u>25,320</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>285,386</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(20,241)</u> | <u>(25,216)</u> | <u>-</u> | <u>3</u> | <u>111</u> | <u>(284,510)</u> | <u>-</u> | <u>8</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | - | - | - | - | - | 9,417 | - |
| Transfers out | - | - | - | (1,219) | - | (4,810) | - | (3,388) |
| General obligation bonds issued | - | - | - | - | - | - | - | - |
| Loan proceeds | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,219)</u> | <u>-</u> | <u>(4,810)</u> | <u>9,417</u> | <u>(3,388)</u> |
| Net change in fund balances | <u>(20,241)</u> | <u>(25,216)</u> | <u>-</u> | <u>(1,216)</u> | <u>111</u> | <u>(289,320)</u> | <u>9,417</u> | <u>(3,380)</u> |
| Fund Balances, October 1, 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>3,380</u> |
| Fund balances, September 30, 2020 | \$ <u>248,021</u> | <u>19,878</u> | <u>35,779</u> | <u>-</u> | <u>43,207</u> | <u>64,153</u> | <u>81,181</u> | <u>-</u> |

SCHEDULE 10

| <u>Velma Young Community Center</u> | <u>Drainage Structure Collapse Emergency</u> | <u>2016 General Obligation Bonds</u> | <u>Vehicle Loans</u> | <u>2017 General Obligation Bonds</u> | <u>Old Highway 80 Pedestrian Improvement</u> | <u>Old Highway 80 Emergency Repair</u> | <u>22nd Avenue Overpass Enhancement Project</u> | <u>Valley Road Access</u> | <u>Infrastructure Modernization Use Tax</u> | <u>2020 General Obligation Bonds</u> | <u>Total Nonmajor Capital Projects Funds</u> |
|---|--|--|--------------------------|--|--|--|---|-----------------------------------|---|--|--|
| - | - | - | - | - | 700,000 | - | - | - | - | - | 700,000 |
| - | - | - | - | - | - | 518,427 | 565,000 | - | 368,942 | - | 1,452,369 |
| 15 | - | 374 | 2 | 1,656 | - | - | 133 | 44 | - | - | 4,004 |
| 15 | - | 374 | 2 | 1,656 | 700,000 | 518,427 | 565,133 | 44 | 368,942 | - | 2,156,373 |
| - | - | - | - | 1,042,675 | - | - | - | - | - | - | 1,042,675 |
| - | - | 140,651 | - | - | 824,074 | - | - | 872,701 | - | - | 2,112,112 |
| - | 131,281 | - | - | - | 93,506 | 208,792 | 112,713 | 91,450 | - | - | 694,681 |
| - | - | - | - | - | - | - | - | - | - | 224,000 | 224,000 |
| - | 131,281 | 140,651 | - | 1,042,675 | 917,580 | 208,792 | 112,713 | 964,151 | - | 224,000 | 4,073,468 |
| 15 | (131,281) | (140,277) | 2 | (1,041,019) | (217,580) | 309,635 | 452,420 | (964,107) | 368,942 | (224,000) | (1,917,095) |
| - | - | - | - | - | - | - | - | - | - | - | 9,417 |
| - | - | - | - | - | - | - | - | - | - | - | (9,417) |
| - | - | - | - | - | - | - | - | - | - | 6,000,000 | 6,000,000 |
| - | - | - | - | - | - | - | - | 954,701 | - | - | 954,701 |
| - | - | - | - | - | - | - | - | 954,701 | - | 6,000,000 | 6,954,701 |
| 15 | (131,281) | (140,277) | 2 | (1,041,019) | (217,580) | 309,635 | 452,420 | (9,406) | 368,942 | 5,776,000 | 5,037,606 |
| 5,901 | (33,359) | 171,019 | 557 | 1,041,362 | 303,152 | - | (38,297) | - | - | - | 2,272,399 |
| 5,916 | (164,640) | 30,742 | 559 | 343 | 85,572 | 309,635 | 414,123 | (9,406) | 368,942 | 5,776,000 | 7,310,005 |

SCHEDULE 11**CITY OF MERIDIAN, MISSISSIPPI****Debt Service Fund****Schedule of Revenues, Expenditures and Changes in Fund Balances -****Budget and Actual (Budgetary Basis)****For the Fiscal Year Ended September 30, 2020**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>(Budgetary</u> <u>Basis)</u> <u>Amounts</u> | <u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u> |
|---|-------------------------|------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | \$ 4,850,000 | 5,100,000 | 5,095,678 | (4,322) |
| Expenditures - debt service | <u>4,850,000</u> | <u>5,100,000</u> | <u>5,009,980</u> | <u>90,020</u> |
| Net change in fund balances | \$ <u>-</u> | <u>-</u> | 85,698 | <u>85,698</u> |
| Fund Balance, October 1, 2019 | | | <u>4,982,386</u> | |
| Fund Balance, September 30, 2020 | | | \$ <u>5,068,084</u> | |

Note to Schedule:

The following schedule reconciles the amounts on the schedule 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>Amount</u> |
|--|-------------------|
| Net change in fund balances - budgetary basis | \$ 85,698 |
| Basis differences: | |
| Net accrued revenues and related receivables | (209,805) |
| Net accrued expenditures and related liabilities | <u>443,090</u> |
| Net change in fund balances - GAAP basis | \$ <u>318,983</u> |

SCHEDULE 12**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, 2020**

| | Budgeted Amounts | | Actual (Budgetary Basis) Amounts | Variance with Final Budget - Positive (Negative) |
|---|-------------------------|---------------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | \$ 2,015,000 | 2,015,000 | 7,574,043 | 5,559,043 |
| Expenditures - capital outlay | <u>4,515,000</u> | <u>4,515,000</u> | <u>3,056,654</u> | <u>1,458,346</u> |
| Net change in fund balances | \$ <u>(2,500,000)</u> | <u>(2,500,000)</u> | 4,517,389 | <u>7,017,389</u> |
| Fund balance, October 1, 2019 | | | <u>3,078,891</u> | |
| Fund balance, September 30, 2020 | | | \$ <u>7,596,280</u> | |

Note to Schedule:

The following schedule reconciles the amounts on the schedule 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>Amount</u> |
|--|----------------------|
| Net change in fund balances - budgetary basis | \$ 4,517,389 |
| Basis differences: | |
| Net accrued revenues and related receivables | 1,546,448 |
| Net accrued expenditures and related liabilities | <u>(1,026,231)</u> |
| Net change in fund balances - GAAP basis | \$ <u>5,037,606</u> |

CITY OF MERIDIAN, MISSISSIPPI
Schedule of General Fund Expenditures
By Departments and Divisions
For the Fiscal Year Ended September 30, 2020
(With Comparative Totals for the Fiscal Year Ended September 30, 2019)

| | <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 | \$ 869,981 | 763,628 | 585,141 | 3,282,138 | 3,931,925 | 205,250 |
| Salaries - overtime | 706 | 1,651 | 22 | 619,658 | 317,633 | - |
| Salaries - temporaries | 72,591 | 6,642 | 64,747 | 23,786 | 44,918 | - |
| Fringe benefits | <u>385,052</u> | <u>326,805</u> | <u>263,739</u> | <u>1,603,986</u> | <u>1,726,534</u> | <u>85,988</u> |
| Total personnel services | <u>1,328,330</u> | <u>1,098,726</u> | <u>913,649</u> | <u>5,529,568</u> | <u>6,021,010</u> | <u>291,238</u> |
| Contractual services and supplies: | | | | | | |
| Supplies - office | 6,255 | 5,612 | 517 | 1,775 | 4,649 | 509 |
| Supplies - operating | 3,044 | 4,034 | 455 | 5,333 | 64,558 | 34,247 |
| Supplies - household | - | 3,079 | 659 | 10,115 | 4,417 | 1,406 |
| Supplies - uniforms and clothing | 90 | - | 2,077 | 25,577 | 51,409 | 399 |
| Supplies - materials direct | - | - | - | - | - | - |
| Materials - small tools and workorders | 245 | 311 | 253 | 2,758 | 1,268 | 1,604 |
| Professional services | 392,460 | 110,169 | 3,064 | 8,438 | 266,563 | 5,715 |
| Telephone | 7,415 | 146,239 | 8,716 | 6,682 | 18,589 | 1,371 |
| Postage | 256 | 1,064 | - | (55) | 62 | - |
| Travel | 7,201 | 1,823 | 708 | 9,643 | 6,911 | - |
| Freight | - | - | - | 25 | - | - |
| Advertising and publishing | 13,301 | 5,310 | 505 | - | - | - |
| Printing and binding | 869 | 6,131 | 794 | 481 | 2,978 | - |
| Insurance | 75,476 | 50,370 | 45,901 | 198,953 | 374,583 | 16,774 |
| Utilities | - | 1,477,404 | 11,580 | 103,592 | 40,934 | 31,891 |
| Operating and maintenance - buildings | 1,945 | 6,218 | 1,604 | 24,879 | 9,651 | 3,406 |
| Operating and maintenance - grounds | - | - | - | 297 | - | 4,768 |
| Operating and maintenance - equipment | 8,206 | 7,941 | 1,503 | 12,522 | 12,933 | 7,641 |
| Operating and maintenance - vehicles | 3,132 | 181 | 9,550 | 69,009 | 346,001 | 9,505 |
| Operating and maintenance - computer services | 12,273 | 88,317 | 40,733 | 56,986 | 98,966 | 22,578 |
| Rentals | 11,180 | 6,984 | 2,507 | 774 | - | - |
| Judgments and claims | 34,102 | 3,390 | 30,067 | 93,661 | 279,596 | 284 |
| Dues and subscriptions | 15,394 | 1,308 | 2,428 | 825 | 794 | - |
| Public relations | 37,597 | - | - | 2,311 | - | - |
| Refunds | - | 18 | 625 | - | - | - |
| Job training | 1,620 | 1,385 | 550 | 13,429 | 46,020 | 475 |
| Safety | - | - | - | 25,362 | - | 320 |
| Hospital and medical | <u>33,206</u> | <u>-</u> | <u>-</u> | <u>14,628</u> | <u>5,942</u> | <u>-</u> |
| Total contractual services and supplies | <u>665,267</u> | <u>1,927,288</u> | <u>164,796</u> | <u>688,000</u> | <u>1,636,824</u> | <u>142,893</u> |
| Capital outlay: | | | | | | |
| Buildings | - | - | - | 94,092 | 546,884 | 3,875 |
| Machinery and equipment | 5,995 | 18,966 | 5,999 | 6,831 | 2,145 | 24,477 |
| Improvement other than buildings | - | - | - | - | - | - |
| Vehicles | - | - | - | 117,842 | - | - |
| Total capital outlay | <u>5,995</u> | <u>18,966</u> | <u>5,999</u> | <u>218,765</u> | <u>549,029</u> | <u>28,352</u> |
| Debt service: | | | | | | |
| Principal | 8,538 | - | 8,593 | 357,514 | 30,951 | - |
| Interest | <u>349</u> | <u>-</u> | <u>431</u> | <u>(6,156)</u> | <u>1,308</u> | <u>-</u> |
| Total debt service | <u>8,887</u> | <u>-</u> | <u>9,024</u> | <u>351,358</u> | <u>32,259</u> | <u>-</u> |
| Transfers and other charges: | | | | | | |
| Transfer to other funds | 460,280 | - | 322,000 | - | - | - |
| Special projects | 60,473 | 35,000 | 72,573 | 12,500 | 12,500 | 5,913 |
| Miscellaneous contributions | 540,331 | - | - | - | - | - |
| Other projects and charges | - | - | - | - | - | - |
| Total transfers and other charges | <u>1,061,084</u> | <u>35,000</u> | <u>394,573</u> | <u>12,500</u> | <u>12,500</u> | <u>5,913</u> |
| Total General Fund expenditures - 2020 | <u>3,069,563</u> | <u>3,079,980</u> | <u>1,488,041</u> | <u>6,800,191</u> | <u>8,251,622</u> | <u>468,396</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> |
| Increase (decrease) | <u>\$ 400,151</u> | <u>(11,108)</u> | <u>124,302</u> | <u>172,539</u> | <u>288,120</u> | <u>29,531</u> |

SCHEDULE 13

| Public Works | Parks, Recreation & Cultural Affairs | Arts District Parking Garage | Totals | | Increase (Decrease) |
|-------------------------|---|---|-------------------|-------------------|--------------------------------|
| | | | 2020 | 2019 | |
| 1,842,144 | 760,693 | - | 12,240,900 | 12,361,730 | (120,830) |
| 93,061 | 868 | - | 1,033,599 | 839,316 | 194,283 |
| 365,810 | 94,706 | - | 673,200 | 668,293 | 4,907 |
| 977,545 | 360,337 | - | 5,729,986 | 5,643,022 | 86,964 |
| <u>3,278,560</u> | <u>1,216,604</u> | <u>-</u> | <u>19,677,685</u> | <u>19,512,361</u> | <u>165,324</u> |
| 2,430 | 2,157 | - | 23,904 | 22,230 | 1,674 |
| 182,778 | 8,383 | - | 302,832 | 170,935 | 131,897 |
| 4,646 | 6,327 | - | 30,649 | 46,004 | (15,355) |
| 25,094 | 2,771 | - | 107,417 | 57,805 | 49,612 |
| 155,549 | 1,617 | - | 157,166 | 163,099 | (5,933) |
| 5,323 | 1,547 | - | 13,309 | 23,186 | (9,877) |
| 24,319 | 31,601 | 1,017 | 843,346 | 803,594 | 39,752 |
| 4,645 | 7,847 | 67 | 201,571 | 164,248 | 37,323 |
| 131 | - | - | 1,458 | 1,870 | (412) |
| 1,288 | 1,708 | - | 29,282 | 74,982 | (45,700) |
| 284 | - | - | 309 | 109 | 200 |
| 258 | - | - | 19,374 | 16,080 | 3,294 |
| 60 | - | - | 11,313 | 9,173 | 2,140 |
| 307,634 | 89,966 | 11,254 | 1,170,911 | 1,158,802 | 12,109 |
| 51,724 | 187,788 | 11,799 | 1,916,712 | 1,894,008 | 22,704 |
| 10,923 | 52,060 | 17,344 | 128,030 | 102,351 | 25,679 |
| - | 42,740 | - | 47,805 | 72,485 | (24,680) |
| 193,116 | 31,118 | 233 | 275,213 | 160,258 | 114,955 |
| 268,583 | 26,295 | - | 732,256 | 902,639 | (170,383) |
| 48,220 | 25,663 | - | 393,736 | 427,031 | (33,295) |
| 4,259 | 2,157 | - | 27,861 | 26,665 | 1,196 |
| 103,483 | 19,138 | - | 563,721 | 451,236 | 112,485 |
| 3,880 | - | - | 24,629 | 41,570 | (16,941) |
| - | - | - | 39,908 | 28,673 | 11,235 |
| - | - | - | 643 | 2,860 | (2,217) |
| 1,540 | 750 | - | 65,769 | 58,287 | 7,482 |
| 15,001 | 549 | - | 41,232 | 40,784 | 448 |
| 1,125 | - | - | 54,901 | 63,459 | (8,558) |
| <u>1,416,293</u> | <u>542,182</u> | <u>41,714</u> | <u>7,225,257</u> | <u>6,984,423</u> | <u>240,834</u> |
| - | 10,130 | - | 654,981 | 307,800 | 347,181 |
| 21,960 | 17,290 | - | 103,663 | 188,752 | (85,089) |
| - | - | - | - | 214,155 | (214,155) |
| - | - | - | <u>117,842</u> | <u>-</u> | <u>117,842</u> |
| <u>21,960</u> | <u>27,420</u> | <u>-</u> | <u>876,486</u> | <u>710,707</u> | <u>165,779</u> |
| 125,966 | 25,112 | - | 556,674 | 580,047 | (23,373) |
| 5,502 | 1,260 | - | 2,694 | 46,620 | (43,926) |
| <u>131,468</u> | <u>26,372</u> | <u>-</u> | <u>559,368</u> | <u>626,667</u> | <u>(67,299)</u> |
| 6,450 | - | - | 788,730 | 963,860 | (175,130) |
| 233,429 | - | - | 432,388 | 64,686 | 367,702 |
| - | - | - | 540,331 | 75,000 | 465,331 |
| 11,355 | - | - | <u>11,355</u> | <u>82,030</u> | <u>(70,675)</u> |
| <u>251,234</u> | <u>-</u> | <u>-</u> | <u>1,772,804</u> | <u>1,185,576</u> | <u>587,228</u> |
| 5,099,515 | 1,812,578 | 41,714 | 30,111,600 | 29,019,734 | 1,091,866 |
| <u>4,856,702</u> | <u>1,969,746</u> | <u>39,028</u> | <u>29,019,734</u> | | |
| <u>242,813</u> | <u>(157,168)</u> | <u>2,686</u> | <u>1,091,866</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.

SCHEDULE 14

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2020

| | <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 | \$ - | 111,489 | 86,768 | 69,982 | 268,239 |
| Accounts receivable | 279,877 | - | - | - | 279,877 |
| Due from other funds | 2,966 | - | - | - | 2,966 |
| Inventory | - | 11,126 | - | 1,905 | 13,031 |
| Prepaid items | - | 5,337 | 53,489 | - | 58,826 |
| Total current assets | <u>282,843</u> | <u>127,952</u> | <u>140,257</u> | <u>71,887</u> | <u>622,939</u> |
| Capital assets: | | | | | |
| Buildings | - | 126,628 | - | - | 126,628 |
| Improvements other than buildings | - | 431,754 | 6,300 | - | 438,054 |
| Machinery and equipment | 20,125 | 325,673 | 72,785 | - | 418,583 |
| Total capital assets | 20,125 | 884,055 | 79,085 | - | 983,265 |
| Less accumulated depreciation | (18,112) | (679,145) | (46,683) | - | (743,940) |
| Capital assets (net of accumulated depreciation) | <u>2,013</u> | <u>204,910</u> | <u>32,402</u> | <u>-</u> | <u>239,325</u> |
| Total assets | <u>284,856</u> | <u>332,862</u> | <u>172,659</u> | <u>71,887</u> | <u>862,264</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | | | |
| Deferred outflows related to net pension liability | 12,903 | 13,511 | 7,941 | 1,736 | 36,091 |
| <u>LIABILITIES</u> | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 218,632 | - | 16,472 | - | 235,104 |
| Promissory loans | 7,249 | - | - | - | 7,249 |
| Accrued liabilities: | | | | | |
| Payroll | 7,719 | 2,876 | 1,944 | 90 | 12,629 |
| Sales tax | - | 1,243 | - | 128 | 1,371 |
| Due to other funds | 45,280 | 5,733 | - | - | 51,013 |
| Total current liabilities | <u>278,880</u> | <u>9,852</u> | <u>18,416</u> | <u>218</u> | <u>307,366</u> |
| Noncurrent liabilities: | | | | | |
| Promissory loans | 7,415 | - | - | - | 7,415 |
| Net pension liability | 165,031 | 187,583 | 99,747 | 23,373 | 475,734 |
| Total noncurrent liabilities | <u>172,446</u> | <u>187,583</u> | <u>99,747</u> | <u>23,373</u> | <u>483,149</u> |
| Total liabilities | <u>451,326</u> | <u>197,435</u> | <u>118,163</u> | <u>23,591</u> | <u>790,515</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | |
| Deferred inflows related to net pension liability | 16,126 | 14,171 | 10,262 | 1,955 | 42,514 |
| <u>NET POSITION</u> | | | | | |
| Net investment in capital assets | - | 204,910 | 32,402 | - | 237,312 |
| Unrestricted (deficit) | (169,693) | (70,143) | 19,773 | 48,077 | (171,986) |
| Total net position (deficit) | <u>\$ (169,693)</u> | <u>134,767</u> | <u>52,175</u> | <u>48,077</u> | <u>65,326</u> |

SCHEDULE 15**CITY OF MERIDIAN, MISSISSIPPI**

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

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2020

| | <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 | \$ 2,356,556 | - | - | - | 2,356,556 |
| Out-of-county tonnage | 36,570 | - | - | - | 36,570 |
| Memberships | - | 29,860 | - | - | 29,860 |
| Green fees | - | 28,531 | - | - | 28,531 |
| Cart rental | - | 22,168 | - | - | 22,168 |
| Concessions | - | 9,910 | - | 7,831 | 17,741 |
| Rental income | - | - | 106,432 | - | 106,432 |
| Miscellaneous | - | 329 | - | 14 | 343 |
| Total operating revenues | <u>2,393,126</u> | <u>90,798</u> | <u>106,432</u> | <u>7,845</u> | <u>2,598,201</u> |
| Operating expenses: | | | | | |
| Personnel services | 169,097 | 32,649 | 73,884 | 1,467 | 277,097 |
| Supplies and materials | 289 | 12,028 | 2,926 | 3,051 | 18,294 |
| Rent and utilities | 681 | 16,570 | 53,771 | - | 71,022 |
| Operation, maintenance, and repairs | 1,534 | 22,754 | 38,419 | - | 62,707 |
| Garbage disposal services | 2,263,896 | - | - | - | 2,263,896 |
| Depreciation | - | 25,527 | 2,350 | - | 27,877 |
| Miscellaneous | 1,592 | 9,411 | 125,833 | (2) | 136,834 |
| Total operating expenses | <u>2,437,089</u> | <u>118,939</u> | <u>297,183</u> | <u>4,516</u> | <u>2,857,727</u> |
| Operating income (loss) | <u>(43,963)</u> | <u>(28,141)</u> | <u>(190,751)</u> | <u>3,329</u> | <u>(259,526)</u> |
| Nonoperating revenues (expenses): | | | | | |
| Ad valorem taxes | 20,053 | - | - | - | 20,053 |
| Interest income | - | 2 | 66 | 192 | 260 |
| Interest expense | (288) | - | - | - | (288) |
| Total nonoperating revenues (expenses) | <u>19,765</u> | <u>2</u> | <u>66</u> | <u>192</u> | <u>20,025</u> |
| Income (loss) before transfers | <u>(24,198)</u> | <u>(28,139)</u> | <u>(190,685)</u> | <u>3,521</u> | <u>(239,501)</u> |
| Transfers: | | | | | |
| Transfers in | - | 180,000 | 270,000 | - | 450,000 |
| Transfers out | (44,000) | - | - | - | (44,000) |
| Total transfers | <u>(44,000)</u> | <u>180,000</u> | <u>270,000</u> | <u>-</u> | <u>406,000</u> |
| Change in net position | <u>(68,198)</u> | <u>151,861</u> | <u>79,315</u> | <u>3,521</u> | <u>166,499</u> |
| Net position (deficit), October 1, 2019 | <u>(101,495)</u> | <u>(17,094)</u> | <u>(27,140)</u> | <u>44,556</u> | <u>(101,173)</u> |
| Net position (deficit), September 30, 2020 | <u>\$ (169,693)</u> | <u>134,767</u> | <u>52,175</u> | <u>48,077</u> | <u>65,326</u> |

SCHEDULE 16

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended September 30, 2020

| | <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 | \$ 2,411,603 | 90,798 | 106,432 | 7,845 | 2,616,678 |
| Payments to suppliers | (2,309,720) | (93,086) | (217,983) | (4,282) | (2,625,071) |
| Payments to employees | (63,384) | (65,068) | (33,797) | (9,711) | (171,960) |
| Payments for internal services | (7,344) | (2,080) | (14,340) | - | (23,764) |
| Net cash provided by (used in) operating activities | <u>31,155</u> | <u>(69,436)</u> | <u>(159,688)</u> | <u>(6,148)</u> | <u>(204,117)</u> |
| Cash flows from noncapital financing activities - | | | | | |
| Ad valorem taxes received | 20,053 | - | - | - | 20,053 |
| Transfers from other funds | - | 180,000 | 270,000 | - | 450,000 |
| Transfers to other funds | (44,000) | - | - | - | (44,000) |
| Net cash provided by (used in) noncapital financing activities | <u>(23,947)</u> | <u>180,000</u> | <u>270,000</u> | <u>-</u> | <u>426,053</u> |
| Cash flows from capital and related financing activities: | | | | | |
| Acquisition of capital assets | - | - | (27,975) | - | (27,975) |
| Payments on long-term debt - | | | | | |
| Promissory loans | (7,332) | - | - | - | (7,332) |
| Interest paid on debt | (288) | - | - | - | (288) |
| Net cash used in capital and related financing activities | <u>(7,620)</u> | <u>-</u> | <u>(27,975)</u> | <u>-</u> | <u>(35,595)</u> |
| Cash flows from investing activities - | | | | | |
| Interest received | - | 2 | 66 | 192 | 260 |
| Net increase (decrease) in cash and cash equivalents | <u>(412)</u> | <u>110,566</u> | <u>82,403</u> | <u>(5,956)</u> | <u>186,601</u> |
| Cash and cash equivalents, October 1, 2019 | <u>412</u> | <u>923</u> | <u>4,365</u> | <u>75,938</u> | <u>81,638</u> |
| Cash and cash equivalents, September 30, 2020 | \$ <u>-</u> | <u>111,489</u> | <u>86,768</u> | <u>69,982</u> | <u>268,239</u> |
| Reconciliation of operating income (loss) to net cash used in operating activities: | | | | | |
| Operating income (loss) | \$ <u>(43,963)</u> | <u>(28,141)</u> | <u>(190,751)</u> | <u>3,329</u> | <u>(259,526)</u> |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Depreciation | - | 25,527 | 2,350 | - | 27,877 |
| Changes in assets and liabilities: | | | | | |
| Accounts receivable | 18,118 | - | - | - | 18,118 |
| Due from other funds | 359 | - | - | - | 359 |
| Inventory | - | 140 | - | (1,149) | (1,009) |
| Prepaid items | - | (4,579) | (884) | - | (5,463) |
| Deferred outflows related to net pension liability | (10,214) | (6,060) | (4,232) | (474) | (20,980) |
| Accounts payable | 61,549 | (3,241) | 3,850 | - | 62,158 |
| Accrued liabilities | 121 | (1,068) | 271 | (241) | (917) |
| Due to other funds | (103,277) | (24,823) | - | - | (128,100) |
| Net pension liability | 99,135 | (21,665) | 28,198 | (6,413) | 99,255 |
| Deferred inflows related to net pension liability | 9,327 | (5,526) | 1,510 | (1,200) | 4,111 |
| Total adjustments | <u>75,118</u> | <u>(41,295)</u> | <u>31,063</u> | <u>(9,477)</u> | <u>55,409</u> |
| Net cash provided by (used in) operating activities | \$ <u>31,155</u> | <u>(69,436)</u> | <u>(159,688)</u> | <u>(6,148)</u> | <u>(204,117)</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, 2020

SCHEDULE 17

| <u>ASSETS</u> | <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> |
|----------------------------------|------------------------------------|---|---|---|--|
| Current assets: | | | | | |
| Cash and cash equivalents | \$ - | 45,771 | 382,021 | 54,719 | 482,511 |
| Due from other funds: | | | | | |
| General fund | 411,960 | - | - | - | 411,960 |
| Water and sewer fund | 168,559 | - | - | - | 168,559 |
| Waste collection & disposal fund | 212 | - | - | - | 212 |
| Golf Course | 5,733 | - | - | - | 5,733 |
| Inventory | <u>51,642</u> | <u>1,362</u> | <u>-</u> | <u>-</u> | <u>53,004</u> |
| Total current assets | <u>638,106</u> | <u>47,133</u> | <u>382,021</u> | <u>54,719</u> | <u>1,121,979</u> |
| <u>LIABILITIES</u> | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 25,900 | - | 568,625 | - | 594,525 |
| Due to other funds: | | | | | |
| General fund | 52,989 | - | - | - | 52,989 |
| Water and sewer fund | <u>52,989</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>52,989</u> |
| Total current liabilities | <u>131,878</u> | <u>-</u> | <u>568,625</u> | <u>-</u> | <u>700,503</u> |
| <u>NET POSITION</u> | | | | | |
| Unrestricted (deficit) | \$ <u>506,228</u> | <u>47,133</u> | <u>(186,604)</u> | <u>54,719</u> | <u>421,476</u> |

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended September 30, 2020

| | <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 | \$ 889,721 | 1,625 | - | - | 891,346 |
| Premiums | <u>-</u> | <u>-</u> | <u>3,304,296</u> | <u>-</u> | <u>3,304,296</u> |
| Total operating revenues | <u>889,721</u> | <u>1,625</u> | <u>3,304,296</u> | <u>-</u> | <u>4,195,642</u> |
| Operating expenses: | | | | | |
| Costs of sales and services | 617,919 | 1,769 | - | - | 619,688 |
| Claims paid | <u>-</u> | <u>-</u> | <u>3,234,325</u> | <u>13,086</u> | <u>3,247,411</u> |
| Total operating expenses | <u>617,919</u> | <u>1,769</u> | <u>3,234,325</u> | <u>13,086</u> | <u>3,867,099</u> |
| Operating income (loss) | 271,802 | (144) | 69,971 | (13,086) | 328,543 |
| Nonoperating revenues - | | | | | |
| Interest income | <u>201</u> | <u>117</u> | <u>833</u> | <u>75</u> | <u>1,226</u> |
| Income (loss) before transfers in | 272,003 | (27) | 70,804 | (13,011) | 329,769 |
| Transfers in | <u>-</u> | <u>-</u> | <u>-</u> | <u>35,000</u> | <u>35,000</u> |
| Change in net position | 272,003 | (27) | 70,804 | 21,989 | 364,769 |
| Net position (deficit), October 1, 2019 | <u>234,225</u> | <u>47,160</u> | <u>(257,408)</u> | <u>32,730</u> | <u>56,707</u> |
| Net position (deficit), September 30, 2020 | \$ <u>506,228</u> | <u>47,133</u> | <u>(186,604)</u> | <u>54,719</u> | <u>421,476</u> |

SCHEDULE 19

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended September 30, 2020

| | <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 | \$ 392,259 | 1,625 | 3,304,297 | - | 3,698,181 |
| Payments to suppliers | <u>(537,612)</u> | <u>(2,730)</u> | <u>(3,110,630)</u> | <u>(13,086)</u> | <u>(3,664,058)</u> |
| Net cash provided by (used in) operating activities | (145,353) | (1,105) | 193,667 | (13,086) | 34,123 |
| Cash flows from noncapital financing activities - | | | | | |
| Transfers from other funds | - | - | - | 35,000 | 35,000 |
| Cash flows from investing activities - | | | | | |
| Interest received | <u>201</u> | <u>117</u> | <u>833</u> | <u>75</u> | <u>1,226</u> |
| Net increase (decrease) in cash and cash equivalents | (145,152) | (988) | 194,500 | 21,989 | 70,349 |
| Cash and cash equivalents, October 1, 2019 | <u>145,152</u> | <u>46,759</u> | <u>187,521</u> | <u>32,730</u> | <u>412,162</u> |
| Cash and cash equivalents, September 30, 2020 | \$ <u>-</u> | <u>45,771</u> | <u>382,021</u> | <u>54,719</u> | <u>482,511</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Operating income (loss) | \$ <u>271,802</u> | <u>(144)</u> | <u>69,971</u> | <u>(13,086)</u> | <u>328,543</u> |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Changes in assets and liabilities: | | | | | |
| Receivables - miscellaneous | - | - | - | - | - |
| Due from other funds | (497,462) | - | - | - | (497,462) |
| Inventory | 4,576 | 615 | - | - | 5,191 |
| Accounts payable | (30,247) | (1,576) | 123,696 | - | 91,873 |
| Due to other funds | <u>105,978</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>105,978</u> |
| Total adjustments | <u>(417,155)</u> | <u>(961)</u> | <u>123,696</u> | <u>-</u> | <u>(294,420)</u> |
| Net cash provided by (used in) operating activities | \$ <u>(145,353)</u> | <u>(1,105)</u> | <u>193,667</u> | <u>(13,086)</u> | <u>34,123</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 and Policemen Disability and Relief – This fund is used to account for the dedicated property tax assessment and collections forwarded to the Public Employees' Retirement System ("PERS") for a closed fire and policemen retirement system managed by PERS.

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

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

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

State Police Fines and 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.

SCHEDULE 20

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
September 30, 2020

| | Firemen and Policemen Disability and 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 | \$ 50,234 | 19,602 | 135,806 | 1,139,358 | 21,239 | 151,732 | 1,517,971 |
| Intergovernmental receivables - County | <u>7,915</u> | <u>2,820</u> | <u>19,556</u> | <u>158,639</u> | <u>-</u> | <u>22,124</u> | <u>211,054</u> |
| Total assets | \$ <u>58,149</u> | <u>22,422</u> | <u>155,362</u> | <u>1,297,997</u> | <u>21,239</u> | <u>173,856</u> | <u>1,729,025</u> |
| <u>LIABILITIES</u> | | | | | | | |
| Intergovernmental payables: | | | | | | | |
| Schools | \$ - | - | 155,362 | 1,297,997 | - | 173,856 | 1,627,215 |
| PERS | 58,149 | 22,422 | - | - | - | - | 80,571 |
| State | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>21,239</u> | <u>-</u> | <u>21,239</u> |
| Total liabilities | \$ <u>58,149</u> | <u>22,422</u> | <u>155,362</u> | <u>1,297,997</u> | <u>21,239</u> | <u>173,856</u> | <u>1,729,025</u> |

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended September 30, 2020

| | Balance October 1, 2019 | Additions | Deletions | Balance September 30, 2020 |
|---|-------------------------------|------------------|------------------|----------------------------------|
| <u>Firemen and Policemen Disability and Relief</u> | | | | |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 67,810 | 619,262 | 636,838 | 50,234 |
| Intergovernmental - county | 10,787 | 7,915 | 10,787 | 7,915 |
| Total assets | \$ 78,597 | 627,177 | 647,625 | 58,149 |
| <u>LIABILITIES</u> | | | | |
| Intergovernmental - PERS | \$ 78,597 | 627,177 | 647,625 | 58,149 |
| <u>General Retirement</u> | | | | |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 24,137 | 330,082 | 334,617 | 19,602 |
| Intergovernmental - county | 4,413 | 2,820 | 4,413 | 2,820 |
| Total assets | \$ 28,550 | 332,902 | 339,030 | 22,422 |
| <u>LIABILITIES</u> | | | | |
| Intergovernmental - PERS | \$ 28,550 | 332,902 | 339,030 | 22,422 |
| <u>Meridian Community College</u> | | | | |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 128.125 | 2,407.655 | 2,399.974 | 135.806 |
| Intergovernmental - county | 20.325 | 19.556 | 20.325 | 19.556 |
| Total assets | \$ 148.450 | 2,427.211 | 2,420.299 | 155.362 |
| <u>LIABILITIES</u> | | | | |
| Intergovernmental - schools | \$ 148.450 | 2,427.211 | 2,420.299 | 155.362 |

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended September 30, 2020

| | Balance October 1, <u>2019</u> | <u>Additions</u> | <u>Deletions</u> | Balance September 30, <u>2020</u> |
|----------------------------|---|--------------------------|--------------------------|---|
| | <u>Meridian Separate School District</u> | | | |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 1,084,744 | 19,068,104 | 19,013,490 | 1,139,358 |
| Intergovernmental - county | <u>166,198</u> | <u>158,639</u> | <u>166,198</u> | <u>158,639</u> |
| Total assets | \$ <u>1,250,942</u> | <u>19,226,743</u> | <u>19,179,688</u> | <u>1,297,997</u> |

| | | | | |
|-----------------------------|---------------------|-------------------|-------------------|------------------|
| <u>LIABILITIES</u> | | | | |
| Intergovernmental - schools | \$ <u>1,250,942</u> | <u>19,226,743</u> | <u>19,179,688</u> | <u>1,297,997</u> |

| | | | | |
|---------------------------|---|----------------|----------------|---------------|
| | <u>State Police Fines and Fees</u> | | | |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ <u>13,329</u> | <u>315,649</u> | <u>307,739</u> | <u>21,239</u> |

| | | | | |
|---------------------------|------------------|----------------|----------------|---------------|
| <u>LIABILITIES</u> | | | | |
| Intergovernmental - state | \$ <u>13,329</u> | <u>315,649</u> | <u>307,739</u> | <u>21,239</u> |

| | | | | |
|----------------------------|--|-------------------------|-------------------------|-----------------------|
| | <u>Meridian Separate School District Bonds and Interest</u> | | | |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 144,950 | 2,695,411 | 2,688,629 | 151,732 |
| Intergovernmental - county | <u>22,706</u> | <u>22,124</u> | <u>22,706</u> | <u>22,124</u> |
| Total assets | \$ <u>167,656</u> | <u>2,717,535</u> | <u>2,711,335</u> | <u>173,856</u> |

| | | | | |
|-----------------------------|-------------------|------------------|------------------|----------------|
| <u>LIABILITIES</u> | | | | |
| Intergovernmental - schools | \$ <u>167,656</u> | <u>2,717,535</u> | <u>2,711,335</u> | <u>173,856</u> |

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended September 30, 2020

| | Balance October 1, <u>2019</u> | <u>Additions</u> | <u>Deletions</u> | Balance September 30, <u>2020</u> |
|-------------------------------|--------------------------------------|-------------------|-------------------|---|
| | <u>Total Agency Funds</u> | | | |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 1,463,095 | 25,436,163 | 25,381,287 | 1,517,971 |
| Intergovernmental receivables | <u>224,429</u> | <u>211,054</u> | <u>224,429</u> | <u>211,054</u> |
| Total assets | \$ <u>1,687,524</u> | <u>25,647,217</u> | <u>25,605,716</u> | <u>1,729,025</u> |
| <u>LIABILITIES</u> | | | | |
| Intergovernmental payables | \$ <u>1,687,524</u> | <u>25,647,217</u> | <u>25,605,716</u> | <u>1,729,025</u> |

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NONMAJOR COMPONENT UNITS

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

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

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

SCHEDULE 22

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Net Position
Nonmajor Component Units
September 30, 2020

| | <u>Meridian Urban Renewal Authority</u> | <u>Meridian and Bonita Lakes Development Authority</u> | <u>Total Nonmajor Component Units</u> |
|--------------------------------|--|---|--|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 277,636 | 2,233 | 279,869 |
| Interest receivable | 46,632 | - | 46,632 |
| MLEC leverage loans receivable | <u>5,447,567</u> | <u>-</u> | <u>5,447,567</u> |
| Total assets | <u>5,771,835</u> | <u>2,233</u> | <u>5,774,068</u> |
| <u>LIABILITIES</u> | | | |
| Accounts payable | - | 2,233 | 2,233 |
| Accrued interest | 23,434 | - | 23,434 |
| Long-term liabilities: | | | |
| Due within one year | 103,255 | - | 103,255 |
| Due in more than one year | <u>1,601,012</u> | <u>-</u> | <u>1,601,012</u> |
| Total liabilities | <u>1,727,701</u> | <u>2,233</u> | <u>1,729,934</u> |
| <u>NET POSITION</u> | | | |
| Unrestricted | <u>4,044,134</u> | <u>-</u> | <u>4,044,134</u> |
| Total net position | \$ <u>4,044,134</u> | <u>-</u> | <u>4,044,134</u> |

SCHEDULE 23

CITY OF MERIDIAN, MISSISSIPPI

Combining Statement of Activities

Nonmajor Component Units

For the Fiscal Year Ended September 30, 2020

| <u>Functions/Programs</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Position (Deficit)</u> | | | |
|--|-------------------------|---------------------------------|---|--|---|--|---|
| | <u>Expenses</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 | \$ 114,386 | 189,683 | 41,760 | - | 117,057 | - | 117,057 |
| Meridian and Bonita Lakes Development Authority | <u>5,734</u> | <u>-</u> | <u>6,000</u> | <u>-</u> | <u>-</u> | <u>266</u> | <u>266</u> |
| Total nonmajor component units | <u>\$ 120,120</u> | <u>189,683</u> | <u>47,760</u> | <u>-</u> | <u>117,057</u> | <u>266</u> | <u>117,323</u> |
| General revenues - Interest income | | | | | <u>352</u> | <u>1</u> | <u>353</u> |
| Change in net position (deficit) | | | | | 117,409 | 267 | 117,676 |
| Net position (deficit), October 1, 2019 | | | | | <u>3,926,725</u> | <u>(267)</u> | <u>3,926,458</u> |
| Net position, September 30, 2020 | | | | | <u>\$ 4,044,134</u> | <u>-</u> | <u>4,044,134</u> |

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OTHER SUPPLEMENTARY INFORMATION

SCHEDULE 24 (Page 1 of 2)

CITY OF MERIDIAN, MISSISSIPPI
Schedule Reconciling Original Ad Valorem
Tax Rolls to Fund Collections
For the Fiscal Year Ended September 30, 2020

| | <u>Assessed Value</u> | <u>Millage</u> | <u>Ad Valorem Taxes</u> |
|---|------------------------------|----------------|-----------------------------|
| City of Meridian: | | | |
| Realty | \$ 215,864,508 | 50.84 | \$ 10,974,552 |
| Personal property - other than auto | 54,100,302 | 50.84 | 2,750,459 |
| Public utilities | 40,240,594 | 50.84 | 2,045,832 |
| Personal autos | <u>34,245,581</u> | 50.84 | <u>1,741,045</u> |
| Total City of Meridian valuation | \$ <u>344,450,985</u> | | 17,511,888 |
| Less homestead exemption allowed | | | <u>(1,019,691)</u> |
| Total City ad valorem taxes | | | 16,492,197 |
| Adjustments to original tax roll: | | | |
| Lauderdale County tax collector refund | | \$ 6,297 | |
| Realty | | (1,150) | |
| Personal | | (27,090) | |
| Homestead exemption | | <u>(6,420)</u> | (28,363) |
| Add (deduct): | | | |
| Actual homestead reimbursement | | 558,210 | |
| Motor vehicle rent tax | | 92,214 | |
| Payments in lieu of taxes | | 169,836 | |
| Prior year tax collections | | 49,927 | |
| Mobile homes | | 3,536 | |
| Aircraft | | <u>6,806</u> | <u>880,529</u> |
| Total City to account for | | | <u>17,344,363</u> |
| <u>Separate School District:</u> | | | |
| Realty | \$ 228,703,344 | 69.82 | 15,968,067 |
| Personal property - other than auto | 60,275,335 | 69.82 | 4,208,424 |
| Public utilities | 57,043,155 | 69.82 | 3,982,753 |
| Personal autos | <u>32,293,211</u> | 69.82 | <u>2,254,712</u> |
| Total Separate School District valuation | \$ <u>378,315,045</u> | | 26,413,956 |
| Less homestead exemption allowed | | | <u>(1,787,404)</u> |
| Total Separate School District ad valorem taxes | | | 24,626,552 |
| Adjustments to original tax roll: | | | |
| Lauderdale County tax collector refund | | 6,391 | |
| Realty | | (1,655) | |
| Personal | | (48,597) | |
| Homestead exemption | | <u>(6,283)</u> | (50,144) |
| Add (deduct): | | | |
| Prior year tax collections | | 81,607 | |
| Mobile homes | | <u>15,417</u> | <u>97,024</u> |
| Total Separate School District to account for | | | <u>24,673,432</u> |
| Total City of Meridian and Separate School District to account for | | | \$ <u>42,017,795</u> |

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
 Schedule Reconciling Original Ad Valorem
 Tax Rolls to Fund Collections
 For the Fiscal Year Ended September 30, 2020

| | <u>Taxes</u> | <u>Homestead Reimbursement</u> | <u>Total</u> |
|------------------------------------|--------------------------|------------------------------------|-----------------------|
| Accounted for as follows: | | | |
| General Fund | \$ 11,926,455 | 378,471 | 12,304,926 |
| General Fund - Pilot | 169,836 | - | 169,836 |
| General Bond and Interest | 4,296,094 | 139,552 | 4,435,646 |
| School Bond and Interest | 2,695,411 | - | 2,695,411 |
| Police and Fire Disability | 596,466 | 29,645 | 626,111 |
| General Retirement | 325,209 | 10,541 | 335,750 |
| School Fund | <u>21,315,051</u> | <u>-</u> | <u>21,315,051</u> |
| Total accounted for | \$ <u>41,324,522</u> | <u>558,209</u> | 41,882,731 |
| Balance represented by: | | | |
| Real property held from tax sale | | | 295,539 |
| Unpaid personal property | | | 192,789 |
| Sold to state | | | 10,672 |
| Tax collector's commission | | | 199,788 |
| Other adjustments to tax roll | | | <u>(563,724)</u> |
| Total ad valorem taxes | | \$ | <u>42,017,795</u> |

SCHEDULE 25**CITY OF MERIDIAN, MISSISSIPPI**

Schedule of Investments

September 30, 2020

| | <u>Issue Date</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Amount</u> |
|---|------------------------------|---------------------------------|---------------------------------|--------------------------|
| Debt service fund - restricted; | | | | |
| Certificate of deposit | 11/10/19 | 03/10/21 | 0.50% | \$ 400,000 |
| Federated Government Obligations Fund | - | - | - | <u>198,269</u> |
| Total debt service fund investments - restricted | | | | \$ <u>598,269</u> |

SCHEDULE 26

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2020

| <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 |
| Dwayne Davis | Councilman | Travelers | 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 |
| Eddie Kelley | Chief Administrative Officer | Travelers | 50,000 |
| Brandye Latimer | City Clerk/CFO | Western Surety Company | 50,000 |
| Charles Coleman | Police Chief | Travelers | 50,000 |
| Blanket Policy | All city employees | Travelers | 100,000 |

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SCHEDULE 27

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Changes in Long-Term Debt
For the Fiscal Year Ended September 30, 2020

| | <u>Date of Issue</u> | <u>Interest Rate</u> | <u>Amount of Original Issue</u> | <u>Balance October 1, 2019</u> | <u>Principal Payments</u> | <u>New Issues</u> | <u>Balance September 30, 2020</u> |
|---|--------------------------|--------------------------|---|--|-------------------------------|-----------------------|---|
| Governmental activities: | | | | | | | |
| Public Improvement of 2008 | 04/22/2008 | 2.60-3.65% | \$ 1,000,000 | 325,000 | 75,000 | - | 250,000 |
| Public Improvement of 2009 | 06/01/2009 | 3.00-4.00% | 10,000,000 | 495,000 | 495,000 | - | - |
| Public Improvement of 2011 | 03/01/2011 | 3.10-4.40% | 4,500,000 | 3,135,000 | 205,000 | - | 2,930,000 |
| Public Improvement of 2012 | 04/12/2012 | 1.90-2.70% | 4,500,000 | 2,255,000 | 420,000 | - | 1,835,000 |
| Water and Sewer Improvement of 2013 | 03/05/2014 | 2.20% | 1,200,000 | 520,000 | 125,000 | - | 395,000 |
| Refunding Bonds of 2014 | 08/14/2014 | 2.00-3.00% | 8,410,000 | 6,400,000 | 1,000,000 | - | 5,400,000 |
| Public Improvement of 2016 | 03/24/2016 | 1.20-1.625% | 7,500,000 | 5,475,000 | 715,000 | - | 4,760,000 |
| General Obligation Bonds 2017 | 02/15/2017 | 2.00-5.00% | 20,000,000 | 18,690,000 | 700,000 | - | 17,990,000 |
| General Obligation Refunding Bonds 2017 | 10/16/2017 | 2.15% | 8,024,000 | 7,849,000 | 270,000 | - | 7,579,000 |
| General Obligation Bonds 2020 | 09/30/2020 | 0.90-1.54% | 6,000,000 | - | - | 6,000,000 | 6,000,000 |
| Total general obligations bonds | | | 71,134,000 | 45,144,000 | 4,005,000 | 6,000,000 | 47,139,000 |
| Special Obligation Bonds 2003B | 07/01/2003 | 3.30-5.375% | 1,500,000 | 455,000 | 105,000 | - | 350,000 |
| Total special obligation bonds | | | 1,500,000 | 455,000 | 105,000 | - | 350,000 |
| Limited Obligation Tax Increment Bonds | 03/01/2010 | 5.00% | 300,000 | 90,000 | 30,000 | - | 60,000 |
| Tax Increment Refunding Bonds | 09/27/2019 | 2.20% | 1,971,000 | 1,971,000 | 100,000 | - | 1,871,000 |
| Total tax increment bonds | | | 2,271,000 | 2,061,000 | 130,000 | - | 1,931,000 |
| Vehicle loan | 04/28/2016 | 1.42% | 442,267 | 167,028 | 91,556 | - | 75,472 |
| Fire truck loan | 08/18/2016 | 1.42% | 1,078,338 | 628,126 | 234,694 | - | 393,432 |
| Vehicle loan | 11/28/2016 | 1.42% | 1,261,760 | 810,377 | 227,688 | - | 582,689 |
| MDA capital loan | 06/21/2019 | 3.00% | 954,701 | - | - | 954,701 | 954,701 |
| Total promissory loans | | | 3,737,066 | 1,605,531 | 553,938 | 954,701 | 2,006,294 |
| Special Assessment Public Improvement | 06/01/2000 | 5.20-6.25% | 1,125,000 | 95,000 | 95,000 | - | - |
| Special Assessment Public Imp 2001 | 08/01/2001 | 4.50-6.00% | 500,000 | 75,000 | 35,000 | - | 40,000 |
| Total special assessment | | | 1,625,000 | 170,000 | 130,000 | - | 40,000 |
| Lighting Upgrades | 03/01/2018 | 4.20% | 748,026 | 748,026 | - | - | 748,026 |
| Electric Vehicle Charging Station | 03/08/2018 | 1.42% | 13,680 | 9,804 | 2,736 | - | 7,068 |
| Total capital leases | | | 761,706 | 757,830 | 2,736 | - | 755,094 |
| Total governmental activities | | | \$ 81,028,772 | 50,193,361 | 4,926,674 | 6,954,701 | 52,221,388 |
| Business-type activities: | | | | | | | |
| EPA Clean Water State Revolving Loan Fund | 10/01/2010 | 1.75% | \$ 9,044,496 | 8,452,934 | 403,083 | - | 8,049,851 |
| Water and sewer promissory loan | 01/31/2013 | 0.50-4.00% | 12,415,000 | 4,115,000 | 895,000 | - | 3,220,000 |
| Vehicle loan | 04/28/2016 | 1.42% | 495,910 | 181,289 | 102,096 | - | 79,193 |
| Vehicle loan | 11/28/2016 | 1.42% | 673,822 | 418,391 | 128,031 | - | 290,360 |
| Vehicle loan | 11/28/2016 | 1.42% | 36,659 | 21,995 | 7,331 | - | 14,664 |
| Drinking Water Systems Improvements | | | | | | | |
| Revolving Loan Fund | 09/29/2017 | 1.95% | 8,114,960 | 465,087 | - | 762,900 | 1,227,987 |
| Water and sewer promissory loan | 08/20/2020 | 4.00-5.00% | 41,000,000 | - | - | 41,000,000 | 41,000,000 |
| Total promissory loans | | | 71,780,847 | 13,654,696 | 1,535,541 | 41,762,900 | 53,882,055 |
| Water Metering System | 03/01/2018 | 4.20% | 9,243,188 | 9,243,188 | - | - | 9,243,188 |
| Total capital leases | | | 9,243,188 | 9,243,188 | - | - | 9,243,188 |
| Total business-type activities | | | \$ 81,024,035 | 22,897,884 | 1,535,541 | 41,762,900 | 63,125,243 |

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Long-Term Debt Maturities
September 30, 2020

| | <u>Date of Issue</u> | <u>Interest Rate</u> | <u>Amount of Original Issue</u> | <u>Balance September 30, 2020</u> | <u>2021</u> |
|---|--------------------------|--------------------------|---|---|-------------------------|
| <u>Governmental activities:</u> | | | | | |
| Public Improvement of 2008 | 04/22/2008 | 2.60-3.65% | \$ 1,000,000 | 250,000 | 80,000 |
| Public Improvement of 2011 | 03/01/2011 | 3.10-4.40% | 4,500,000 | 2,930,000 | 215,000 |
| Public Improvement of 2012 | 04/12/2012 | 1.90-2.70% | 4,500,000 | 1,835,000 | 435,000 |
| Water and Sewer Improvement of 2013 | 03/05/2014 | 2.20% | 1,200,000 | 395,000 | 130,000 |
| Refunding Bonds of 2014 | 08/14/2014 | 2.00-3.00% | 8,410,000 | 5,400,000 | 1,035,000 |
| Public Improvement of 2016 | 03/24/2016 | 1.20-1.625% | 7,500,000 | 4,760,000 | 735,000 |
| General Obligation Bonds 2017 | 02/15/2017 | 2.00-5.00% | 20,000,000 | 17,990,000 | 730,000 |
| General Obligation Refunding Bonds 2017 | 10/16/2017 | 2.15% | 8,024,000 | 7,579,000 | 793,000 |
| General Obligation Bonds 2020 | 09/30/2020 | 0.90-1.54% | 6,000,000 | 6,000,000 | 134,000 |
| Total general obligations bonds | | | <u>61,134,000</u> | <u>47,139,000</u> | <u>4,287,000</u> |
| Special Obligation Bonds 2003B | 07/01/2003 | 3.30-5.375% | 1,500,000 | 350,000 | 110,000 |
| Total special obligation bonds | | | <u>1,500,000</u> | <u>350,000</u> | <u>110,000</u> |
| Limited Obligation Tax Increment Bonds | 03/01/2010 | 5.00% | 300,000 | 60,000 | 30,000 |
| Tax Increment Refunding Bonds | 09/27/2019 | 2.20% | 1,971,000 | 1,871,000 | 393,000 |
| Total tax increment bonds | | | <u>2,271,000</u> | <u>1,931,000</u> | <u>423,000</u> |
| Vehicle loan | 04/28/2016 | 1.42% | 442,267 | 75,472 | 75,472 |
| Fire truck loan | 08/18/2016 | 1.42% | 1,078,338 | 393,432 | 215,668 |
| Vehicle loan | 11/28/2016 | 1.42% | 1,261,760 | 582,689 | 288,056 |
| MDA capital loan | 06/21/2019 | 3.00% | 954,701 | 954,701 | 33,946 |
| Total promissory loans | | | <u>3,737,066</u> | <u>2,006,294</u> | <u>613,142</u> |
| Special Assessment Public Imp 2001 | 08/01/2001 | 4.80-5.10% | 500,000 | 40,000 | 40,000 |
| Total special assessment | | | <u>500,000</u> | <u>40,000</u> | <u>40,000</u> |
| Lighting Upgrades | 03/01/2018 | 4.20% | 748,026 | 748,026 | 45,310 |
| Electric Vehicle Charging Station | 03/08/2018 | 1.42% | 13,680 | 7,068 | 2,736 |
| Total capital leases | | | <u>761,706</u> | <u>755,094</u> | <u>48,046</u> |
| Total governmental activities | | | \$ <u>69,903,772</u> | <u>52,221,388</u> | <u>5,521,188</u> |
| <u>Business-type activities:</u> | | | | | |
| EPA Clean Water State Revolving Fund Loan | 10/01/2010 | 1.75% | \$ 9,044,496 | 8,049,851 | 375,736 |
| Water and sewer promissory loan | 01/31/2013 | 0.50-4.00% | 12,415,000 | 3,220,000 | 805,000 |
| Vehicle loan | 04/28/2016 | 1.42% | 495,910 | 79,193 | 79,193 |
| Vehicle loan | 11/28/2016 | 1.42% | 673,822 | 290,360 | 143,541 |
| Vehicle loan | 11/28/2016 | 1.42% | 36,659 | 14,664 | 7,249 |
| Drinking Water Systems Improvements | | | | | |
| Revolving Loan Fund | 09/29/2017 | 1.95% | 8,114,960 | 1,227,987 | - |
| Water and sewer promissory loan | 08/20/2020 | 4.00-5.00% | 41,000,000 | 41,000,000 | - |
| Total promissory loans | | | <u>71,780,847</u> | <u>53,882,055</u> | <u>1,410,719</u> |
| Water Metering System | 03/01/2018 | 4.20% | 9,243,188 | 9,243,188 | 559,886 |
| Total capital leases | | | <u>9,243,188</u> | <u>9,243,188</u> | <u>559,886</u> |
| Total business-type activities | | | \$ <u>81,024,035</u> | <u>63,125,243</u> | <u>1,970,605</u> |

SCHEDULE 28

| Maturities for the Years Ending September 30, | | | | | | | | |
|--|--------------------|--------------------|--------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026 - 2030</u> | <u>2031 - 2035</u> | <u>2036 - 2040</u> | <u>2041 - 2045</u> | <u>2046 - 2050</u> |
| 85,000 | 85,000 | - | - | - | - | - | - | - |
| 225,000 | 235,000 | 240,000 | 255,000 | 1,435,000 | 325,000 | - | - | - |
| 450,000 | 465,000 | 485,000 | - | - | - | - | - | - |
| 130,000 | 135,000 | - | - | - | - | - | - | - |
| 1,070,000 | 1,105,000 | 710,000 | 730,000 | 750,000 | - | - | - | - |
| 755,000 | 780,000 | 805,000 | 830,000 | 855,000 | - | - | - | - |
| 760,000 | 790,000 | 830,000 | 870,000 | 4,940,000 | 6,185,000 | 2,885,000 | - | - |
| 816,000 | 848,000 | 873,000 | 906,000 | 3,343,000 | - | - | - | - |
| 330,000 | 526,000 | 531,000 | 536,000 | 2,777,000 | 1,166,000 | - | - | - |
| <u>4,621,000</u> | <u>4,969,000</u> | <u>4,474,000</u> | <u>4,127,000</u> | <u>14,100,000</u> | <u>7,676,000</u> | <u>2,885,000</u> | <u>-</u> | <u>-</u> |
| <u>115,000</u> | <u>125,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>115,000</u> | <u>125,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 30,000 | - | - | - | - | - | - | - | - |
| 397,000 | <u>409,000</u> | <u>418,000</u> | <u>254,000</u> | - | - | - | - | - |
| <u>427,000</u> | <u>409,000</u> | <u>418,000</u> | <u>254,000</u> | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 177,764 | - | - | - | - | - | - | - | - |
| 269,816 | 24,817 | - | - | - | - | - | - | - |
| 52,207 | 53,795 | 55,431 | 57,117 | 312,727 | 363,271 | 26,207 | - | - |
| <u>499,787</u> | <u>78,612</u> | <u>55,431</u> | <u>57,117</u> | <u>312,727</u> | <u>363,271</u> | <u>26,207</u> | <u>-</u> | <u>-</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 48,665 | 50,730 | 52,883 | 55,128 | 312,785 | 182,525 | - | - | - |
| 2,736 | 1,596 | - | - | - | - | - | - | - |
| <u>51,401</u> | <u>52,326</u> | <u>52,883</u> | <u>55,128</u> | <u>312,785</u> | <u>182,525</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>5,714,188</u> | <u>5,633,938</u> | <u>5,000,314</u> | <u>4,493,245</u> | <u>14,725,512</u> | <u>8,221,796</u> | <u>2,911,207</u> | <u>-</u> | <u>-</u> |
| 416,823 | 424,175 | 431,659 | 439,273 | 2,315,377 | 2,526,939 | 1,119,869 | - | - |
| 825,000 | 835,000 | 400,000 | 175,000 | 180,000 | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 134,452 | 12,367 | - | - | - | - | - | - | - |
| 6,790 | 625 | - | - | - | - | - | - | - |
| 25,614 | 51,983 | 53,005 | 54,048 | 286,618 | 315,945 | 348,273 | 92,501 | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,610,000</u> | <u>8,245,000</u> | <u>13,600,000</u> | <u>16,545,000</u> |
| <u>1,408,679</u> | <u>1,324,150</u> | <u>884,664</u> | <u>668,321</u> | <u>2,781,995</u> | <u>5,452,884</u> | <u>9,713,142</u> | <u>13,692,501</u> | <u>16,545,000</u> |
| 601,341 | 626,863 | 653,468 | 681,201 | 3,865,007 | 2,255,422 | - | - | - |
| <u>601,341</u> | <u>626,863</u> | <u>653,468</u> | <u>681,201</u> | <u>3,865,007</u> | <u>2,255,422</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>2,010,020</u> | <u>1,951,013</u> | <u>1,538,132</u> | <u>1,349,522</u> | <u>6,647,002</u> | <u>7,708,306</u> | <u>9,713,142</u> | <u>13,692,501</u> | <u>16,545,000</u> |

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STATISTICAL SECTION

This part of the City's annual comprehensive 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 | 163 - 170 |
| <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i> | |
| Revenue capacity information | 171 - 174 |
| <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i> | |
| Debt capacity information..... | 175 - 179 |
| <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i> | |
| Demographic and economic information..... | 180 - 181 |
| <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i> | |
| Operating information..... | 182 - 184 |
| <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i> | |

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SCHEDULE 29

CITY OF MERIDIAN, MISSISSIPPI

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

| | Fiscal Year | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 74,694 | \$ 75,049 | \$ 69,358 | \$ 68,410 | \$ 66,592 | \$ 65,945 | \$ 72,890 | \$ 65,119 | \$ 63,763 | \$ 63,921 |
| Restricted | 6,519 | 5,755 | 3,538 | 3,572 | 4,783 | 5,329 | 10,914 | 8,295 | 10,675 | 11,164 |
| Unrestricted | 2,324 | 3,721 | 5,118 | 4,398 | (35,407) | (39,404) | (65,016) | (65,289) | (59,081) | (51,998) |
| Total governmental activities net position | \$ 83,537 | \$ 84,525 | \$ 78,014 | \$ 76,380 | \$ 35,968 | \$ 31,870 | \$ 18,788 | \$ 8,125 | \$ 15,357 | \$ 23,087 |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 19,795 | \$ 20,841 | \$ 18,824 | \$ 20,214 | \$ 21,704 | \$ 25,555 | \$ 21,492 | \$ 22,621 | \$ 19,798 | \$ 18,837 |
| Restricted | 5,151 | 5,657 | 6,619 | 7,076 | 7,647 | 9,155 | 9,869 | 7,989 | 7,446 | 5,268 |
| Unrestricted | 3,825 | 4,179 | 6,528 | 8,350 | 4,479 | 5,010 | 5,591 | 6,048 | 11,575 | 13,768 |
| Total business-type activities net position | \$ 28,771 | \$ 30,677 | \$ 31,971 | \$ 35,640 | \$ 33,830 | \$ 39,720 | \$ 36,952 | \$ 36,658 | \$ 38,819 | \$ 37,873 |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | \$ 94,489 | \$ 95,890 | \$ 88,182 | \$ 88,624 | \$ 88,296 | \$ 91,500 | \$ 94,382 | \$ 87,740 | \$ 83,561 | \$ 82,758 |
| Restricted | 11,670 | 11,412 | 10,157 | 10,648 | 12,430 | 14,484 | 20,783 | 16,284 | 18,121 | 16,432 |
| Unrestricted | 6,149 | 7,900 | 11,646 | 12,748 | (30,928) | (34,394) | (59,425) | (59,241) | (47,506) | (38,230) |
| Total primary government net position | \$ 112,308 | \$ 115,202 | \$ 109,985 | \$ 112,020 | \$ 69,798 | \$ 71,590 | \$ 55,740 | \$ 44,783 | \$ 54,176 | \$ 60,960 |

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 | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 6,907 | \$ 6,852 | \$ 7,385 | \$ 7,899 | \$ 9,234 | \$ 9,120 | \$ 10,681 | \$ 8,659 | \$ 7,820 | \$ 7,464 |
| Public safety | 15,528 | 15,584 | 16,486 | 16,394 | 16,054 | 16,855 | 19,137 | 18,608 | 16,818 | 15,813 |
| Public works | 7,896 | 7,695 | 12,022 | 7,864 | 7,934 | 8,459 | 12,861 | 10,555 | 7,998 | 7,371 |
| Culture and recreation | 3,223 | 2,051 | 2,250 | 2,509 | 2,500 | 3,122 | 13,062 | 12,838 | 1,540 | 4,421 |
| Economic development | 124 | 169 | 2,115 | 21 | 1 | 1 | 24 | 25 | 25 | 4 |
| Interest on long-term debt | 2,061 | 1,908 | 1,835 | 1,706 | 1,565 | 1,334 | 1,867 | 2,024 | 1,796 | 1,445 |
| Total governmental activities expenses | 35,730 | 34,259 | 42,093 | 36,393 | 37,288 | 38,891 | 57,632 | 52,709 | 35,997 | 36,518 |
| Business-type activities: | | | | | | | | | | |
| Water and sewer | 11,742 | 11,765 | 11,788 | 10,625 | 10,449 | 10,921 | 11,290 | 11,444 | 11,477 | 14,270 |
| Waste collection and disposal | 1,825 | 1,876 | 1,905 | 1,881 | 1,849 | 1,891 | 2,206 | 2,289 | 2,095 | 2,438 |
| Golf course | 446 | 466 | 423 | 435 | 379 | 423 | 469 | 306 | (58) | 119 |
| Union Station | 364 | 353 | 366 | 235 | 295 | 317 | 322 | 348 | 162 | 297 |
| Concessions | 28 | 27 | 27 | 28 | 34 | 35 | 34 | 18 | 7 | 4 |
| Total business-type activities expenses | 14,405 | 14,487 | 14,509 | 13,204 | 13,006 | 13,587 | 14,321 | 14,405 | 13,683 | 17,128 |
| Total primary government expenses | \$ 50,144 | \$ 48,746 | \$ 56,602 | \$ 49,597 | \$ 50,294 | \$ 52,478 | \$ 71,953 | \$ 67,114 | \$ 49,680 | \$ 53,646 |
| Program revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 501 | \$ 412 | \$ 705 | \$ 336 | \$ 577 | \$ 402 | \$ 380 | \$ 495 | \$ 360 | \$ 357 |
| Public safety | 1,037 | 1,039 | 950 | 860 | 988 | 1,049 | 1,894 | 1,597 | 1,824 | 1,151 |
| Culture and recreation | 182 | 327 | 136 | 166 | 179 | 225 | 148 | 156 | 259 | 33 |
| Operating grants and contributions | 608 | 515 | 1,261 | 992 | 733 | 586 | 887 | 639 | 251 | 1,510 |
| Capital grants and contributions | 1,654 | 1,786 | 265 | 314 | 378 | 1,156 | 2,958 | 1,521 | 130 | 2,183 |
| Total governmental activities program revenues | 3,982 | 4,079 | 3,317 | 2,668 | 2,855 | 3,418 | 6,267 | 4,408 | 2,824 | 5,234 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water and sewer | 12,404 | 13,187 | 13,553 | 13,699 | 13,284 | 13,993 | 12,460 | 13,505 | 14,525 | 14,838 |
| Waste collection and disposal | 1,828 | 1,871 | 1,838 | 1,887 | 1,850 | 1,867 | 1,832 | 1,795 | 2,430 | 2,393 |
| Golf course | 249 | 296 | 271 | 244 | 179 | 224 | 217 | 148 | 117 | 91 |
| Union Station | 81 | 64 | 42 | 41 | 47 | 44 | 56 | 57 | 70 | 106 |
| Concessions | 42 | 35 | 38 | 27 | 31 | 27 | 20 | 15 | 18 | 8 |
| Total business-type activities program revenues | 328 | 1,314 | 148 | 47 | 1,611 | 1,748 | - | - | - | - |
| Total primary government program revenues | 14,932 | 16,767 | 15,890 | 15,945 | 17,002 | 17,903 | 14,585 | 15,520 | 17,160 | 17,436 |
| Total primary government program revenues | \$ 18,914 | \$ 20,846 | \$ 19,207 | \$ 18,613 | \$ 19,857 | \$ 21,321 | \$ 20,852 | \$ 19,928 | \$ 19,984 | \$ 22,670 |

(Continued)

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

| | Fiscal Year | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | \$ (31,757) | \$ (30,180) | \$ (38,776) | \$ (33,725) | \$ (34,433) | \$ (35,473) | \$ (51,365) | \$ (48,301) | \$ (33,173) | \$ (31,284) |
| Business-type activities | 527 | 2,280 | 1,381 | 2,741 | 3,996 | 4,316 | 264 | 1,115 | 3,477 | 308 |
| Total primary government | | | | | | | | | | |
| net (expense)/revenue | \$ (31,230) | \$ (27,900) | \$ (37,395) | \$ (30,984) | \$ (30,437) | \$ (31,157) | \$ (51,101) | \$ (47,186) | \$ (29,696) | \$ (30,976) |
| General revenues and other changes in net position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | \$ 14,722 | \$ 14,439 | \$ 13,767 | \$ 14,232 | \$ 14,466 | \$ 14,932 | \$ 15,492 | \$ 15,838 | \$ 16,708 | \$ 17,235 |
| Sales taxes | 13,708 | 14,082 | 14,682 | 14,901 | 14,845 | 14,431 | 16,038 | 16,550 | 18,574 | 16,846 |
| Franchise taxes | 2,529 | 2,462 | 2,643 | 2,955 | 2,922 | 2,555 | 2,600 | 2,678 | 2,711 | 2,550 |
| County road taxes | 982 | 781 | 752 | 678 | 692 | 714 | 721 | 717 | 734 | 740 |
| Motor fuel taxes | 19 | 20 | 20 | 20 | 31 | 30 | 31 | 27 | 28 | 31 |
| Unrestricted grants and contributions | 70 | 75 | 77 | 78 | 80 | 70 | 74 | 160 | 63 | 86 |
| Unrestricted investment earnings | 194 | 123 | 79 | 63 | 60 | 113 | 113 | 81 | 109 | 85 |
| Transfers | (936) | 66 | 245 | (836) | 266 | (1,435) | 3,214 | 1,587 | 1,478 | 1,441 |
| Total governmental activities general | | | | | | | | | | |
| revenues and other changes in net position | 31,288 | 32,048 | 32,265 | 32,091 | 33,362 | 31,375 | 38,283 | 37,638 | 40,405 | 39,014 |
| Business-type activities: | | | | | | | | | | |
| Property taxes | 400 | 40 | 71 | 49 | 57 | 16 | 65 | 48 | 13 | 20 |
| Unrestricted investment earnings | 105 | 103 | 86 | 43 | 116 | 123 | 117 | 130 | 149 | 167 |
| Transfers | 936 | (66) | (245) | 836 | (266) | 1,435 | (3,214) | (1,587) | (1,478) | (1,441) |
| Total business-type activities general | | | | | | | | | | |
| revenues and other changes in net position | 1,441 | 77 | (88) | 928 | (93) | 1,574 | (3,032) | (1,409) | (1,316) | (1,254) |
| Total primary government general | | | | | | | | | | |
| revenues and other changes in net position | \$ 32,729 | \$ 32,125 | \$ 32,177 | \$ 33,019 | \$ 33,269 | \$ 32,949 | \$ 35,251 | \$ 36,229 | \$ 39,089 | \$ 37,760 |
| Change in net position | | | | | | | | | | |
| Governmental activities | \$ (469) | \$ 1,868 | \$ (6,511) | \$ (1,634) | \$ (1,071) | \$ (4,098) | \$ (13,082) | \$ (10,663) | \$ 7,232 | \$ 7,730 |
| Business-type activities | 1,968 | 2,357 | 1,293 | 3,669 | 3,903 | 5,890 | (2,768) | (294) | 2,161 | (946) |
| Total primary government | | | | | | | | | | |
| change in net position | \$ 1,499 | \$ 4,225 | \$ (5,218) | \$ 2,035 | \$ 2,832 | \$ 1,792 | \$ (15,850) | \$ (10,957) | \$ 9,393 | \$ 6,784 |

Source: Audit Reports - Statement of Activities

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

SCHEDULE 31

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> |
|-------------------------------|--------------------------------|-----------------------------|---------------------------------|---------------------------------------|--------------------------------------|---------------------|
| 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 |
| 2020 | 17,235 | 16,846 | 2,550 | 740 | 31 | 37,402 |

Source: Audit Reports - Statement of Activities

SCHEDULE 32

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>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>2020</u> |
| General fund: | | | | | | | | | | |
| Nonspendable | \$ 1,571 | \$ 1,594 | \$ 1,678 | \$ 1,597 | \$ 321 | \$ 319 | \$ 332 | \$ 366 | \$ 334 | \$ 360 |
| Committed | 151 | 2 | 12 | - | 71 | 96 | 52 | - | - | 664 |
| Assigned | 1,204 | 1,931 | 1,889 | 1,799 | 1,917 | 1,938 | 753 | 641 | 472 | 1,115 |
| Unassigned | <u>6,433</u> | <u>7,582</u> | <u>8,341</u> | <u>8,371</u> | <u>8,966</u> | <u>6,628</u> | <u>4,196</u> | <u>3,691</u> | <u>9,182</u> | <u>13,494</u> |
| Total general fund | <u>\$ 9,359</u> | <u>\$ 11,109</u> | <u>\$ 11,920</u> | <u>\$ 11,767</u> | <u>\$ 11,275</u> | <u>\$ 8,981</u> | <u>\$ 5,333</u> | <u>\$ 4,698</u> | <u>\$ 9,988</u> | <u>\$ 15,633</u> |
| All other governmental funds: | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 175 | \$ 116 | \$ 192 |
| Restricted | 11,194 | 13,457 | 6,875 | 6,788 | 7,999 | 14,744 | 21,624 | 11,283 | 13,211 | 18,649 |
| Committed | 344 | 345 | 345 | 345 | 345 | 346 | 346 | 210 | 210 | 183 |
| Assigned | 16 | 30 | 21 | 30 | 18 | 15 | 15 | 12 | 12 | 12 |
| Unassigned | - | - | - | - | - | - | - | - | (72) | (174) |
| Total all other governmental funds | <u>\$ 11,554</u> | <u>\$ 13,832</u> | <u>\$ 7,241</u> | <u>\$ 7,163</u> | <u>\$ 8,362</u> | <u>\$ 15,105</u> | <u>\$ 21,985</u> | <u>\$ 11,680</u> | <u>\$ 13,477</u> | <u>\$ 18,862</u> |

Source: Audit Reports - Governmental Funds Balance Sheet

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 Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|----------------|---------------|----------------|---------------|---------------|----------------|-----------------|-----------------|---------------|---------------|
| Revenues: | | | | | | | | | | |
| Taxes | \$ 29,113 | \$ 29,196 | \$ 28,999 | \$ 29,579 | \$ 29,746 | \$ 29,929 | \$ 31,934 | \$ 32,793 | \$ 35,808 | \$ 34,547 |
| Franchise | 2,529 | 2,462 | 2,644 | 2,955 | 2,922 | 2,555 | 2,600 | 2,678 | 2,711 | 2,550 |
| Licenses and permits | 271 | 251 | 251 | 296 | 277 | 299 | 258 | 244 | 264 | 269 |
| Intergovernmental | 2,257 | 1,513 | 1,588 | 1,354 | 1,177 | 1,593 | 3,733 | 2,073 | 390 | 3,749 |
| Charges for services | 182 | 157 | 136 | 166 | 179 | 225 | 149 | 157 | 259 | 33 |
| Fines and forfeitures | 1,037 | 1,039 | 950 | 860 | 988 | 1,049 | 1,894 | 1,597 | 1,824 | 1,151 |
| Special assessments | 72 | 74 | 69 | 72 | 73 | 74 | 73 | 68 | 40 | 1 |
| Payments in lieu of taxes | 152 | 156 | 100 | 150 | 93 | 137 | 226 | 207 | 145 | 172 |
| Local contributions | 55 | - | 7 | 12 | 14 | 83 | 168 | 162 | 54 | 29 |
| Interest on investments | 193 | 123 | 79 | 63 | 60 | 78 | 112 | 81 | 106 | 85 |
| Interest costs and damages | 169 | 141 | 126 | 104 | 197 | 59 | 125 | 140 | 131 | 133 |
| Miscellaneous | 268 | 301 | 573 | 63 | 299 | 149 | 155 | 260 | 116 | 93 |
| Total revenues | 36,298 | 35,413 | 35,522 | 35,674 | 36,025 | 36,230 | 41,427 | 40,460 | 41,848 | 42,812 |
| Expenditures: | | | | | | | | | | |
| General government | 6,711 | 6,200 | 6,407 | 6,617 | 7,034 | 7,630 | 8,603 | 7,169 | 6,280 | 6,879 |
| Public safety | 15,144 | 15,352 | 16,811 | 16,008 | 15,083 | 17,627 | 18,016 | 16,907 | 15,449 | 15,658 |
| Public works | 4,422 | 4,195 | 4,206 | 4,933 | 4,572 | 4,977 | 5,755 | 5,386 | 4,623 | 4,961 |
| Culture and recreation | 2,673 | 2,186 | 2,175 | 2,492 | 2,341 | 2,925 | 12,736 | 12,613 | 2,025 | 4,346 |
| Economic development | 158 | 231 | 2,127 | 230 | 1 | 1 | 35 | 173 | 25 | 4 |
| Other | 19 | 23 | 23 | - | - | - | - | - | - | - |
| Capital outlay | 5,657 | 2,221 | 4,357 | 470 | 415 | 2,042 | 10,664 | 3,937 | 815 | 2,807 |
| Debt service: | | | | | | | | | | |
| Principal | 3,687 | 3,682 | 4,020 | 3,675 | 3,466 | 3,243 | 4,024 | 5,292 | 5,251 | 4,927 |
| Interest | 2,043 | 1,995 | 1,885 | 1,773 | 1,471 | 1,392 | 1,908 | 2,029 | 1,889 | 1,714 |
| Bond issuance costs | 240 | 110 | - | 328 | - | 147 | 585 | 230 | 119 | 224 |
| Total expenditures | 40,754 | 36,195 | 42,011 | 36,526 | 34,383 | 39,984 | 62,326 | 53,736 | 36,476 | 41,520 |
| Excess (deficiency) of revenues over (under) expenditures | (4,456) | (782) | (6,489) | (852) | 1,642 | (3,754) | (20,899) | (13,276) | 5,372 | 1,292 |

(Continued)

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

| | Fiscal Year | | | | | | | | | |
|--|-----------------|-----------------|-------------------|-----------------|---------------|-----------------|-----------------|--------------------|-----------------|------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Other financing sources (uses): | | | | | | | | | | |
| Transfers in | \$ 2,448 | \$ 2,236 | \$ 3,583 | \$ 2,182 | \$ 1,622 | \$ 3,041 | \$ 3,610 | \$ 2,453 | \$ 2,769 | \$ 2,202 |
| Transfers out | (3,447) | (2,234) | (3,350) | (3,034) | (1,387) | (4,354) | (1,824) | (902) | (1,291) | (798) |
| Bonds issued | 8,460 | 4,500 | - | 9,610 | - | 7,500 | 20,000 | 8,024 | 1,971 | 6,000 |
| Negotiable notes and loans issued | - | 210 | - | - | - | 2,016 | 766 | - | - | 955 |
| Capital leases | - | - | 476 | - | 120 | - | - | 555 | 207 | - |
| Premium on bonds issued | 71 | - | - | 491 | - | - | 1,579 | - | - | - |
| Principal retirement from refunding bond proceeds | (3,895) | - | - | (3,110) | - | - | - | - | - | - |
| Payment to bond escrow agent | - | - | - | (5,518) | - | - | - | (7,794) | (1,940) | - |
| Insurance and settlement recoveries | - | - | - | - | - | - | - | - | - | 1,379 |
| Loss on disposal of asset held for resale | - | - | - | - | (1,290) | - | - | - | - | - |
| Total other financing source (uses) | 3,637 | 4,712 | 709 | 621 | (935) | 8,203 | 24,131 | 2,336 | 1,716 | 9,738 |
| Net change in fund balance | \$ (819) | \$ 3,930 | \$ (5,780) | \$ (231) | \$ 707 | \$ 4,449 | \$ 3,232 | \$ (10,940) | \$ 7,088 | \$ 11,030 |
| Debt service as a percentage of noncapital expenditures | 16.5% | 17.2% | 14.4% | 15.6% | 14.7% | 13.1% | 11.0% | 14.7% | 20.2% | 17.2% |

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)

| Fiscal Year | Property Tax | Sales Tax¹ | 2% Prepared Food and Beverage Tax² | Franchise Tax | County Road Tax | Motor Fuel Tax | Total |
|------------------------|-------------------------|----------------------------------|--|--------------------------|--------------------------------|-------------------------------|--------------|
| 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 |
| 2020 | 16,930 | 14,328 | 2,518 | 2,550 | 740 | 31 | 37,097 |

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

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

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

SCHEDULE 35

CITY OF MERIDIAN, MISSISSIPPI

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(amounts expressed in thousands)

| Fiscal Year Ended <u>September 30,</u> | Real Property | | Personal Property | | Less: | | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated True Value of Taxable Property | Assessed Value as a Percentage of Actual Value |
|---|-------------------------|------------------------|-------------------|-----------|--------------------------------|------------|---------------------------------------|--------------------------------|---|---|
| | Residential Property | Commercial Property | Motor Vehicles | Other | Tax Exempt Real Property | | | | | |
| | | | | | | | | | | |
| 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% | |
| 2020 | 82,023 | 169,723 | 34,246 | 54,100 | 831 | 339,261 | 50.84 | 2,247,468 | 15.10% | |

Source: Lauderdale County real and personal property tax rolls.

SCHEDULE 36

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 | | | | Lauderdale County | | | | Overlapping Rates | | | |
|-------------|-------------------|----------------------|-------------------------|---------------------|-----------------------------------|-------------------|----------------------|----------------------|-------------------|----------------------|-------------------------|------------------------------------|
| | Special | | | | Meridian Separate School District | | | | Total | | | |
| | Operating Millage | Debt Service Millage | Revenue Pension Millage | Solid Waste Millage | Total City Millage | Operating Millage | Debt Service Millage | Total County Millage | Operating Millage | Debt Service Millage | School District Millage | Meridian Community College Millage |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 2019 | 34.24 | 12.71 | 3.66 | 0.23 | 50.84 | 41.87 | 8.91 | 50.78 | 54.90 | 7.92 | 62.82 | 7.00 |
| 2020 | 35.63 | 12.71 | 2.50 | - | 50.84 | 42.50 | 8.28 | 50.78 | 55.00 | 7.82 | 62.82 | 7.00 |

Source: Office of the City Clerk.

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

SCHEDULE 37

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

| <u>Taxpayer</u> | 2020 | | | 2011 | | |
|--|-------------------------------|-------------|---|-------------------------------|-------------|---|
| | <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 | \$ 5,144 | 1 | 1.47% | \$ 10,372 | 2 | 3.06% |
| Walmart Supercenters | 3,495 | 2 | 1.00% | 8,061 | 3 | 2.38% |
| Meridian Crossroads/ Meridian , SAV LLC | 3,448 | 3 | 0.98% | 3,677 | 6 | 1.08% |
| Anderson Regional Medical Center | 3,161 | 4 | 0.90% | 3,123 | 7 | 0.92% |
| Mississippi Power Company | 1,850 | 5 | 0.53% | 12,318 | 1 | 3.63% |
| Van Zyverden, Inc. | 1,818 | 6 | 0.52% | --- | --- | --- |
| Allred Investments LLC | 1,713 | 7 | 0.49% | --- | --- | --- |
| Lauderdale County Economic Dev Dist | 1,663 | 8 | 0.47% | --- | --- | --- |
| DDC Hotels, Inc. | 1,551 | 9 | 0.44% | --- | --- | --- |
| Peavey Electronics Corporation | 1,333 | 10 | 0.38% | 2,398 | 9 | 0.71% |
| Atmos Energy Corporation | --- | --- | --- | 2,274 | 10 | 0.67% |
| Norfolk Southern Railway Company | --- | --- | --- | 2,402 | 8 | 0.71% |
| Bell South Telecommunications | --- | --- | --- | 6,121 | 4 | 1.81% |
| Meridian HMA/Riley Hospital | --- | --- | --- | 4,900 | 5 | 1.45% |
| Totals | <u>\$ 25.176</u> | | <u>7.18%</u> | <u>\$ 55.646</u> | | <u>16.42%</u> |

Source: Lauderdale County real and personal property tax rolls.

SCHEDULE 38

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 of Levy | | Amount | Percentage of Levy |
| | | Amount | | | | |
| 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% |
| 2020 | 17,344 | 16,884 | 97.35% | 369 | 17,253 | 99.48% |

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

SCHEDULE 39

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 | | | | | | Per Capita ¹ | | |
|----------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---|---------------------|--------------------------------|------------------|-------------------|---|-------------------|--------------------------------|----------------------------|--|----------|
| | General Obligation Bonds | Special Obligation Bonds | Limited Obligation Bonds | Special Assessment Bonds | Unamortized Premiums (Discounts) ¹ | Promissory Loans | Taxable Negotiable Notes | Water & Sewer | | Unamortized Premiums (Discounts) ¹ | Capital Leases | Total Primary Government | | Percentage of Personal Income ² | |
| | | | | | | | | Revenue Bonds | Capital Leases | | | | | | |
| | | | | | | | | | | | | | | | |
| 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 | 5.80% | 2,127 |
| 2019 | 45,144 | 455 | 2,061 | 170 | 1,726 | 1,606 | - | 758 | - | 13,654 | 402 | 9,243 | 75,219 | 5.50% | 2,015 |
| 2020 | 47,139 | 350 | 1,931 | 40 | 1,636 | 2,006 | - | 755 | - | 53,882 | 7,717 | 9,243 | 124,699 | 9.71% | 3,558 |

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 year 2011, prior to implementation of GASB 65 unamortized bond issuance costs on refunding debt are included in this amount.

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

SCHEDULE 40

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 | Less: Amounts Unamortized Premiums (Discounts) | Available in Debt Service Fund | Total | Percentage of Estimated True Value of Taxable Property¹ | Per Capita² |
|------------------------|---|---|---|--------------|---|-----------------------------------|
| 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% | 1,313 |
| 2019 | 45,144 | 1,726 | 400 | 46,470 | 2.00% | 1,246 |
| 2020 | 47,139 | 1,636 | 2,015 | 46,760 | 2.05% | 1,334 |

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

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

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

SCHEDULE 41

CITY OF MERIDIAN, MISSISSIPPI
Direct and Overlapping Governmental Activities Debt
As of September 30, 2020
(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 | 52.38% | \$ 16,322 |
| Debt repaid with property taxes: School | <u>10,350</u> | 97.52% | <u>10,093</u> |
| Subtotal, overlapping debt | 41,510 | | 26,415 |
| City of Meridian direct debt | <u>53,857</u> | 100.00% | <u>53,857</u> |
| Total direct and overlapping debt | <u>\$ 95,367</u> | | <u>\$ 80,272</u> |

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

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

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

CITY OF MERIDIAN, MISSISSIPPI

Legal Debt Margin Information

Last Ten Fiscal Years

(amounts expressed in thousands)

| | Fiscal year | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | <u>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>2020</u> |
| Debt Limit | \$ 51,445 | \$ 51,362 | \$ 50,632 | \$ 51,175 | \$ 50,793 | \$ 52,283 | \$ 53,221 | \$ 52,862 | \$ 53,301 | \$ 51,014 |
| Total net debt applicable to limit | <u>30,315</u> | <u>32,621</u> | <u>30,418</u> | <u>32,729</u> | <u>30,172</u> | <u>34,663</u> | <u>30,852</u> | <u>27,805</u> | <u>26,054</u> | <u>27,134</u> |
| Legal debt margin | <u>\$ 21,130</u> | <u>\$ 18,741</u> | <u>\$ 20,214</u> | <u>\$ 18,446</u> | <u>\$ 20,621</u> | <u>\$ 17,620</u> | <u>\$ 22,369</u> | <u>\$ 25,057</u> | <u>\$ 27,247</u> | <u>\$ 23,880</u> |
| Total net debt applicable to the limit | <u>58.93%</u> | <u>63.51%</u> | <u>60.08%</u> | <u>63.96%</u> | <u>59.40%</u> | <u>66.30%</u> | <u>57.97%</u> | <u>52.60%</u> | <u>48.88%</u> | <u>53.19%</u> |
| as a percentage of debt limit | | | | | | | | | | |

Legal Debt Margin Calculation for Fiscal Year 2020:

| | |
|---|-------------------|
| Assessed value | \$ 339,261 |
| Add back: exempt real property | <u>831</u> |
| Total assessed value | <u>\$ 340,092</u> |
| Debt limit (15% of total assessed value) | <u>\$ 51,014</u> |
| Debt applicable to limit: | |
| General obligation bonds ¹ | 29,149 |
| Less: Amount set aside for repayment of general obligation debt | <u>(2,015)</u> |
| Total net debt applicable to limit | <u>27,134</u> |
| Legal debt margin | <u>\$ 23,880</u> |

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

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

SCHEDULE 43

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 |
|------------------------|--|---|--------------------------------------|---------------------|-----------------|-----------------|
| | | | | Principal | Interest | |
| 2011 | \$ 12,404 | \$ 7,017 | \$ 5,387 | \$ 1,840 | \$ 789 | 204.91% |
| 2012 | 13,187 | 7,544 | 5,643 | 1,930 | 706 | 214.07% |
| 2013 | 13,553 | 7,569 | 5,984 | 2,042 | 652 | 222.12% |
| 2014 | 13,699 | 7,647 | 6,052 | 2,195 | 437 | 229.94% |
| 2015 | 13,284 | 7,511 | 5,773 | 1,465 | 355 | 317.20% |
| 2016 | 13,993 | 8,076 | 5,917 | 1,525 | 297 | 324.75% |
| 2017 | 12,460 | 8,380 | 4,080 | 1,165 | 236 | 291.22% |
| 2018 | 13,505 | 8,296 | 5,209 | 1,225 | 179 | 371.01% |
| 2019 | 14,525 | 7,751 | 6,774 | 865 | 140 | 674.03% |
| 2020 | 14,838 | 9,642 | 5,196 | 895 | 114 | 514.97% |

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

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

¹Total operating expenses exclusive of depreciation and amortization expense.

SCHEDULE 44

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

| Fiscal Year | Population¹ | Personal Income (amounts expressed in thousands)² | Per Capita Personal Income² | Median Age³ | School Enrollment⁴ | Unemployment Rate⁵ |
|--------------------|-------------------------------|---|---|-------------------------------|--------------------------------------|--------------------------------------|
| 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 | 5,232 | 5.2% |
| 2019 | 37,325 | 3,839,072 | 38,427 | 36.3 | 5,143 | 5.8% |
| 2020 | 35,052 | 4,115,142 | 41,748 | 36.5 | 4,940 | 5.1% |

Sources:

¹U.S. Census Bureau, Population Census, April 1, 2020 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, 2015-2019 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: January 2022.

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

Note:

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

SCHEDULE 45

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

| <u>Taxpayer</u> | <u>2020</u> | | | <u>2011</u> | | |
|----------------------------------|------------------|-------------|--|------------------|-------------|--|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> |
| Rush Foundation Hospital | 2,465 | 1 | 16.81% | 2,610 | 1 | 18.71% |
| Anderson Regional Medical Center | 1,343 | 2 | 9.16% | 1,722 | 2 | 12.34% |
| Mississippi Air National Guard | 1,200 | 3 | 8.19% | 420 | 8 | 3.01% |
| Meridian Public Schools | 1,000 | 4 | 6.82% | 1,000 | 4 | 7.17% |
| East Mississippi State Hospital | 943 | 5 | 6.43% | 1,205 | 3 | 8.64% |
| Walmart Supercenters | 695 | 6 | 4.74% | 760 | 6 | 5.45% |
| City of Meridian | 530 | 7 | 3.62% | 550 | 7 | 3.94% |
| Alliance Health Center | 350 | 8 | 2.39% | 385 | 9 | 2.76% |
| Meridian Community College | 325 | 9 | 2.22% | 327 | 10 | --- |
| Avery Products | 250 | 10 | 1.71% | --- | --- | --- |
| Peavey Electronics Corporation | --- | --- | --- | 950 | 5 | 6.81% |
| Totals | <u>9,101</u> | | <u>62.09%</u> | <u>9,929</u> | | <u>68.83%</u> |

Source: East Mississippi Business Development Corporation

SCHEDULE 46

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>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>2020</u> |
| General government | 46 | 59 | 47 | 48 | 49 | 59 | 61 | 55 | 55 | 53 |
| Public safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Officers | 109 | 108 | 100 | 92 | 90 | 77 | 99 | 90 | 77 | 75 |
| Civilians | 15 | 19 | 17 | 13 | 18 | 24 | 19 | 21 | 20 | 20 |
| Fire: | | | | | | | | | | |
| Firefighters and officers | 112 | 114 | 106 | 103 | 97 | 110 | 106 | 96 | 91 | 79 |
| Civilians | 10 | 11 | 9 | 7 | 9 | 9 | 8 | 7 | 6 | 6 |
| Highways and streets | 65 | 57 | 56 | 55 | 67 | 65 | 75 | 68 | 60 | 57 |
| Sanitation | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Culture and recreation | 42 | 42 | 40 | 39 | 32 | 30 | 35 | 27 | 23 | 28 |
| Water | 48 | 48 | 45 | 39 | 39 | 31 | 37 | 25 | 27 | 21 |
| Sewer | 42 | 39 | 36 | 31 | 31 | 37 | 39 | 29 | 33 | 35 |
| Golf course | 7 | 8 | 8 | 10 | 8 | 9 | 4 | 2 | 1 | 1 |
| Union Station | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Municipal Garage | 11 | 11 | 11 | 10 | 10 | 10 | 11 | 7 | 5 | 4 |
| Public Safety & Training Facility | 4 | 5 | 4 | 4 | 3 | 3 | 3 | 5 | 4 | 6 |
| Community Development | 16 | 16 | 18 | 18 | 22 | 23 | 20 | 16 | 18 | 14 |
| Totals | 530 | 540 | 500 | 472 | 478 | 490 | 519 | 450 | 422 | 401 |

Source: City's payroll department.

SCHEDULE 47

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

| Function | Fiscal Year | | | | | | | | | |
|--|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Police: | | | | | | | | | | |
| Physical arrests | 5,089 | 6,254 | 5,847 | 3,917 | 4,012 | 3,838 | 3,997 | 4,541 | 2,578 | 4,097 |
| Parking violations | 4,347 | 3,699 | 3,186 | 2,027 | 1,960 | 1,972 | 1,365 | 1,848 | 2,122 | 1,275 |
| Traffic violations | 12,089 | 9,533 | 9,163 | 8,801 | 8,366 | 6,719 | 9,672 | 8,617 | 6,040 | 7,214 |
| Fire: | | | | | | | | | | |
| Number calls answered | 2,070 | 1,550 | 1,621 | 1,596 | 1,456 | 1,625 | 1,542 | 1,599 | 1,699 | 1,557 |
| Inspections | 1,810 | 2,053 | 1,414 | 2,365 | 2,573 | 2,002 | 2,399 | 2,531 | 2,542 | 1,985 |
| Highways and streets: | | | | | | | | | | |
| Street resurfacing (miles) | - | 4 | 19 | 19 | - | 22 | 14 | 6 | 6 | 2 |
| Potholes repaired ¹ | 394 | 1,003 | 936 | 1,191 | 364 | 803 | 542 | 515 | 595 | 743 |
| Culture and recreation: | | | | | | | | | | |
| Meridian Activity Center/Velma | | | | | | | | | | |
| Young Park/Highland Park classes | 1,255 | 1,248 | 1,594 | 1,624 | 1,652 | 1,978 | 1,981 | 1,602 | 1,803 | 1,332 |
| Water: | | | | | | | | | | |
| New connections | 50 | 28 | 46 | 88 | 46 | 28 | 31 | 18 | 19 | 19 |
| Water leak repairs | 1,344 | 1,196 | 644 | 640 | 564 | 595 | 552 | 444 | 486 | 536 |
| Average daily consumption (millions of gallons) | 5.033 | 5.066 | 5.236 | 5.453 | 5.640 | 5.722 | 5.025 | 4.981 | 4.762 | 9.545 |
| Wastewater: | | | | | | | | | | |
| Average daily sewerage treatment (millions of gallons) | 6.390 | 7.060 | 8.380 | 6.130 | 6.490 | 7.140 | 6.540 | 6.350 | 6.850 | 4.420 |

Source: Various City departments.

¹For fiscal years 2012 through 2020, 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 year 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

| Function | Fiscal Year | | | | | | | | | |
|--|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Public safety: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 84 | 88 | 86 | 93 | 90 | 84 | 101 | 110 | 93 | 90 |
| Fire stations | 7 | 8 | 8 | 8 | 8 | 8 | 7 | 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 | 6,603 | 6,639 | 6,693 | 6,729 | 6,735 | 6,752 | 6,756 | 6,756 | 6,756 | 6,756 |
| Traffic signals | 117 | 117 | 117 | 117 | 117 | 120 | 121 | 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 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Community centers | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 |
| Softball/Baseball fields | 18 | 18 | 18 | 18 | 19 | 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 | 1 |
| Water: | | | | | | | | | | |
| Water mains (miles) | 430 | 430 | 430 | 430 | 431 | 432 | 432 | 432 | 432 | 432 |
| Fire hydrants | 2,141 | 2,180 | 2,180 | 2,181 | 2,183 | 2,186 | 2,186 | 2,186 | 2,186 | 2,186 |
| Maximum daily capacity (thousands of gallons) | 14,500 | 13,952 | 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.

COMPLIANCE SECTION

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

SCHEDULE 49 (Page 1 of 2)

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2020

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Pass-through Grantor's Number/Federal Contract | Program or Award Amount | Accrued (Unearned) Revenue 9/30/2019 | Federal Receipts | Federal Share Disbursements/Expenditures | Accrued (Unearned) Revenue 9/30/2020 | Cumulative Federal Receipts | Cumulative Federal Share Disbursements/Expenditures | Fund Type |
|---|---------------------|--|-------------------------|--------------------------------------|------------------|--|--------------------------------------|-----------------------------|---|------------------------------|
| U. S. Department of Justice | | | | | | | | | | |
| Pass-through Mississippi Department of Public Safety: | | | | | | | | | | |
| Bulletproof Vests Partnership | 16.607 | 2017BUBX15078506 | \$ 14,375 | \$ 5,439 | \$ 7,263 | \$ - | \$ (1,824) | \$ 14,272 | \$ 12,448 | Special revenue |
| Bulletproof Vests Partnership | 16.607 | 2018BUBX18093471 | 6,000 | - | 2,258 | 2,258 | - | 2,258 | 2,258 | Special revenue |
| Total pass-through programs | | | | 5,439 | 9,521 | 2,258 | (1,824) | 16,530 | 14,706 | |
| JAG Program cluster: | | | | | | | | | | |
| Direct programs | | | | | | | | | | |
| Edward Byrne Memorial Justice Assistance | 16.738 | 2016-DJ-BX-0249 | 37,648 | 11,422 | 11,422 | - | - | 37,648 | 37,648 | Special revenue |
| Edward Byrne Memorial Justice Assistance | 16.738 | 2017-DJ-BX-0619 | 35,642 | 14,257 | 35,642 | 4,394 | (16,991) | 35,642 | 18,651 | Special revenue |
| Edward Byrne Memorial Justice Assistance | 16.738 | 2018-DJ-BX-0738 | 36,157 | - | - | 14,463 | 14,463 | - | 14,463 | Special revenue |
| Edward Byrne Memorial Justice Assistance | 16.738 | 2019-DJ-BX-0429 | 33,879 | - | - | - | - | - | - | Special revenue |
| COVID-19 Response | 16.034 | 2020-VD-BX-1668 | 109,157 | - | 19,384 | 37,766 | 18,382 | 19,384 | 37,766 | Special revenue |
| Total JAG Program cluster | | | | 25,679 | 66,448 | 56,623 | 15,854 | 92,674 | 108,528 | |
| Total U.S. Department of Justice | | | | 31,118 | 75,969 | 58,881 | 14,030 | 109,204 | 123,234 | |
| U. S. Department of Transportation | | | | | | | | | | |
| Pass-through Mississippi Department of Public Safety - | | | | | | | | | | |
| Police Traffic Services | 20.600 | PT-2019-PT-22-21 | 11,600 | - | 2,950 | - | (2,950) | 3,323 | 373 | Special revenue |
| Old Highway 80 Pedestrian Improvements | 20.205 | STP-7243-00(002) | 700,000 | 46,848 | 624,610 | 653,152 | 75,390 | 624,610 | 700,000 | Capital project |
| 22nd Avenue Bicycle & Pedestrian Improvements | 20.205 | STP-9450-00(005) | 1,194,358 | - | - | - | - | - | - | Capital project |
| Total U.S. Department of Transportation | | | | 46,848 | 627,560 | 653,152 | 72,440 | 627,933 | 700,373 | |
| U. S. Department of Treasury | | | | | | | | | | |
| Pass-through Mississippi Emergency Management Agency - | | | | | | | | | | |
| COVID-19 Coronavirus Relief Fund | 21.019 | 075-46640-00 | 963,768 | - | - | 963,768 | 963,768 | - | 963,768 | General Fund - Public Safety |
| Total U.S. Department of Treasury | | | | - | - | 963,768 | 963,768 | - | 963,768 | |
| U. S. Environmental Protection Agency | | | | | | | | | | |
| Pass-through Mississippi State Department of Health - | | | | | | | | | | |
| Drinking Water Systems Improvements Revolving Loan Fund | 66.468 | DW1-L380005-01-0 | \$ 8,114,960 | - | - | 60,215 | 60,215 | 375,651 | 435,866 | Special revenue |
| Total U.S. Environmental Protection Agency | | | | - | - | 60,215 | 60,215 | 375,651 | 435,866 | |
| U. S. Department of Health and Human Services | | | | | | | | | | |
| Pass-through Mississippi State Department of Health: | | | | | | | | | | |
| Mayor's Health Council | 93.758 | 2B010T00903215 | 3,000 | (565) | - | - | (565) | 2,548 | 1,983 | Special revenue |
| Mosquito Surveillance | 93.323 | NU50CK000414-03-04 | 42,523 | - | - | - | - | 20,564 | 20,564 | Special revenue |
| Total U.S. Department of Health and Human Services | | | | (565) | - | - | (565) | 23,112 | 22,547 | |

(continued)

CITY OF MERIDIAN, MISSISSIPPI

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended September 30, 2020

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Pass-through Grantor's Number/ Federal Contract | Program or Award Amount | Accrued (Unearned) Revenue 9/30/2019 | Federal Receipts | Federal Share Disbursements/ Expenditures | Accrued (Unearned) Revenue 9/30/2020 | Cumulative Federal Receipts | Cumulative Federal Share Disbursements/ Expenditures | Fund Type |
|---|---------------------|---|-------------------------|--------------------------------------|------------------|---|--------------------------------------|-----------------------------|--|-----------------|
| U. S. Department of Homeland Security | | | | | | | | | | |
| Pass-through Mississippi Department of Public Safety: | | | | | | | | | | |
| Homeland Security - Training | 97.073 | 16HS258 | \$ 75,000 | \$ (19,035) | \$ - | \$ 19,035 | \$ - | \$ 75,000 | \$ 75,000 | Special revenue |
| Homeland Security - Training | 97.067 | 17HS258 | 75,000 | (9,380) | - | 9,380 | - | 75,000 | 75,000 | Special revenue |
| Homeland Security - Training | 97.067 | 17LE258M | 21,000 | (14) | - | 14 | - | 21,000 | 21,000 | Special revenue |
| Homeland Security - Training | 97.067 | A17LE258M | 79,000 | (7,364) | 14,211 | 21,575 | - | 79,000 | 79,000 | Special revenue |
| Homeland Security - Training | 97.067 | 18HS258 | 75,000 | 25,177 | 65,095 | 39,918 | - | 75,000 | 75,000 | Special revenue |
| Homeland Security - Training | 97.067 | 19HS258 | 75,000 | - | - | 3,914 | 3,914 | - | 3,914 | Special revenue |
| Homeland Security - Training Law Enforcement | 97.067 | 18LE258M | 38,643 | - | - | 5,304 | 5,304 | - | 5,304 | Special revenue |
| Task Force Field Force Operations | 97.067 | M18LE258 | 61,000 | - | 61,000 | 61,000 | - | 61,000 | 61,000 | Special revenue |
| Total U.S. Department of Homeland Security | | | | (10,616) | 140,306 | 160,140 | 9,218 | 386,000 | 395,218 | |
| Total federal financial assistance | | | | \$ 66,783 | \$ 843,835 | \$ 1,896,156 | \$ 1,119,106 | \$ 1,521,900 | \$ 2,641,006 | |

1 The Program or Award Amount is based upon anticipated Federal, State match, and other funds available to the Mississippi State Department of Health. The Federal portion of this award is unknown until the loan funds are requested and received by the City.

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2020

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards ("schedule") includes the federal award activity of the City of Meridian, Mississippi ("City") under programs of the federal government for the year ended September 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of the City, it is not intended to, and does not present, the financial position, changes in net position, or cash flows of the City.

(2) Summary of Significant Accounting Policies

Expenditures for each of the federal financial assistance programs presented on the schedule are reported on the accounting basis as presented on the fund financial statements. For governmental funds programs, expenditures are presented on the modified accrual basis of accounting. For proprietary fund programs, expenditures are presented on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has not negotiated an indirect cost rate nor elected the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(3) Federal Loan

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Meridian, Mississippi ("City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 31, 2021. Our report includes a reference to other auditors who audited the financial statements of the Meridian Airport Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 questioned costs (Finding 2020-001) 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

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

Purpose of this Report

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

Jackson, Mississippi
December 31, 2021



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

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

Report on Compliance for Each Major Federal Program

We have audited City of Meridian, Mississippi's ("City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention of those charged with governance.

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

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

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

Jackson, Mississippi
December 31, 2021

Brigade, Sanders & O'Neil, LLC

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

| | |
|---|----------------------|
| Type of auditors' report issued: | Unmodified |
| Internal control over financial reporting: | |
| • Material weaknesses identified? | Yes |
| • Significant deficiencies identified? | None reported |
| Noncompliance material to financial statements noted? | No |

Federal Awards

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

CFDA Number

Name of Federal Program or Cluster

21.019

COVID-19 Coronavirus Relief Fund

| | |
|--|-------------------|
| Dollar threshold used to distinguish between type A and type B programs: | \$ 750,000 |
| Auditee determined to be a low-risk auditee? | No |

Continued

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2020

Section II - Findings - Financial Statements Audit

Finding 2020-001 (Repeated finding. See finding 2019-002)

Internal Control Over Financial Reporting

Finding Type: Material Weakness

Criteria

Management is responsible for establishing and maintaining effective internal control over financial reporting.

Condition

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.

Cause of Condition

The City's processes and procedures lack a formal year-end close process to ensure timely and accurate financial reporting at year-end.

Effect of Condition

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.

Recommendation

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.

Continued

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2020

Views of Responsible Officials and Planned Corrective Actions

Management agrees with the recommendations. Beginning in fiscal year 2021, the City implemented a new general ledger system that will shorten the year-end close process and allow audit adjustments to be prepared more timely. In addition, a year-end close checklist has been created for this general ledger system and the City will keep an updated "Prepared by Client List" of year-end close procedures that indicates the responsible parties and deadlines.

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

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

CITY OF MERIDIAN, MISSISSIPPI
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended September 30, 2020

Finding 2019-001

Condition – The design of the City’s accounting process does not provide for appropriate supervisory review of journal entries recorded into *CAFR Unlimited*.

Recommendation – Management should implement procedures where journal entries posted into *CAFR Unlimited* 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.

Current Status – The recommendation was adopted in fiscal year 2020. No similar findings were noted in the 2020 audit.

Finding 2019-002

Condition – 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.

Recommendation – 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.

Current Status – The recommendation was implemented by the City in fiscal year 2021. This finding was repeated for fiscal year 2020. See finding 2020-001.

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

The Honorable Mayor and
Honorable Members of the City Council
City of Meridian, Mississippi:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Meridian, Mississippi ("City") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2021. Our report includes a reference to other auditors who audited the financial statements of the Meridian Airport Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

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

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

Jackson, Mississippi
December 31, 2021

Breazeale, Saunders & O'Neil, Ltd.

CITY OF MERIDIAN, MISSISSIPPI

Management Letter

September 30, 2020

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

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Meridian, Mississippi ("City") as of and for the year ended September 30, 2020, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the City's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and recommendations regarding those matters. We previously communicated to you about the City's internal control in our letter dated December 31, 2021. This letter does not affect our report dated December 31, 2021, on the financial statements of the City.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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

We wish to thank all employees for their support and assistance during our audit. This report is intended solely for the information and use of the Honorable Mayor, honorable members of the City Council, management, and others within the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

Jackson, Mississippi
December 31, 2021



CITY OF MERIDIAN, MISSISSIPPI
Independent Auditors' Findings and Recommendations
With Respect to Internal Controls
For the Year Ended September 30, 2020

The following findings and recommendations include conditions noted during the course of our audit for the year ended September 30, 2020.

POLICE BOND DEPOSITS PAYABLE

Finding:

During our audit, we noted that the City's existing system for recording police bond deposits payable, including overpaid and unapplied police bonds, does not allow for a monthly reconciliation of the subsidiary ledger of deposits payable by individual depositors to the general ledger. It was further noted that the subsidiary ledger includes bond deposits payable dated as far back as 1986.

Recommendation:

We recommend that the City implement a system that produces a reconciliation of the subsidiary ledger of the police bond deposits payable, including overpaid and unapplied police bonds, by individual depositors to the general ledger on a monthly basis. This reconciliation should determine that all additions to, and payments of, deposits are correctly recorded in the subsidiary ledger and the general ledger. Such reconciliations should help to determine whether there are any discrepancies. All discrepancies noted should be investigated and resolved in a timely manner. To properly reflect the police bond deposits payable and the disposition of overpaid and unapplied police bonds, fines and fees, the subsidiary ledger should be reviewed for accuracy. Based on this review, the general ledger should also be adjusted to properly reflect the resulting balance.

CITY OF MERIDIAN, MISSISSIPPI
Independent Auditors' Findings and Recommendations
With Respect to Internal Controls
For the Year Ended September 30, 2020

INTERNAL AUDIT

Finding:

During our audit, we noted areas in which the internal audit function could be expanded and enhanced for monitoring compliance with the City's policies and procedures.

Recommendation:

We recommend that the internal audit functions be reviewed and enhanced to allow for monitoring controls throughout the fiscal year. Consideration of internal audit functions to implement can be gathered through assessment of risks the City faces and by meeting with department heads to gain an understanding of their concerns and risks they face. Following are an example of internal audit functions to consider:

- Random cash counts at areas that take in cash receipts.
- Monthly reconciliations of the accounts receivable subsidiary ledger with amounts recorded in the City's general ledger.
- Inventory test counts, especially of year-end inventory.
- Monthly reconciliation of capital asset additions and deletions with the amounts reported in the depreciation system. The City has a significant number of asset additions and deletions each year – monitoring this activity monthly will aid in timely preparation of the year-end depreciation schedules needed for the year-end GAAP conversion adjustments.
- Random review of payroll processes, including periodic detailed review of payroll, surprise payroll "pay-outs", assess department/supervisory review and approval of timecards.
- Obtain annual representation from management-level employees to include (1) representation of compliance with laws, regulations, contracts, and grant agreements, (2) representations of accurately stated inventory counts, (3) representation of regular and proper review of time cards, (4) representations of accurate year-end capital asset records, (5) representation that they understand and refrain from kickbacks, (6) representation of proper use of City vehicles and equipment in accordance with City policies, (7) representations of their knowledge of any actual or suspected fraud affecting the City, and (8) other areas pertinent to prudently managing the City.

CITY OF MERIDIAN, MISSISSIPPI
Independent Auditors' Findings and Recommendations
With Respect to Internal Controls
For the Year Ended September 30, 2020

BANK RECONCILIATIONS

Finding:

During our audit, we noted unreconciled differences on bank reconciliations that are carried over to future months. In some instances, the reconciling included items that required adjustments to the general ledger for which an adjustment had not been made.

Recommendation:

Monthly bank account reconciliations are an important internal control procedure relating to the City's cash accounts. We recommend that the City implement policies and procedures that allow for timely reconciliation of all bank activities. Although some of these items may appear not to be material to the overall financial position of the City, it may obscure significant but offsetting items, such as bank errors or improperly recorded transactions, that would be a cause for investigation if the items were apparent. Unreconciled amounts should be investigated and cleared promptly.

UNCOLLECTIBLE ACCOUNTS RECEIVABLE

Finding:

During our audit, it was noted that approximately 30% of the water/sewer accounts receivable are over 90 days past due. We further noted that an increasing amount of water/sewer accounts are written off as uncollectible each year.

Recommendation:

We recommend that the City implement policies and procedure to improve collection procedures. Attention should be given to the application of effective collection and follow-up procedures, including enforcement of the cutoff policy. Management should receive and review a monthly written report of the more significant past-due accounts. The report should include comments on collection procedure performed and their results. Decisions should be made as to pursuing collection or settling older accounts prior to write-off. It was noted that the City is in the process of installing a new metering system which should enhance the water usage and billing information. This transition may provide an opportunity review and enhance collection procedures.

CITY OF MERIDIAN, MISSISSIPPI
Independent Auditors' Findings and Recommendations
With Respect to Internal Controls
For the Year Ended September 30, 2020

CAPITAL ASSETS

Finding:

During our audit, we noted capital asset items on the depreciation schedule that may be obsolete or unused.

Recommendation:

We recommend that the City implement policies and procedures related to capital asset records that would allow for a review of the depreciable assets each year for any obsolete assets to be removed. We further recommend that the City move any surplus assets to be sold to a separate asset category for monitoring and periodic review.

PUBLIC DEPOSITOR ANNUAL REPORT

Finding:

During our audit, we noted that some of the bank account balances reported to the Mississippi Treasury Department Public Depositor Annual Report ("Annual Report") for the fiscal year ended September 30, 2020, were incorrect.

Recommendation:

We recommend that the City implement policies and procedures to ensure that the Annual Report is correctly stated prior to submission to the Mississippi Treasury Department.

