

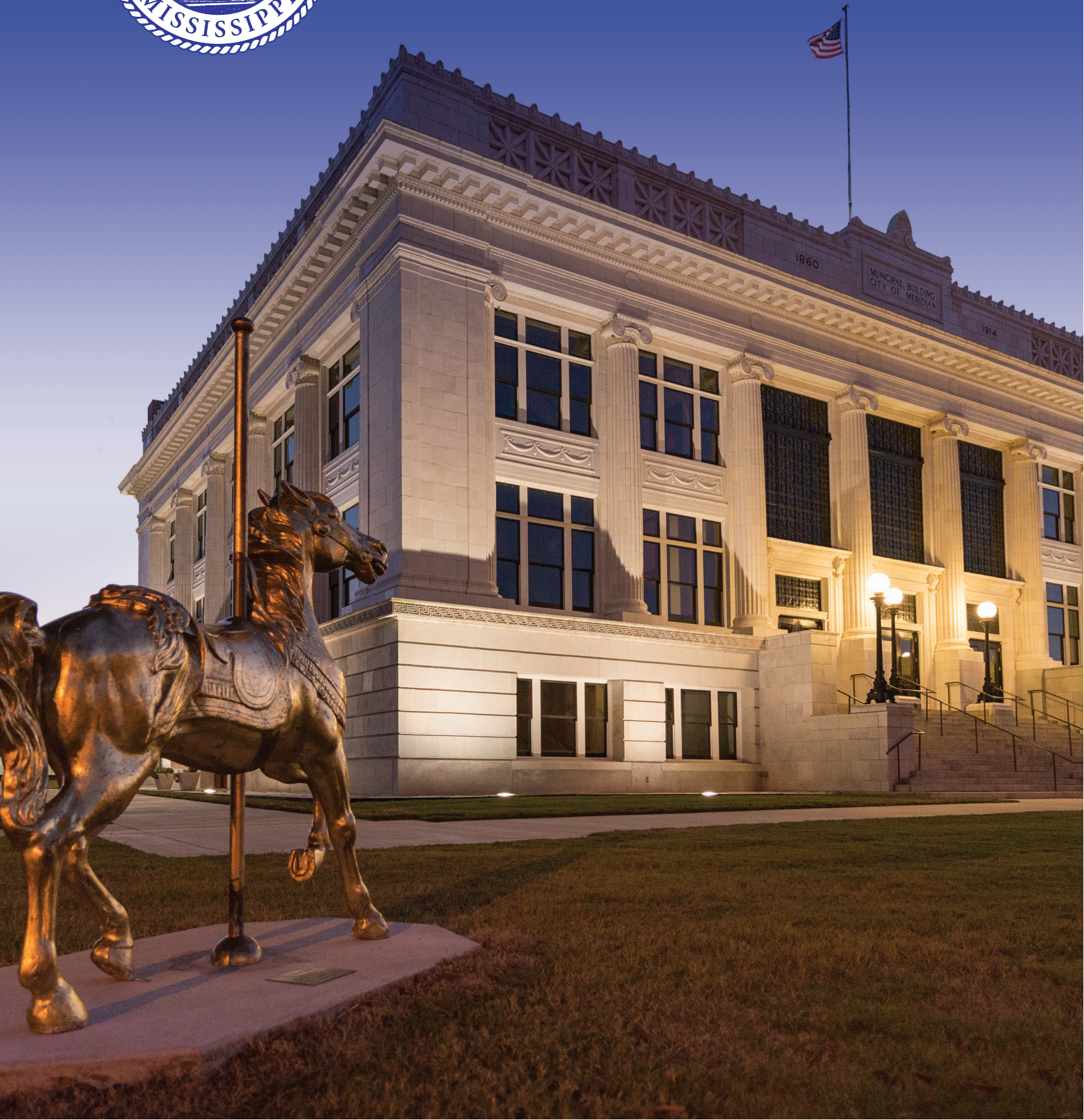
OFFICE OF THE STATE AUDITOR REPORT NOTE:

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.



2021 ANNUAL COMPREHENSIVE **FINANCIAL REPORT**



CITY OF MERIDIAN, MISSISSIPPI
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021

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

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CITY OF MERIDIAN, MISSISSIPPI

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2021

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CITY OF MERIDIAN, MISSISSIPPI

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INTRODUCTORY SECTION

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December 7, 2023

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, 2021.

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 Mauldin & Jenkins, LLC, 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, 2021, 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, 2021, 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 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 continued with the historic, sixteen-story 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 four hospitals that employ over 5,000 healthcare professionals and staff. The federal government has a major presence in the area with the Meridian Naval Air Station (“NAS Meridian”), which provides training for both 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, which are financed through grants and bond issues. Various road and bridge improvements are also in progress utilizing the City’s infrastructure modernization use tax diversion, along with grants and bond issues.

Awards and Acknowledgements

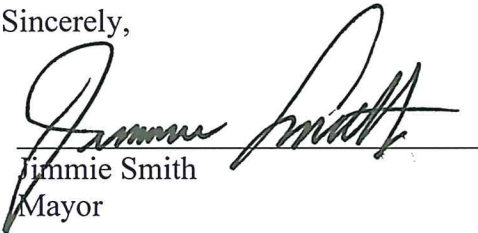
The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report (“ACFR”) for the fiscal year ended September 30, 2020. This is the twenty-fifth consecutive 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.

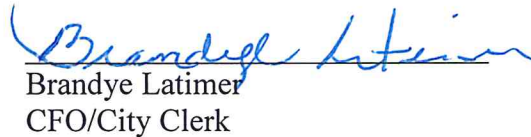
A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements.

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

CITY OF MERIDIAN, MISSISSIPPI
GFOA CERTIFICATE OF ACHIEVEMENT



Government Finance Officers Association

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

Presented to

**City of Meridian
Mississippi**

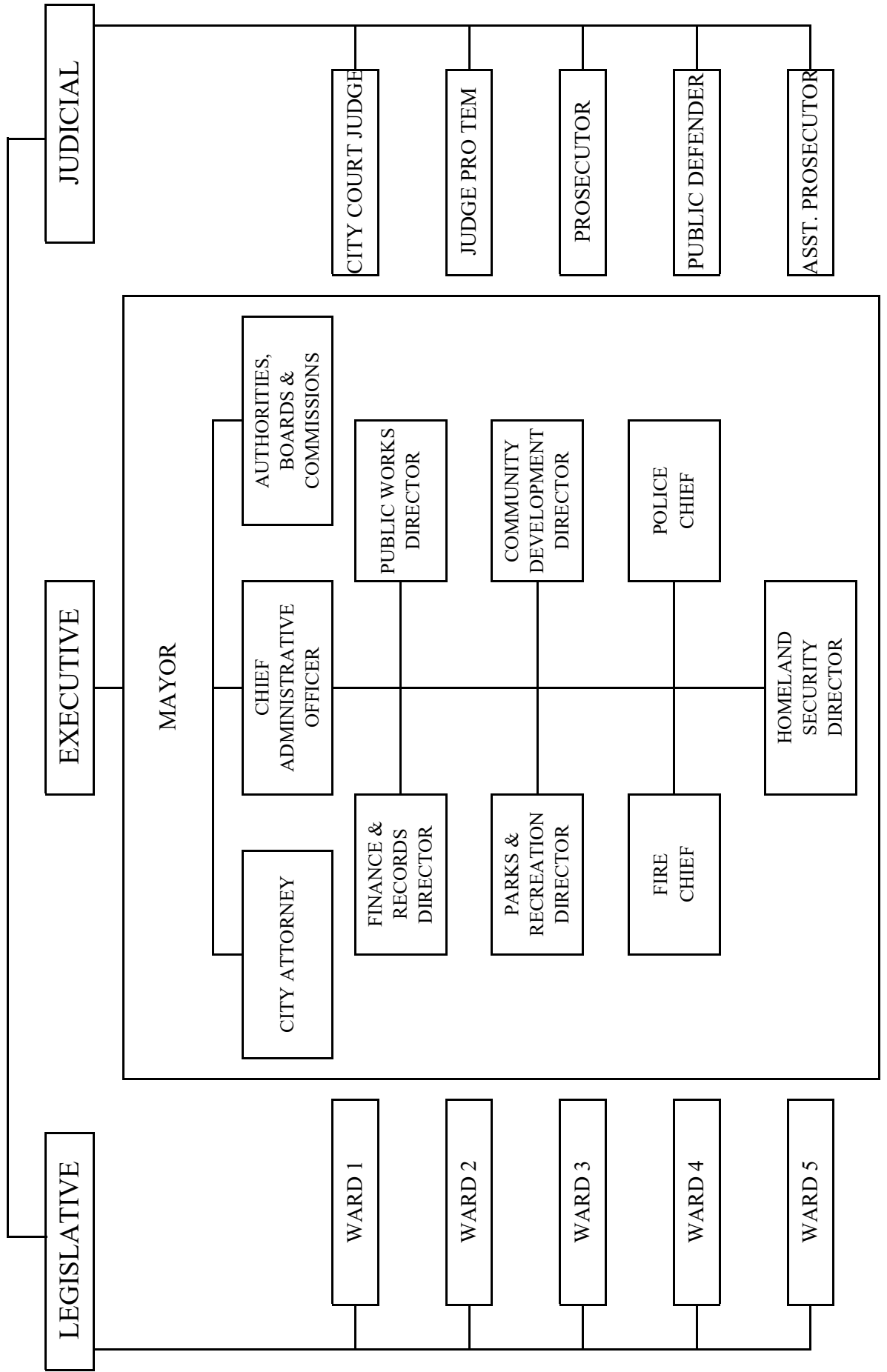
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrell

Executive Director/CEO

CITY OF MERIDIAN, MISSISSIPPI ORGANIZATIONAL STRUCTURE



CITY OF MERIDIAN, MISSISSIPPI

LISTING OF CITY OFFICIALS SEPTEMBER 30, 2021

Elected Officials

Mayor	Jimmie Smith, Sr.
Council Member - Ward 1	George M Thomas
Council Member - Ward 2	Dwayne Davis
Council Member - Ward 3	Joseph Norwood
Council Member - Ward 4	Romande Walker
Council Member - Ward 5	Ty Bell Lindsey

Appointed Officials

Chief Administrative Officer	Tim Miller
Finance and Records Director/City Clerk	Brandye Latimer
Public Works Director	David Hodge
Parks and Recreation Director	Thomas Adams
Community Development Director	Craig Hitt
Fire Chief	Jason Collier
Police Chief	Deborah Naylor-Young
Public Safety and Training Facility Director	Doug Stephens
City Attorney	Will Simmons

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Meridian, Mississippi** (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Meridian, Mississippi's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Meridian Airport Authority, which represent 86%, 87%, and 98%, of the assets and deferred outflows of resources, net position, and revenues of the aggregate 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, 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.

Emphasis of Matter

As discussed in Note 18, the City implemented Governmental Accounting Standards Board (GASB) Statement No.84, *Fiduciary Activities*, as of October 1, 2020. This standard significantly changed the accounting for the City's fiduciary funds. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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, the Schedule of Surety Bonds, and statistical section are presented for additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules 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 described above, and the report of other auditors, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, Schedule of Surety Bonds, and statistical section 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 in it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, 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 solely 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.

Mauldin & Jenkins, LLC

Birmingham, Alabama
December 7, 2023

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**CITY OF MERIDIAN, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

As management of the City of Meridian, Mississippi (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. 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 i through v 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 \$68,963 (*net position*). Of this amount, the \$7,525 governmental activities *deficit unrestricted net position* is largely due to the City's \$35,320 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 \$8,004. This increase in net position is due to an increase in General Government charges for services.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$39,786, an increase of \$5,291 in comparison with the prior year. Approximately 47.4% of this total amount, \$18,860, 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 \$18,886 or 60.5% of total General Fund expenditures.
- The City's total debt decreased by \$4,379 (3.8%) during the current fiscal year. The increase is due to: (1) \$3,050 proceeds from the 2020 General Obligation Refunding Bond issue, (2) \$900 proceeds from a 2021 Tax Increment Bond, (3) \$853 proceeds from Promissory Loans for fleet vehicles and a fire truck, (4) \$76 proceeds drawn on the EPA Drinking Water Systems Improvements Revolving Loan Fund Program for water treatment plant improvements, and (5) \$10,045 proceeds from the 2021 Water and a Mississippi Development Bank promissory loan for water and sewer improvement projects. This was offset by the payment of \$19,303 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, 2021**

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 City-wide 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, and (2) Meridian Urban Renewal 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 17 and 18 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.

**CITY OF MERIDIAN, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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 19 through 22 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 City-wide 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
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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 23 through 27 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 28 and 29 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 32 through 86 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 87 through 97 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 98 through 114 of this report.

**CITY OF MERIDIAN, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Government-Wide Financial Analysis

The following table presents the City's net positions at September 30, 2021 compared to September 30, 2020.

City of Meridian's Net Position

<u>Description</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 46,085	38,014	74,171	77,242	120,270	115,256
Capital assets, net	<u>87,557</u>	<u>89,797</u>	<u>45,412</u>	<u>42,135</u>	<u>132,969</u>	<u>131,932</u>
Total assets	<u>133,642</u>	<u>127,811</u>	<u>119,583</u>	<u>119,377</u>	<u>253,239</u>	<u>247,188</u>
Deferred outflows of resources	<u>4,088</u>	<u>4,153</u>	<u>681</u>	<u>622</u>	<u>4,769</u>	<u>4,775</u>
Long-term liabilities outstanding	79,322	101,508	76,148	78,978	155,470	180,486
Other liabilities	<u>14,189</u>	<u>3,250</u>	<u>6,398</u>	<u>2,365</u>	<u>20,587</u>	<u>5,615</u>
Total liabilities	<u>93,511</u>	<u>104,758</u>	<u>82,546</u>	<u>81,343</u>	<u>176,057</u>	<u>186,101</u>
Deferred inflows of resources	<u>10,974</u>	<u>4,119</u>	<u>2,750</u>	<u>783</u>	<u>13,724</u>	<u>4,902</u>
Net position:						
Net investment in capital assets	38,691	63,921	3,258	18,837	41,949	82,758
Restricted	19,488	11,164	-	5,268	19,488	16,432
Unrestricted (deficit)	<u>(24,183)</u>	<u>(51,998)</u>	<u>31,709</u>	<u>13,768</u>	<u>7,526</u>	<u>(38,230)</u>
Total net position	\$ <u>33,995</u>	<u>23,087</u>	<u>34,968</u>	<u>37,873</u>	<u>68,963</u>	<u>60,960</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 \$68,963 at the close of the most recent fiscal year.

10.9% of the City's net position (56%) is the unrestricted net position that may be used to meet the City's ongoing obligations to citizens and creditors.

**CITY OF MERIDIAN, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

An additional portion of the City's net position (28%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$41,949 represents the City's 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.

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 \$5,268 in restricted net position reported in connection with the City's business-type activities. This is a result of a \$5,120 decrease in funds available for debt service and a \$149 decrease in funds authorized for capital projects in the water and sewer fund.

The City's net position increased \$7,254 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, 2021 compared to the fiscal year ended September 30, 2020.

City of Meridian's Changes in Net Position

<u>Description</u>	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,610	1,541	19,386	17,436	21,996	18,977
Operating grants and contributions	401	1,510	-	-	401	1,510
Capital grants and contributions	2,452	2,183	76	-	2,528	2,183
General revenues:						
Property taxes	17,648	17,235	-	20	17,648	17,255
Other taxes	22,405	20,167	-	-	22,405	20,167
Grants and contributions not restricted to specific programs	23	86	-	-	23	86
Unrestricted investment earnings	<u>49</u>	<u>85</u>	<u>145</u>	<u>167</u>	<u>194</u>	<u>252</u>
Total revenues	<u>44,838</u>	<u>42,807</u>	<u>19,607</u>	<u>17,623</u>	<u>65,196</u>	<u>60,430</u>

**CITY OF MERIDIAN, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

<u>Description</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Expenses:						
General government	\$ 7,252	7,464	-	-	7,252	7,464
Public safety	15,976	15,813	-	-	15,976	15,813
Public works	8,710	7,371	-	-	8,710	7,371
Culture and recreation	3,526	4,421	-	-	3,526	4,421
Economic development	-	4	-	-	-	4
Interest on long-term debt	1,528	1,445	-	-	1,528	1,445
Sanitation	-	-	2,265	2,438	2,265	2,438
Water and sewer	-	-	17,447	14,270	17,447	14,270
Golf Course, Union Station and Concessions	<u>-</u>	<u>-</u>	<u>488</u>	<u>420</u>	<u>488</u>	<u>420</u>
Total expenses	<u>36,992</u>	<u>36,518</u>	<u>20,200</u>	<u>17,128</u>	<u>57,192</u>	<u>53,646</u>
Excess of revenues over (under) expenses before transfers	8,597	6,289	(593)	495	8,003	6,784
Transfers	<u>2,312</u>	<u>1,441</u>	<u>(2,312)</u>	<u>(1,441)</u>	<u>-</u>	<u>-</u>
Change in net position	10,909	7,730	(2,905)	(946)	8,003	6,784
Net position - beginning	<u>23,087</u>	<u>15,357</u>	<u>37,873</u>	<u>38,819</u>	<u>60,960</u>	<u>54,176</u>
Net position - ending	\$ <u>33,995</u>	<u>23,087</u>	<u>34,968</u>	<u>37,873</u>	<u>68,963</u>	<u>60,960</u>

Governmental activities. Governmental activities increased the City's net position by \$10,909. Key elements of these changes in net position are as follows:

- Property tax revenues increased \$413 or 2% in 2021 compared to 2020. This increase in property tax receipts is primarily due to a 3% increase in the 2021 assessed values.
- Charges for services increased \$529 or 34% in 2021 compared to 2020. This was due to a \$1,069 increase in general government charges for services and a \$294 decrease in public safety charges for services.
- Operating grants and contributions decreased \$1,109 or 73% in 2021 compared to 2020. This decrease was mostly due to a \$1,451 decrease in operating grants for public safety.
- Capital grants and contributions increased \$345 or 22% in 2021 compared to 2020. This was due to an increase in capital grants for public works.

**CITY OF MERIDIAN, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

- Other taxes (which include sales taxes) increased \$2,238 or 11%.
- Total revenues increased \$2,031 or 5%. This was mainly due to a \$1,067 increase in general government charges for services and a \$2,031 increase in other taxes, offset by an \$809 decrease in operating grants for public safety.
- Total expenses increased \$474 or 1%. This was primarily due to a \$2,383 increase in culture and recreation expenditures, a \$1,339 increase in public works expenditures and an \$894 decrease in culture and recreation expenditures.

Business-type activities. Business-type activities decreased the City's net position by \$2,905. This is primarily due to a \$3,176 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 \$39,785, an increase of \$5,291 in comparison with the prior year. Of this total, \$19,487 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 \$440 is considered *nonspendable* because it has been used for inventory and land held for resale. A total of \$709 has been assigned, meaning there are limitations resulting from its intended use. A total of \$480 has been *committed* through formal action of the City Council for construction or acquisition of capital assets, a developer reimbursement and storm debris removal. The remaining \$18,573 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 \$18,886, while total fund balance was \$20,266.

**CITY OF MERIDIAN, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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 58.8% of total general fund expenditures, while total fund balance represents 63.1% of that same amount. The fund balance of the City's General Fund increased by \$4,633 during the current fiscal year. This was primarily due to a \$2,517 excess of revenues over expenditures, which included a \$1,610 increase in sales tax revenues, plus \$1,257 in miscellaneous revenues.

The debt service fund has a total fund balance of \$6,540, all of which is restricted for the payment of debt service. The net increase of \$1,239 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 \$6,007 at the end of the current fiscal year. \$6,045 of the special revenue fund is restricted. The remaining (\$38) fund balance of the special revenue fund is committed, assigned or nonspendable. The special revenue fund's fund balance decreased \$244 during the current fiscal year. This decrease is due to a \$239 excess of expenditures over revenues and transfers out of \$5.

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 \$34,707. The water and sewer fund net position decreased by \$3,041.

General Fund Budgetary Highlights

There was an increase of \$2,050 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	\$ 64
Community development	403
Parks and recreation	643
Public works	752
Police	(260)
Public safety and training facility	<u>448</u>
Total	\$ <u>2,050</u>

Actual revenues were over the final amended budget by \$1,133.

**CITY OF MERIDIAN, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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	\$ 552
Finance and records	391
Community development	256
Parks and recreation	1,286
Public works	517
Police	1,682
Fire	718
Public safety and training facility	385
Arts district parking garage	<u>13</u>
Total	\$ <u>5,800</u>

Variances between the final budget 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, 2021, amounts to \$132,969 (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:

- Executed professional engineering services contracts for EPA consent decree related tasks.
- Executed a contract for the 22nd Avenue/Sela Ward Parkway enhancement from North Frontage Road to the railroad overpass.
- Executed a contract for replacement of the Old Highway 80 Bridge over Okatibbee Creek.
- Executed a contract for B Street Water Treatment Plant improvements.

**CITY OF MERIDIAN, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 8,173	8,197	251	251	8,424	8,448
Right of ways	3	3	105	105	108	108
Collections – historical treasures	141	141	-	-	141	141
Building and system	29,419	30,252	30,918	30,252	60,337	60,304
Improvements other than buildings	1,943	2,007	229	165	2,172	2,172
Machinery and equipment	8,667	7,675	11,811	11,562	20,478	19,237
Infrastructure	38,516	40,942	-	-	38,516	40,942
Construction in progress	<u>695</u>	<u>580</u>	<u>2,098</u>	<u>-</u>	<u>2,793</u>	<u>580</u>
Total	\$ <u>87,557</u>	<u>89,797</u>	<u>45,412</u>	<u>42,135</u>	<u>132,969</u>	<u>131,932</u>

Additional information on the City's capital assets can be found in Note 5 on pages 55 through 57 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$45,428. Of this amount, \$42,780 comprises debt backed by the full faith and credit of the City, \$240 is special obligation bonds and \$2,408 is limited obligation tax increment financing bonds.

The City's total bonded debt decreased by \$4,032 (8.2%) during the current fiscal year. The decrease is due to the retirement of bonded debt exceeding the issuance of new bonds.

**CITY OF MERIDIAN, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General obligation bonds	\$ 42,780	47,139	-	-	42,780	47,139
Special obligation bonds	240	350	-	-	240	350
Limited obligation tax increment financing bonds	2,408	1,931	-	-	2,408	1,931
Special assessment debt with governmental commitment	<u>-</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40</u>
Total	\$ <u>45,428</u>	<u>49,460</u>	<u>-</u>	<u>-</u>	<u>45,428</u>	<u>49,460</u>

The City's general obligation bonds received an "A2" rating from Moody's Investors Service in September, 2019 and maintained an "A+" rating from Standard and Poor's Ratings Services during 2021.

State statutes limit the amount of general obligation debt a government entity may issue to 15% of its total assessed valuation. The current debt limitation of the City is \$52,816 which is significantly in excess of the City's net outstanding general obligation debt of \$24,922 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 60 through 66 of this report.

Economic Factors and Next Year's Budgets and Rates

- The 2021 unemployment rate for the City is 3.6%, which is lower than the rate of 6.0% a year ago. The 2021 statewide average is 3.5% as compared to the national average of 3.9%.
- The revitalization of the City continued with the issuance of 417 building permits during 2021 with a construction value of \$41 million.
- Inflationary trends in the City are slightly lower than the national average. The change in CPI in the past year for the City was an increase of 7.3% versus the national average which increased 7.0%.

**CITY OF MERIDIAN, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

- Sales tax collections year-to-date in fiscal year 2021 are up 14% from the previous fiscal year. During the 12 months of fiscal year 2022, the City has received \$15,981 in sales tax collections, compared to \$15,386 received during the same period of fiscal year 2021.

All of these factors were considered in preparing the City's budget for the 2022 fiscal year.

During the current fiscal year, unassigned fund balance in the General Fund increased to \$18,886. The City did not appropriate this amount for spending in the 2022 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

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CITY OF MERIDIAN, MISSISSIPPI

STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

ASSETS	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Cash and cash equivalents	\$ 16,663,874	\$ 15,726,273	\$ 32,390,147	\$ 3,842,022
Receivables, net				
Taxes	2,654,495	-	2,654,495	-
Accounts	700,078	4,503,871	5,203,949	1,164,303
Intergovernmental	174,780	-	174,780	1,782,983
Miscellaneous	1,262,491	-	1,262,491	-
Internal balances	(58,705)	58,705	-	-
Inventory	-	1,094,233	1,094,233	939,144
Prepaid items	419,577	448,771	868,348	97,262
Restricted assets:				
Cash, cash equivalents, and investments	24,345,271	52,339,310	76,684,581	-
Taxes receivable	552,926	-	552,926	-
Intergovernmental receivables	66,390	-	66,390	-
Leverage loans receivable	-	-	-	5,324,190
Land held for resale	54,422	-	54,422	-
Capital assets:				
Nondepreciable	9,011,778	2,453,518	11,465,296	17,249,378
Depreciable, net	78,545,154	42,958,340	121,503,494	23,468,958
Total assets	134,392,531	119,583,021	253,975,552	53,868,240
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refundings	554,061	-	554,061	-
Pension	3,534,150	681,138	4,215,288	286,342
Total deferred outflows or resources	4,088,211	681,138	4,769,349	286,342
LIABILITIES				
Accounts payable and other current liabilities	1,621,910	2,768,429	4,390,339	872,999
Accrued interest	251,733	472,879	724,612	-
Accrued salaries	-	1,430	1,430	-
Accrued sales tax	609,889	4,630	614,519	-
Liabilities payable from restricted assets	4,825,529	1,047,035	5,872,564	-
Noncurrent liabilities:				
Due within one year:				
Bonds, loans and leases payable	5,770,986	2,046,823	7,817,809	326,080
Compensated absences	265,088	56,527	321,615	-
Claims and judgments	843,748	-	843,748	-
Due in more than one year:				
Bonds, loans and leases payable	43,462,908	69,727,141	113,190,049	2,762,350
Compensated absences	538,210	70,352	608,562	226,652
Net pension liability	35,320,770	6,351,222	41,671,992	6,207,784
Total liabilities	93,510,771	82,546,468	176,057,239	10,395,865
DEFERRED INFLOWS OF RESOURCES				
Deferred charges on refundings	-	933,007	933,007	-
Pension	10,974,478	1,816,693	12,791,171	2,328,186
Total deferred inflows of resources	10,974,478	2,749,700	13,724,178	2,328,186
NET POSITION				
Net investment in capital assets	38,691,093	3,258,765	41,949,858	40,718,336
Restricted for:				
Debt service	10,530,839	-	10,530,839	-
Sowashee Creek maintenance	151,966	-	151,966	-
Construction/acquisition of capital assets	1,449,545	-	1,449,545	-
Paving projects	5,397,160	-	5,397,160	-
Purposes of grantors/donors	751,380	-	751,380	80,640
Law enforcement	1,205,963	-	1,205,963	-
Government record management	810	-	810	-
Unrestricted	(24,183,263)	31,709,226	7,525,963	631,555
Total net position	\$ 33,995,493	\$ 34,967,991	\$ 68,963,484	\$ 41,430,531

The accompanying notes are an integral part of these financial statements.

CITY OF MERIDIAN, MISSISSIPPI

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 7,252,026	\$ 1,402,598	\$ 59,925	\$ -	\$ (5,789,503)	\$ -	\$ (5,789,503)	\$ -
Public safety	15,975,910	857,183	341,331	-	(14,777,396)	-	(14,777,396)	-
Public works	8,709,644	289,433	-	2,452,293	(5,967,918)	-	(5,967,918)	-
Culture and recreation	3,526,153	60,777	-	-	(3,465,376)	-	(3,465,376)	-
Interest	1,528,046	-	-	-	(1,528,046)	-	(1,528,046)	-
Total governmental activities	36,991,779	2,609,991	401,256	2,452,293	(31,528,239)	-	(31,528,239)	-
Business-type activities:								
Water and sewer	17,446,553	16,722,488	-	75,895	-	(648,170)	(648,170)	-
Waste collection and disposal	2,264,929	2,453,243	-	-	-	188,315	188,315	-
Golf course	117,786	86,111	-	-	-	(31,675)	(31,675)	-
Union station	362,591	119,451	-	-	-	(243,140)	(243,140)	-
Concessions	7,994	5,120	-	-	-	(2,874)	(2,874)	-
Total business-type activities	20,199,853	19,386,413	-	75,895	-	(737,544)	(737,544)	-
Total primary government	\$ 57,191,632	\$ 21,996,404	\$ 401,256	\$ 2,528,188	(31,528,239)	(737,544)	(32,265,783)	-
Component units:								
Meridian airport authority	13,060,832	12,212,047	219,165	12,174,818	-	-	-	11,545,198
Nonmajor component units	954,142	38,479	6,000	-	-	(909,663)	(909,663)	(909,663)
Total component units	\$ 14,014,974	\$ 12,250,526	\$ 225,165	\$ 12,174,818	-	(909,663)	(909,663)	10,635,535
General revenues:								
Property taxes					17,648,426	-	17,648,426	-
Sales taxes					19,116,471	-	19,116,471	-
Franchise taxes					2,497,285	-	2,497,285	-
County road taxes					759,178	-	759,178	-
Motor fuel taxes					30,584	-	30,584	-
Unrestricted grants and contributions					23,495	-	23,495	-
Unrestricted investment earnings					49,515	144,780	194,295	9,151
Transfers					2,312,408	(2,312,408)	-	-
Total general revenues and transfers					42,437,361	(2,167,628)	40,269,734	9,151
Change in net position					10,909,122	(2,905,172)	8,003,950	10,644,686
Net position, beginning of year					23,086,371	37,873,163	60,959,534	30,785,845
Net position, end of year					\$ 33,995,493	\$ 34,967,991	\$ 68,963,484	\$ 41,430,531

The accompanying notes are an integral part of these financial statements.

CITY OF MERIDIAN, MISSISSIPPI

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	<u>General</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 16,000,816	\$ -	\$ -	\$ -	\$ 16,000,816
Receivables:					
Taxes	2,654,495	-	-	-	2,654,495
Accounts	700,078	-	-	-	700,078
Intergovernmental receivable	174,780	-	-	-	174,780
Miscellaneous	1,233,508	-	28,983	-	1,262,491
Due from other funds	219,853	-	49,325	116,960	386,138
Prepaid items	327,583	-	58,200	-	385,783
Land held for resale	54,422	-	-	-	54,422
Restricted assets:					
Cash equivalents	296,307	5,908,401	5,583,430	11,626,681	23,414,819
Investments	332,115	598,337	-	-	930,452
Receivables, net					
Taxes	-	33,170	519,756	-	552,926
Intergovernmental receivable	-	-	66,390	-	66,390
Total assets	<u>\$ 21,993,957</u>	<u>\$ 6,539,908</u>	<u>\$ 6,306,084</u>	<u>\$ 11,743,641</u>	<u>\$ 46,583,590</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 725,855	\$ -	\$ 185,170	\$ 186,006	\$ 1,097,031
Accrued salaries	609,889	-	-	-	609,889
Due to other funds	96,218	-	52,275	116,960	265,453
Liabilities payable from restricted assets:					
Deposits payable	296,307	-	-	-	296,307
Unearned revenues	-	-	61,355	4,467,867	4,529,222
Total liabilities	<u>1,728,269</u>	<u>-</u>	<u>298,800</u>	<u>4,770,833</u>	<u>6,797,902</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	327,583	-	58,200	-	385,783
Land held for resale	54,422	-	-	-	54,422
Restricted for:					
Debt service	-	6,539,908	3,990,931	-	10,530,839
Purposes of grantors/donors	-	-	751,380	-	751,380
Law enforcement	-	-	1,205,963	-	1,205,963
Government record management	-	-	810	-	810
Sowashee Creek maintenance	-	-	-	151,966	151,966
Construction/acquisition of capital assets	-	-	-	1,449,545	1,449,545
Paving and sidewalk projects	-	-	-	5,397,160	5,397,160
Committed for:					
Construction/acquisition of capital assets	13,649	-	-	-	13,649
Developer reimbursement	215,893	-	-	-	215,893
Urban renewal and development	-	-	-	-	-
Storm debris removal	66,700	-	-	-	66,700
Assigned to:					
General government activities	58,148	-	-	-	58,148
Public safety	62,886	-	-	-	62,886
Public works	82,480	-	-	-	82,480
Sports events and other recreation	497,994	-	-	-	497,994
Unassigned (deficit)	18,885,933	-	-	(25,863)	18,860,070
Total fund balances	<u>20,265,688</u>	<u>6,539,908</u>	<u>6,007,284</u>	<u>6,972,808</u>	<u>39,785,688</u>
Total liabilities and fund balances	<u>\$ 21,993,957</u>	<u>\$ 6,539,908</u>	<u>\$ 6,306,084</u>	<u>\$ 11,743,641</u>	<u>\$ 46,583,590</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MERIDIAN, MISSISSIPPI

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

Total governmental funds balance	\$	39,785,688
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Amounts reported for governmental activities in the statement of net position are different because:

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.

Governmental capital assets	\$ 207,281,272		
Less: accumulated depreciation	<u>(119,724,340)</u>		87,556,932

Long-term liabilities, including 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.

(93,339,710)

Internal service funds are used by management to charge the costs of various internal operations to individual funds. The assets and liabilities of 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) as follows:

(7,417)

Net position of governmental activities	\$	<u>33,995,493</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF MERIDIAN, MISSISSIPPI

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	General	Debt Service	Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Property	\$ 12,669,027	\$ 4,825,711	\$ -	\$ -	\$ 17,494,738
Sales	15,938,207	-	3,178,264	-	19,116,471
Franchise	2,497,285	-	-	-	2,497,285
County road	759,178				759,178
Motor fuel	30,584	-	-	-	30,584
Licenses and permits	289,352	-	-	-	289,352
Intergovernmental	276,490	-	617,098	2,167,155	3,060,743
Charges for services	77,191	-	-	-	77,191
Fines and forfeitures	501,548	-	307,741	-	809,289
Payments in lieu of taxes	153,688	-	-	-	153,688
Local contributions	-	-	23,495	-	23,495
Interest income	34,258	3,952	4,421	6,524	49,155
Interest costs and damages	84,246	-	-	-	84,246
Miscellaneous	1,344,580	263	5,071	-	1,349,914
Total revenues	<u>34,655,633</u>	<u>4,829,926</u>	<u>4,136,090</u>	<u>2,173,679</u>	<u>45,795,328</u>
EXPENDITURES					
Current:					
General government	8,698,427	-	-	-	8,698,427
Public safety	15,390,847	-	755,812	1,629,458	17,776,117
Public works	5,857,047	-	516,737	-	6,373,784
Culture and recreation	2,192,412	-	1,586,016	-	3,778,428
Capital outlay	-	-	-	1,338,975	1,338,975
Debt service:					
Principal	-	7,332,601	730,000	-	8,062,601
Interest	-	804,523	786,244	-	1,590,767
Total expenditures	<u>32,138,732</u>	<u>8,137,124</u>	<u>4,374,809</u>	<u>2,968,433</u>	<u>47,619,098</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,516,901</u>	<u>(3,307,198)</u>	<u>(238,719)</u>	<u>(794,754)</u>	<u>(1,823,770)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt	1,232,115	3,050,000	-	520,000	4,802,115
Transfers in	1,862,714	1,495,737	323	232,123	3,590,897
Transfers out	(978,673)	-	(5,250)	(294,566)	(1,278,489)
Total other financing sources (uses)	<u>2,116,156</u>	<u>4,545,737</u>	<u>(4,927)</u>	<u>457,557</u>	<u>7,114,523</u>
Net change in fund balances	4,633,056	1,238,539	(243,646)	(337,197)	5,290,752
FUND BALANCES, beginning of year	<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>
FUND BALANCES, end of year	<u>\$ 20,265,688</u>	<u>\$ 6,539,908</u>	<u>\$ 6,007,284</u>	<u>\$ 6,972,808</u>	<u>\$ 39,785,688</u>

The accompanying notes are an integral part of these financial statements

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, 2021

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

Net change in fund balances - total governmental funds.	\$ 5,290,752
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.	(2,215,615)
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.	(24,660)
Special assessment revenues related to prior periods reported as revenues in the governmental funds are not reported as revenues in the statement of activities.	(207,195)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental fund. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,609,573
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.	3,751,160
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.	74,283
Internal service funds are used by management to charge the costs of certain functions to individual funds. The net revenue of certain activities in the internal service funds is reported with governmental activities.	(369,176)
	<u>\$ 10,909,122</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MERIDIAN, MISSISSIPPI

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021**

	Water and Sewer Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities Internal Service Funds
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 15,329,745	\$ 396,528	\$ 15,726,273	\$ 663,058
Accounts receivable, net of allowances	4,214,704	289,167	4,503,871	-
Inventory	1,081,243	12,990	1,094,233	-
Due from other funds	208,820	4,112	212,932	129,685
Prepaid items	442,083	6,688	448,771	33,794
Restricted cash and cash equivalents:				
Customer deposits	1,047,035	-	1,047,035	-
Revenue bond construction funds	39,243,826	-	39,243,826	-
Revenue bond debt service account	12,048,449	-	12,048,449	-
Total current assets	<u>73,615,905</u>	<u>709,485</u>	<u>74,325,390</u>	<u>826,537</u>
NON-CURRENT ASSETS				
Capital assets:				
Land	250,864	-	250,864	-
Construction in progress	2,097,511	-	2,097,511	-
Right of ways	105,143	-	105,143	-
Buildings	-	126,628	126,628	-
Water and sewer system	80,089,102	-	80,089,102	-
Improvements other than buildings	37,200,393	509,742	37,710,135	-
Machinery and equipment	19,078,738	369,633	19,448,371	-
Less: accumulated depreciation	(93,681,460)	(734,437)	(94,415,897)	-
Total non-current assets	<u>45,140,291</u>	<u>271,567</u>	<u>45,411,858</u>	<u>-</u>
Total assets	<u>118,756,196</u>	<u>981,052</u>	<u>119,737,248</u>	<u>826,537</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts on pension	641,584	39,554	681,138	-
Total deferred outflows of resources	<u>\$ 641,584</u>	<u>\$ 39,554</u>	<u>\$ 681,138</u>	<u>\$ -</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Water and Sewer Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities Internal Service Funds
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 2,601,508	\$ 166,921	\$ 2,768,429	\$ 524,879
Accrued interest	472,879	-	472,879	-
Sales tax payable	-	1,430	1,430	-
Accrued wages payable	-	4,630	4,630	-
Due to other funds	58,749	32,016	90,765	372,537
Notes payable	2,046,823	-	2,046,823	-
Compensated absences	50,645	5,882	56,527	-
Customer deposits	1,047,035	-	1,047,035	-
Total current liabilities	<u>6,277,639</u>	<u>210,879</u>	<u>6,488,518</u>	<u>897,416</u>
NON-CURRENT LIABILITIES				
Notes payable	69,719,809	7,332	69,727,141	-
Net pension liability	5,973,614	377,608	6,351,222	-
Compensated absences	70,352	-	70,352	-
Total non-current liabilities	<u>75,763,775</u>	<u>384,940</u>	<u>76,148,715</u>	<u>-</u>
Total liabilities	<u>82,041,414</u>	<u>595,819</u>	<u>82,637,233</u>	<u>897,416</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts on refunding	933,007	-	933,007	-
Deferred amount on pensions	1,716,023	100,670	1,816,693	-
Total deferred inflows of resources	<u>2,649,030</u>	<u>100,670</u>	<u>2,749,700</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	2,994,530	264,235	3,258,765	-
Unrestricted (deficit)	31,712,806	59,882	31,772,688	(70,879)
Total net position	<u>\$ 34,707,336</u>	<u>\$ 324,117</u>	<u>35,031,453</u>	<u>\$ (70,879)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(63,462)	
Net position of business-type activities			<u>\$ 34,967,991</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF MERIDIAN, MISSISSIPPI

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Water and Sewer Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities Internal Service Funds
OPERATING REVENUES				
Charges for sales and services				
Water sales	\$ 8,722,096	\$ -	\$ 8,722,096	\$ -
Sewer charges	7,448,034	-	7,448,034	-
Tap fees	36,817	-	36,817	-
Garbage collection fees	-	2,416,253	2,416,253	-
Out-of-county tonnage	-	36,990	36,990	-
Memberships	-	27,564	27,564	-
Green fees	-	27,358	27,358	-
Cart rental	-	23,676	23,676	-
Concessions	-	12,391	12,391	-
Internal service charges	-	-	-	1,818
Rental income	-	119,451	119,451	-
Miscellaneous	638,720	242	638,962	3,015,709
Total operating revenues	<u>16,845,667</u>	<u>2,663,925</u>	<u>19,509,592</u>	<u>3,017,527</u>
OPERATING EXPENSES				
Personal services	3,074,093	105,714	3,179,807	-
Supplies and materials	764,414	24,548	788,962	-
Cost of sales and services	-	-	-	720,721
Rent and utilities	1,152,903	89,643	1,242,546	-
Operation, maintenance, and repairs	986,981	106,864	1,093,845	-
Garbage disposal services	-	2,196,385	2,196,385	-
Depreciation and amortization	3,270,752	22,803	3,293,555	-
Claims paid	-	-	-	2,789,521
Miscellaneous	5,431,638	190,536	5,622,174	-
Total operating expenses	<u>14,680,781</u>	<u>2,736,493</u>	<u>17,417,274</u>	<u>3,510,242</u>
Operating income (loss)	<u>2,164,886</u>	<u>(72,568)</u>	<u>2,092,319</u>	<u>(492,715)</u>
NON-OPERATING INCOME (EXPENSES)				
Loss on disposal of capital assets	-	(16,643)	(16,643)	-
Interest income	144,615	165	144,780	360
Interest expense	(2,391,314)	(164)	(2,391,478)	-
Other debt service costs	(374,458)	-	(374,458)	-
Total non-operating income (expenses)	<u>(2,621,157)</u>	<u>(16,642)</u>	<u>(2,637,799)</u>	<u>360</u>
Loss before capital contributions and transfers	<u>(456,271)</u>	<u>(89,210)</u>	<u>(545,481)</u>	<u>(492,355)</u>
CAPITAL CONTRIBUTIONS	75,895	-	75,895	-
TRANSFERS				
Transfers in	-	348,000	348,000	-
Transfers out	(2,660,408)	-	(2,660,408)	-
	<u>(2,660,408)</u>	<u>348,000</u>	<u>(2,312,408)</u>	<u>-</u>
Change in net position	(3,040,784)	258,791	(2,857,889)	(492,355)
Net position, beginning of year	<u>37,748,120</u>	<u>65,326</u>		<u>421,476</u>
Net position, end of year	<u>\$ 34,707,336</u>	<u>\$ 324,117</u>		<u>\$ (70,879)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(123,179)	
Change in net position of business-type activities			<u>\$ (2,981,067)</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF MERIDIAN, MISSISSIPPI

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Water and Sewer Fund	Nonmajor Enterprise Funds	Totals	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 14,469,260	\$ 2,654,635	\$ 17,123,895	\$ 3,474,306
Payments to suppliers	(6,208,472)	(2,625,039)	(8,833,511)	(3,294,119)
Payments to employees	(3,799,165)	(150,146)	(3,949,310)	-
Payments for internal services	(265,641)	(20,143)	(285,784)	-
Net cash provided by (used in) operating activities	4,195,982	(140,693)	4,055,290	180,187
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds	(2,660,408)	348,000	(2,312,408)	-
Net cash provided by (used in) noncapital financing activities	(2,660,408)	348,000	(2,312,408)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(6,516,145)	(71,688)	(6,587,833)	-
Proceeds from issuance of debt	11,933,941	-	11,933,941	-
Principal payments on debt	(10,668,181)	(7,332)	(10,675,513)	-
Payments of bond issuance cost	(374,458)	-	(374,458)	-
Interest paid on debt	(1,891,685)	(164)	(1,891,849)	-
Net cash provided by (used in) capital related financing activities	(7,516,528)	(79,184)	(7,595,712)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	144,615	165	144,780	360
Net cash provided by investing activities	(11,903,834)	165	(11,903,669)	360
Increase (decrease) in cash and cash equivalents	(17,884,788)	128,289	(17,756,499)	180,547
Cash and cash equivalents:				
Beginning of year	73,505,394	268,239	73,773,633	482,511
End of year	<u>\$ 55,620,606</u>	<u>\$ 396,528</u>	<u>\$ 56,017,134</u>	<u>\$ 663,058</u>
Classified as:				
Cash and cash equivalents	\$ 15,329,745	\$ 396,528	\$ 15,726,273	\$ 663,058
Restricted assets, cash	52,339,310	-	1,047,035	-
	<u>\$ 67,669,055</u>	<u>\$ 396,528</u>	<u>\$ 16,773,308</u>	<u>\$ 663,058</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<u>Water and Sewer Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
Reconciliation of operating income				
(loss) to net cash provided by (used in)				
operating activities:				
Operating income (loss)	\$ 2,164,886	\$ (72,568)	\$ 2,092,319	\$ (492,715)
Adjustments to reconcile operating income				
(loss) to net cash provided by				
(used in) operating activities:				
Depreciation	3,270,752	22,803	3,293,555	-
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	(2,285,236)	(9,290)	(2,294,526)	-
Decrease (increase) in due from other funds	(155,831)	(1,146)	(156,977)	456,779
Decrease (increase) in due from other governments	(75,895)	-	(75,895)	-
Decrease (increase) in inventory	261,932	41	261,973	19,210
Decrease (increase) in prepaid items	46,009	52,138	98,147	-
Decrease (increase) in deferred outflows	(56,172)	(3,463)	(59,635)	-
Increase (decrease) in accounts payable	1,833,423	(68,183)	1,765,240	(69,646)
Increase (decrease) in accrued liabilities	(108,792)	(7,940)	(116,732)	-
Increase (decrease) in due to other funds	(109,810)	(18,997)	(128,807)	-
Increase (decrease) in customer deposits	(15,276)	-	(15,276)	-
Increase (decrease) in net pension liability	(1,552,313)	(98,126)	(1,650,439)	266,559
Increase (decrease) in deferred inflows	991,324	58,156	1,049,480	-
Increase (decrease) in compensated absences	(13,019)	5,882	(7,137)	-
Net cash provided by (used in)				
operating activities	<u>\$ 4,195,982</u>	<u>\$ (140,693)</u>	<u>\$ 4,055,290</u>	<u>\$ 180,187</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MERIDIAN, MISSISSIPPI

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

SEPTEMBER 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 1,438,714
Assets held for disposal	973,691
Total assets	<u>2,412,405</u>
LIABILITIES	
Due to others	<u>2,399,886</u>
Total liabilities	<u>2,399,886</u>
NET POSITION	
Restricted for individuals, organizations, and other governments	<u><u>\$ 12,519</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF MERIDIAN, MISSISSIPPI

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Custodial Funds
	<hr/>
ADDITIONS	
Miscellaneous income	\$ 12,519
Total additions	<hr/> 12,519 <hr/>
DEDUCTIONS	
Other custodial disbursements	<hr/> -
Total deductions	<hr/> - <hr/>
Change in fiduciary net position	12,519
Net position, beginning of year	<hr/> -
Net position, end of year	<hr/> \$ 12,519 <hr/>

The accompanying notes are an integral part of these financial statements.

CITY OF MERIDIAN, MISSISSIPPI

**COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS
SEPTEMBER 30, 2021**

	Primary Government		
	Meridian Airport Authority	Nonmajor Component Units	Total Component Units
ASSETS			
Cash and cash equivalents	\$ 3,474,431	\$ 367,591	\$ 3,842,022
Receivables:			
Accounts	1,164,303	-	1,164,303
Intergovernmental - federal	1,782,983	-	1,782,983
Inventory	939,144	-	939,144
Prepaid items	97,262	-	97,262
MLEC membership interest	-	5,324,190	5,324,190
Capital assets:			
Nondepreciable	17,249,378	-	17,249,378
Depreciable, net	23,468,958	-	23,468,958
Total assets	<u>48,176,459</u>	<u>5,691,781</u>	<u>53,868,240</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	286,342	-	286,342
LIABILITIES			
Accounts payable	776,550	2,234	778,784
Accrued liabilities	94,215	-	94,215
Long-term liabilities:			
Due within one year	101,080	225,000	326,080
Due in more than one year	6,866,786	2,330,000	9,196,786
Total liabilities	<u>7,838,631</u>	<u>2,557,234</u>	<u>10,395,865</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	2,328,186	-	2,328,186
NET POSITION			
Net investment in capital assets	40,718,336	-	40,718,336
Restricted for:			
Purposes of grantors/donors	80,640	-	80,640
Unrestricted	(2,502,992)	3,134,547	631,555
Total net position	<u>\$ 38,295,984</u>	<u>\$ 3,134,547</u>	<u>\$ 41,430,531</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MERIDIAN, MISSISSIPPI

COMBINING STATEMENT OF ACTIVITIES

NONMAJOR COMPONENT UNITS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Meridian Airport Authority	Nonmajor Component Units	Total
Component units:							
Meridian Airport Authority	\$ 13,060,832	\$ 12,212,047	\$ 219,165	\$ 12,174,818	\$ 11,545,198	\$ -	\$ 11,545,198
Nonmajor component units	954,142	38,479	6,000	-	-	(909,663)	(909,663)
Total component units	<u>\$ 14,014,974</u>	<u>\$ 12,250,526</u>	<u>\$ 225,165</u>	<u>\$ 12,174,818</u>	<u>11,545,198</u>	<u>(909,663)</u>	<u>10,635,535</u>
General revenues:							
Unrestricted investment earnings					9,075	76	9,151
Total general revenues					9,075	76	9,151
Change in net position					11,554,273	(909,587)	10,644,686
Net position, beginning of year					26,741,711	4,044,134	30,785,845
Net position, end of year					<u>\$ 38,295,984</u>	<u>\$ 3,134,547</u>	<u>\$ 41,430,531</u>

The accompanying notes are an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

As required by accounting principles generally accepted in the United States of America, 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 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Related Organizations:

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

Following is a list of related organizations:

- Building Code Board of Adjustments and Appeals/Board of Adjustments and Appeals for Elimination or Repair of Unsafe Buildings
- Civil Service Commission
- Election Commission
- Electrical Examining Board
- Historic Preservation Commission
- Housing Authority of the City of Meridian
- Housing Board of Adjustments and Appeals
- Mechanical Board
- Trustees of Meridian Community College District
- Trustees of Meridian Municipal Separate School District
- Meridian Planning Commission
- Meridian Public Improvement Corporation
- The Meridian Railroad Museum Advisory Board
- Taxicab Advisory Board
- Tree Commission

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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:

General Fund

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.

Debt Service 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.

Special Revenue Fund

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:

Water and Sewer 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 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:

Capital Projects Funds

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.

Internal Service 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.

Custodial Funds

The custodial 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. Custodial 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 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

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables and Payables (Continued)

The tax rate of the City is expressed in terms of mills (ten mills equal one cent). For the year ended September 30, 2021, the City's 2021 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:

Description	Mills		Increase (Decrease)
	2021	2020	
General fund	35.63	35.63	-
Fire and police disability retirement fund (closed)	1.54	1.54	-
General municipal retirement fund (closed)	0.96	0.96	-
Debt service (general bonds and interest)	12.71	12.71	-
Meridian Municipal Separate School District	62.82	62.82	-
Meridian Community College	7.00	7.00	-
Total mills	120.66	120.66	-

G. Inventories and Prepaid Items

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

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

H. Land Held for Resale

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

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Restricted Assets (Continued)

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 12 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, 2021, all accounts required under the bond resolution were fully funded as required.

J. Capital Assets

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

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:

Buildings	40 years
Water and sewer system	50 years
Infrastructure	60 years
Improvements other than buildings	10–25 years
Machinery and equipment	5–10 years
Vehicles	5 years

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:

Period of Accrual Rate of Continuous Service Hours per Year	Accrual Rate of Hours per Year	
	Annual	Sick Leave
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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences (Continued)

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

L. Long-Term Obligations/Unamortized Premiums and Discounts

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows/Inflows of Resources (Continued)

Deferred outflows related to net pension liability reported in the government-wide statement of net position and the proprietary funds statement of net position – the City has 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

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

Deferred inflows related to net pension liability reported in the government-wide statement of net position and the proprietary funds statement of net position – the City's 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Balance/Net Position

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Balance/Net Position (Continued)

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

Unassigned – the unassigned fund balance is the residual classification for the General Fund. This classification represents 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balances – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including related deferred outflows and deferred inflows, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet”. The details of this difference are as follows:

Description	Amount
Bonds payable	\$ (45,428,000)
Premium on refunded debt issue	(1,536,668)
Promissory loans payable	(2,264,894)
Accrued interest payable	(251,733)
Capital leases payable	(4,332)
Compensated absences	(803,298)
Claims and judgments	(843,748)
Net pension liability	(35,320,770)
Deferred inflows/outflows related to net pension liability	(7,440,328)
Deferred gain/loss on refunding	554,061
Net adjustment to reduce fund balances - total governmental funds to arrive at net position - governmental activities	<u>\$ (93,339,710)</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:

Description	Amount
Net position of the internal service funds	\$ (70,879)
Less internal payable representing charges in excess of cost to business-type activities	<u>63,462</u>
Net adjustment to reduce fund balances - total governmental funds to arrive at net position - governmental activities	<u>\$ (7,417)</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 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:

Description	Amount
Capital outlay	\$ 3,065,362
Depreciation expense	<u>(5,280,977)</u>
Net adjustment to reduce net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	<u>\$ (2,215,615)</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

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

Another element of that reconciliation explains that “The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

<u>Description</u>	<u>Amount</u>
Principal retirement of long-term debt	\$ 9,326,795
Amortization of bond premiums, prepaid insurance, and deferred loss on refunding	85,411
Issuance of general obligation refunding bonds	(3,950,000)
Issuance of promissory notes	<u>(852,633)</u>
Net adjustment to reduce net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	<u>\$ 4,609,573</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 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	\$ 28,938
Accrued interest expense	62,721
Claims and judgments	<u>(17,376)</u>
Net adjustment to reduce net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	<u>\$ 74,283</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

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

Another element of that reconciliation explains that "Internal service funds are used to charge the costs of certain activities, such as garage services, office supplies, and unemployment compensation to individual funds. The net revenue of the internal service funds is reported with governmental activities". The details of this difference are as follows:

Description	Amount
Change in net position of the internal service funds	\$ (492,355)
Less income from charges to business-type activities	<u>123,179</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position - governmental activities	<u>\$ (369,176)</u>

NOTE 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

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% change in the department's original budget must be published. This publication must explain the revision, including the amounts, need and purpose. Management may amend the budget without the approval of the City Council for expenditures falling in different accounts within the level at which the City Council adopts its budget. The City Council may, by unanimous vote, make expenditures, borrow money or incur liabilities necessary to meet any emergency as defined by state statute without further notice or hearing and may revise the budget accordingly.

The budget process is initiated by the Mayor, who, with the assistance of management, formulates a proposed operating budget for the next fiscal year and submits it to the City Council for discussion and approval. Public notice is given regarding public budget hearings to obtain taxpayer comments. After discussion of the proposed budget and after a consensus is reached, the budget is adopted by council ordinance no later than September 15 of each year. In the event the proposed budget is not adopted by September 15, no expenditure may be authorized nor any warrant issued, except for bonds, notes, debt, and interest, after October 1 in each year, unless and until such time as the budget is adopted.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Deficit Net Position/Fund Balance

The City Hall Improvements fund (a nonmajor governmental/capital project fund) had a deficit fund balance at September 30, 2021, of \$4,506. This deficit will be remedied in subsequent years by transfers from the General Fund.

The 2012 General Obligation Bonds fund (a nonmajor governmental/capital project fund) had a deficit fund balance at September 30, 2021, of \$21,357. This deficit will be remedied in subsequent years by transfers from the General Fund.

The Municipal Supply fund (a nonmajor internal service fund) had a deficit net position at September 30, 2021, of \$211,822. This deficit will be remedied by future charges to other funds.

NOTE 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 \$110,409,241, and the bank balance was \$109,758,933. The entire bank balance was covered by federal depository insurance or collateralized in accordance with state law. The collateral for public entities' deposits in financial institutions are held in the name of the Mississippi State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the City's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

The carrying amount of deposits for discretely presented component units was \$3,842,022. These bank balances were covered by federal depository insurance or collateralized in accordance with State law as described above.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

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	\$ 198,319	
Certificate of deposit - Citizens National Bank	400,000	3/10/2022
	<u>\$ 598,319</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.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

<u>Description</u>	<u>Amount</u>
Cash on hand	\$ 4,071
Cash with trustee	22,925
Carrying amount of deposits (including certificates of deposit)	110,288,127
Carrying amount of investments (securities)	198,319
Total cash and investments	\$ 110,513,442
Cash and cash equivalents	\$ 32,390,147
Cash and investments - restricted	76,684,581
Total reported on the government-wide statement of net position	109,074,728
Cash and cash equivalents reported on the statement of fiduciary net assets and liabilities not included on the government- wide statement of net position	1,438,714
Total reported	\$ 110,513,442
Cash and cash equivalents	\$ 3,842,022
Total reported in the aggregate discretely presented component units	

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Primary Government

Capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 8,197,265	\$ -	\$ (24,660)	\$ -	\$ 8,172,605
Right of ways	2,600	-	-	-	2,600
Collections - historical treasures	141,250	-	-	-	141,250
Construction in progress	580,219	607,489	-	(492,385)	695,323
Total capital assets, not being depreciated	8,921,334	607,489	(24,660)	(492,385)	9,011,778
Capital assets, being depreciated:					
Buildings	44,578,392	-	-	-	44,578,392
Improvements other than buildings	5,147,234	41,832	-	-	5,189,066
Machinery and equipment	24,737,646	2,416,041	(815,686)	-	26,338,001
Infrastructure	120,855,964	-	-	492,385	121,348,349
Total capital assets, being depreciated	195,319,236	2,457,873	(815,686)	492,385	197,453,808
Less accumulated depreciation for:					
Buildings	(14,326,232)	(832,967)	-	-	(15,159,199)
Improvements other than buildings	(3,139,805)	(106,520)	-	-	(3,246,325)
Machinery and equipment	(17,063,411)	(1,423,727)	815,686	-	(17,671,452)
Infrastructure	(79,913,915)	(2,917,763)	-	-	(82,831,678)
Total accumulated depreciation	(114,443,363)	(5,280,977)	815,686	-	(118,908,654)
Total capital assets, being depreciated, net	80,875,873	(2,823,104)	-	492,385	78,545,154
Governmental activities capital assets, net	\$ 89,797,207	\$ (2,215,615)	\$ (24,660)	\$ -	\$ 87,556,932
	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 250,864	\$ -	\$ -	\$ -	\$ 250,864
Right of ways	105,143	-	-	-	105,143
Construction in progress	-	4,673,188	-	(2,575,677)	2,097,511
Total capital assets, not being depreciated	356,007	4,673,188	-	(2,575,677)	2,453,518
Capital assets, being depreciated:					
Buildings	126,628	-	-	-	126,628
Water and sewer system	114,629,159	156,347	-	2,503,989	117,289,495
Improvements other than buildings	438,054	-	-	71,688	509,742
Machinery and equipment	17,775,329	1,758,298	(85,257)	-	19,448,370
Total capital assets, being depreciated	132,969,170	1,914,645	(85,257)	2,575,677	137,374,235
Less accumulated depreciation for:					
Buildings	(126,628)	-	-	-	(126,628)
Water and sewer system	(84,577,675)	(1,793,343)	-	-	(86,371,018)
Improvements other than buildings	(273,239)	(7,606)	-	-	(280,845)
Machinery and equipment	(6,212,793)	(1,492,606)	67,995	-	(7,637,404)
Total accumulated depreciation	(91,190,335)	(3,293,555)	67,995	-	(94,415,895)
Total capital assets, being depreciated, net	41,778,835	(1,378,910)	(17,262)	2,575,677	42,958,340
Business-type activities capital assets, net	\$ 42,134,842	\$ 3,294,278	\$ (17,262)	\$ -	\$ 45,411,858

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

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

Governmental activities:	
General government	\$ 696,052
Public safety	797,938
Public works	3,628,764
Culture and recreation	158,223
Total depreciation expense - governmental activities	<u>\$ 5,280,977</u>
Business-type activities:	
Water and sewer department	3,270,752
Golf course	16,675
Union Station	6,128
Total depreciation expense - business-type activities	<u>\$ 3,293,555</u>

Construction in progress is composed of:

Governmental activities:	
22nd Avenue/Sela Ward Parkway improvements	\$ 306,022
Old Highway 80 emergency bridge repair	389,301
Total governmental activities	<u>\$ 695,323</u>
Business-type activities:	
B St & N. Water Treatment Plant Improvements	\$ 1,951,413
Highway 80 Trunk Line	146,098
Total governmental activities	<u>\$ 2,097,511</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units

Capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Meridian Airport Authority					
Capital assets, not being depreciated:					
Land	\$ 2,468,621	\$ -	\$ -	\$ -	\$ 2,468,621
Construction in progress	4,878,645	11,976,860	(2,074,748)	-	14,780,757
Total capital assets, not being depreciated	7,347,266	11,976,860	(2,074,748)	-	17,249,378
Capital assets, being depreciated:					
Buildings	17,816,007	444,397	(41,342)	-	18,219,062
Improvements other than buildings	32,446,551	236,985	(158,181)	-	32,525,355
Machinery and equipment	3,933,436	1,743,384	(366,026)	-	5,310,794
Total capital assets, being depreciated	54,195,994	2,424,766	(565,549)	-	56,055,211
Less accumulated depreciation for:					
Buildings	(6,020,622)	(298,700)	-	-	(6,319,322)
Improvements other than buildings	(22,234,507)	(199,134)	561,578	-	(21,872,063)
Machinery and equipment	(3,233,255)	(1,161,613)	-	-	(4,394,868)
Total accumulated depreciation	(31,488,384)	(1,659,447)	561,578	-	(32,586,253)
Total capital assets, being depreciated, net	22,707,610	765,319	(3,971)	-	23,468,958
Total Meridian Airport Authority	\$ 30,054,876	\$ 12,742,179	\$ (2,078,719)	\$ -	\$ 40,718,336

NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2021 is as follows:

Receivable fund	Payable fund	Amount
General Fund	Special Revenue Fund	\$ 2,950
	Nonmajor Enterprise Funds	32,016
	Water and Sewer Fund	21,170
	Internal Service Funds	163,718
Special Revenue Fund	Special Revenue Fund	49,325
Nonmajor Governmental funds	Nonmajor Governmental Funds	116,960
Water and Sewer Fund	Internal Service Funds	208,819
Nonmajor Enterprise Funds	Water and Sewer Fund	4,112
Internal Service Funds	General Fund	96,218
	Water and Sewer Fund	33,467
		<u>\$ 728,755</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

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.

Interfund Transfers

Transfer out:	Transfers in:						Total
	General Fund	Debt Service Fund	Special Revenue Fund	Nonmajor Governmental Funds	Water & Sewer Fund	Nonmajor Enterprise Funds	
General Fund	\$ -	\$ 408,000	\$ -	\$ 222,673	\$ -	\$ 348,000	\$ 978,673
Special Revenue Fund	5,250	-	-	-	-	-	5,250
Nonmajor Governmental	5,964	278,829	323	9,450	-	-	294,566
Water and Sewer Fund	1,851,500	808,908	-	-	-	-	2,660,408
Total	<u>\$ 1,862,714</u>	<u>\$ 1,495,737</u>	<u>\$ 323</u>	<u>\$ 232,123</u>	<u>\$ -</u>	<u>\$ 348,000</u>	<u>\$ 3,938,897</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.

NOTE 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 activities.

A summary of leased equipment capitalized in the financial statements at September 30, 2021, follows:

<u>Description</u>	<u>Governmental Activities</u>
Machinery and equipment	\$ 761,706
Less accumulated depreciation	(296,650)
Total leased equipment capitalized	<u>\$ 465,056</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LEASES (CONTINUED)

Capital Leases (Continued)

The future minimum lease obligations and the net present value of minimum lease commitments at September 30, 2021, follows:

Year Ending September 30,	Governmental Activities
2022	\$ 4,332
Total minimum lease commitments	4,332
Less amount representing interest	-
Present value of minimum lease payments	4,332
Current portion of obligations under capital leases	(4,332)
Obligations under capital leases, less current installments	<u>\$ -</u>

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, 2021, are as follows:

Year Ending September 30,	City of Meridian	Meridian Airport Authority
2022	\$ 31,009	\$ 45,000
2023	26,284	45,000
2024	4,936	-
Total future minimum lease payments	<u>\$ 62,229</u>	<u>\$ 90,000</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM LIABILITIES

A summary of long-term liabilities at September 30, 2021 is as follows:

	Interest Rates	Amount
Governmental activities:		
Outstanding bonds:		
General government	0.90 - 5.00%	\$ 42,780,000
Special obligation bonds - parking facilities	3.30 - 5.375%	240,000
Limited obligation bonds - tax increment funding	2.20 - 5.00%	2,408,000
Plus: unamortized premium on debt refunding		1,536,668
Other debt:		
Promissory loans	1.42 - 3.00%	2,264,894
Capital leases	1.42 - 4.20%	4,332
Compensated absences		803,298
Claims and judgments		843,748
Net pension liability		35,320,770
Total governmental activities		86,201,710
Less current portion payable		(6,879,822)
Governmental activities, net		\$ 79,321,888
Business-type activities:		
Water and sewer promissory loans	0.50 - 5.00%	\$ 64,383,671
Plus: unamortized premium on debt refunding		7,390,293
Compensated absences		126,881
Net pension liability		6,351,222
Total business-type activities		78,252,067
Less current portion payable		(2,103,350)
Business-type activities, net		\$ 76,148,717
Discretely presented component units:		
Promissory loans	2.83% - 5.50%	\$ 3,088,430
Compensated absences		226,652
Net pension liability		6,207,784
Total discretely presented component units		9,522,866
Less current portion payable		(326,080)
Discretely presented component units, net		\$ 9,196,786

NOTES TO THE FINANCIAL STATEMENTS

NOTE 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:

Year Ending September 30,	Governmental Activities				Total
	General Obligation Bonds	Special Obligation Bonds	Limited Obligation Bonds	Promissory Loans	
2022	\$ 5,806,173	\$ 127,900	\$ 560,980	\$ 608,105	\$ 7,103,158
2023	6,033,406	131,719	532,267	311,714	7,009,106
2024	5,491,566	-	532,810	287,486	6,311,862
2025	5,022,860	-	360,969	287,486	5,671,315
2026	5,045,897	-	104,668	281,752	5,432,317
2027 – 2031	14,518,284	-	520,011	395,579	15,433,874
2032 – 2036	8,071,698	-	-	359,106	8,430,804
2037 – 2040	1,498,481	-	-	-	1,498,481
Total	\$ 51,488,365	\$ 259,619	\$ 2,611,705	\$ 2,531,228	\$ 56,890,917
Interest included in above totals	\$ 8,708,365	\$ 19,619	\$ 203,705	\$ 266,334	\$ 9,198,023

Year Ending September 30,	Business-Type Activities	Discretely Presented Component Units
	Promissory Loans	Promissory Loans
2022	\$ 4,222,310	\$ 410,428
2023	4,066,077	410,961
2024	3,884,445	410,787
2025	3,857,459	410,453
2026	3,859,044	409,563
2027 – 2031	17,930,859	294,067
2032 – 2036	15,996,898	294,230
2037 – 2041	16,982,940	294,207
2042 – 2046	18,585,000	293,999
2047 – 2050	14,865,600	310,928
Total	\$ 104,250,632	\$ 3,539,623
Interest included in above totals	\$ 39,866,961	\$ 434,869

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM LIABILITIES (CONTINUED)

A summary of changes in the long-term liabilities during the year ended September 30, 2021 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 47,139,000	\$ 3,050,000	\$ (7,409,000)	\$ 42,780,000	\$ 4,566,000
Special obligation bonds	350,000	-	(110,000)	240,000	115,000
Limited obligation bonds	1,931,000	900,000	(423,000)	2,408,000	514,000
Special assessment with					
City commitment	40,000	-	(40,000)	-	-
Unamortized premiums/discounts	1,636,470	-	(99,802)	1,536,668	-
Total bonds payable	51,096,470	3,950,000	(8,081,802)	46,964,668	5,195,000
Promissory loans	2,006,294	852,633	(594,033)	2,264,894	573,250
Capital leases	755,094	-	(750,762)	4,332	2,736
Compensated absences	832,236	634,593	(663,531)	803,298	265,088
Claims and judgments	826,372	444,939	(427,563)	843,748	843,748
Net pension liability	45,991,965	-	(10,671,195)	35,320,770	-
Governmental activities					
long-term liabilities	<u>\$ 101,508,431</u>	<u>\$ 5,882,165</u>	<u>\$ (21,188,886)</u>	<u>\$ 86,201,710</u>	<u>\$ 6,879,822</u>
Business-type activities:					
Promissory loans	\$ 53,882,055	\$ 11,933,941	\$ (1,432,325)	\$ 64,383,671	\$ 2,046,823
Unamortized premiums/discounts	7,716,674	-	(326,381)	7,390,293	-
Capital leases	9,243,188	-	(9,243,188)	-	-
Compensated absences	134,016	177,237	(184,372)	126,881	56,527
Net pension liability	8,001,661	-	(1,650,439)	6,351,222	-
Business-type activities					
long-term liabilities	<u>\$ 78,977,594</u>	<u>\$ 12,111,178</u>	<u>\$ (12,836,705)</u>	<u>\$ 78,252,067</u>	<u>\$ 2,103,350</u>
Discretely presented component units:					
Meridian Airport Authority:					
Promissory loans	\$ 633,285	\$ -	\$ (99,855)	\$ 533,430	\$ 101,080
Compensated absences	233,513	-	(6,861)	226,652	-
Net pension liability	8,711,477	-	(2,503,693)	6,207,784	-
Meridian Urban Renewal Authority					
Promissory loans	1,704,267	2,555,000	(1,704,267)	2,555,000	225,000
Discretely presented					
component units	<u>\$ 11,282,542</u>	<u>\$ 2,555,000</u>	<u>\$ (4,314,676)</u>	<u>\$ 9,522,866</u>	<u>\$ 326,080</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM LIABILITIES (CONTINUED)

Special Assessment Debt

The City issues special assessment debt to provide financing for certain capital street improvements to benefit specific taxpayers. Special assessment bonds are direct obligations and pledge the full faith and credit of the City. Annual debt service is provided through collection of special assessments on benefited property and ad valorem taxes levied for debt service. The original amount of outstanding special assessment bonds issued in prior years is \$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 10% 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 20 standard fleet vehicles and a sewer vacuum truck.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM LIABILITIES (CONTINUED)

In November 2016, the City entered into a \$2,000,000 promissory loan with Citizens National Bank of which the City drew down \$1,972,241 to provide funds for the purchase of 24 standard fleet vehicles, seven specialty vehicles, and a pumper fire truck.

The above Citizens National Bank promissory loans include a provision that, upon default, the interest rate shall be increased by adding an additional five 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 10% 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% quarterly plus \$75.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. LONG-TERM LIABILITIES (CONTINUED)

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:

<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 Art and Entertainment Center	\$ 3,178,264	\$ 1,513,494	47.62%
Limited obligation bonds - 2010 Riverbirch Improvements	33,388	33,000	98.84%
2019 Crossroads improvements	576,887	429,839	74.51%

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 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:

Year Ending September 30,	City of Meridian	Meridian Airport Authority
2022	\$ 123,939	\$ 377,947
2023	116,743	282,259
2025	71,788	63,806
2026	17,350	62,906
2027	3,700	243,018
Thereafter	-	235,078
Total minimum future rentals	<u>\$ 333,520</u>	<u>\$ 1,265,014</u>

NOTE 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Benefits Provided

Membership in PERS is a condition of employment granted upon hiring for qualifying City and MAA employees. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0% 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% 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% 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% 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, 2021, 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, 2021, follows:

Description	City of Meridian	Meridian Airport Authority
Employer contributions	\$ 2,896,625	\$ 475,487
Contribution rate	17.4%	17.4%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 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, 2021, 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	\$ 37,006,224	\$ 6,207,784

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, 2021	0.25%	0.042%
Proportionate Share - June 30, 2020	0.24%	0.045%
Increase (decrease)	<u>0.01%</u>	<u>-0.003%</u>

For the year ended September 30, 2021, the City and MAA recognized pension expense of \$2,767,591 and \$793,475, respectively.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

At September 30, 2021, the City and MAA reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

City of Meridian		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 591,729	\$ -
Net difference between projected and actual earnings on pension plan investments	-	11,144,696
Changes in actuarial assumptions	2,847,610	-
Changes in proportion and differences between City contributions and proportionate share on contributions	-	-
City contributions subsequent to the measurement date	775,949	-
Total	<u>\$ 4,215,288</u>	<u>\$ 11,144,696</u>

Meridian Airport Authority		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,947	\$ -
Net difference between projected and actual earnings on pension plan investments	-	2,228,427
Changes in actuarial assumptions	103,438	99,759
Changes in proportion and differences between City contributions and proportionate share on contributions	16,022	-
City contributions subsequent to the measurement date	124,935	-
Total	<u>\$ 286,342</u>	<u>\$ 2,328,186</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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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, 2022.

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>
2022	\$ (1,330,024)	\$ (544,773)
2023	(1,312,025)	(538,347)
2024	(1,742,251)	(620,658)
2025	(3,321,057)	(463,001)
	<u>\$ (7,705,357)</u>	<u>\$ (2,166,779)</u>

Actuarial Assumptions

The total pension liability as of the June 30, 2021 measurement date, was determined by an actuarial valuation prepared as of June 30, 2020. The following actuarial assumptions are applied to all periods included in the measurement:

<u>Description</u>	<u>Assumptions</u>
Inflation	2.4
Salary increases	2.65 - 17.90%, including inflation
Investment rate of return	7.55% (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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

The actuarial assumptions used in the June 30, 2020, 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.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.60 %
International Equity	22.00	4.50
Global Equity	12.00	4.80
Fixed Income	20.00	-0.25
Real Estate	10.00	3.75
Private Equity	8.00	6.00
Cash	1.00	-1.00
Total	100.00 %	

Discount Rate

The discount rate used to measure the total pension liability was 7.55%. 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%) and that employer contributions will be made at the current employer contribution rate (17.40%). 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
City's proportionate share	\$ 52,409,488	\$ 37,006,224	\$ 24,312,708
MAA's proportionate share	9,157,130	6,207,784	5,175,850

Payable to Pension Plan

As of September 30, 2021, the City reported a payable of \$271,421 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2021.

Pension Plan Fiduciary Net Position

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Agent Multiple-Employer Defined Benefit Pension Plan – Mississippi Municipal Retirements 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 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% of average compensation, plus (2) 1.7% of average compensation for each year of credited service over 20. The aggregate amount of (1) and (2) shall not exceed 66.6% of average compensation, regardless of service.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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% 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% times credited service, not in excess of 20 years, times the member's salary at the time of retirement for firefighters and police officers, and average compensation for general employees.

A death benefit is payable upon the death of a member under the following conditions: (a) the member has retired; (b) the member is eligible to retire; (c) the death is in the line of duty; or (d) the death is not in the line of duty, but occurs after the member has five years of credited service. The death benefit is payable to the surviving spouse and to children under age 18, to dependent children through age 23 when full-time students, and to dependent children of any age if handicapped. The annual benefit payable, under all conditions in the case of firefighters and police officers and under other than condition (c) in the case of general employees is equal to 2.5% of average compensation for each year of credited service up to 20 and 1.7% of average compensation for each year over 20, with a maximum benefit of 66.67% of average compensation. For general members under condition (c), the annual benefit payable is equal to 50.0% 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% ad-hoc benefit increase.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

At June 30, 2021 (measurement date), the following employees were covered by the plans:

<u>Description</u>	<u>Meridian General</u>	<u>Meridian Fire and Police</u>
Active employees	-	-
Inactive members or their beneficiaries currently receiving benefits	36	108
Inactive members entitled to but not yet receiving benefits	-	-
Total	<u>36</u>	<u>108</u>

Contributions

Funding policies for MMRS are established by Mississippi statutes. Employer contributions are paid through an annual millage rate on the assessed property values of the City. For the year ended September 30, 2021, 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 2021, the Meridian Fire and Police employees' contribution rate was 10% of covered payroll and Meridian General employees' contribution rate was 7% of covered payroll. There were no active Meridian General Plan or Meridian Fire and Police Plan employees in fiscal year 2021. The City's contributions to the Meridian General Plan and the Meridian Fire and Police Plan for the fiscal year ended September 30, 2021, were \$346,113 and \$568,452, 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Actuarial Assumptions

The total pension liabilities in the June 30, 2021, actuarial valuations were determined using the following actuarial information and assumptions:

Description	Assumptions
Inflation	2.40
Salary increases	2.00 - 3.75%, including inflation
Investment rate of return	7.55% (net of pension plan investment expense, including inflation)

The underlying mortality assumptions used in the June 30, 2021 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 7.55%. 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Changes in Net Pension Liability

Changes in the City's net pension liability for each plan for the year ended September 30, 2021 were as follows:

Meridian General Plan			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Beginning Balance	\$ 5,342,843	\$ 2,925,769	\$ 2,417,074
Changes for the year:			
Interest	388,139	-	388,139
Differences between expected and actual experience	123,677	-	123,677
Assumption changes	(26,990)	-	(26,990)
Contributions – employer	-	346,113	(346,113)
Net investment income	-	862,731	(862,731)
Benefit payments, including refunds of employee contributions	(669,195)	(669,195)	-
Administrative expense	-	(6,922)	6,922
Net changes	(184,369)	532,727	(717,096)
Ending Balance	\$ 5,158,474	\$ 3,458,496	\$ 1,699,978

Meridian Fire and Police Plan			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Beginning Balance	\$ 13,876,091	\$ 8,646,920	\$ 5,229,171
Changes for the year:			
Interest	1,014,013	-	1,014,013
Differences between expected and actual experience	(24,049)	-	(24,049)
Assumption changes	(162,779)	-	(162,779)
Contributions – employer	-	568,452	(568,452)
Net investment income	-	2,533,483	(2,533,483)
Benefit payments, including refunds of employee contributions	(1,584,096)	(1,584,096)	-
Administrative expense	-	(11,369)	11,369
Other changes	-	-	-
Net changes	(756,911)	1,506,470	(2,263,381)
Ending Balance	\$ 13,119,180	\$ 10,153,390	\$ 2,965,790

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

The following presents each plan's net pension liability calculated using the discount rate of 7.55%, 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 (6.55%) or one percentage point higher (8.55%) than the current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
Meridian General	\$ 2,050,834	\$ 1,699,978	\$ 1,390,621
Meridian Fire and Police	3,910,119	2,965,790	2,137,290

Pension Plan Fiduciary Net Position

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

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

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

Description	Meridian General	Meridian Fire and Police
Pension (income)	\$ (138,830)	\$ (181,674)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

At September 30, 2021, the plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Meridian General	
		Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$	-	\$ 426,596
Total	\$	-	\$ 426,596

		Meridian Fire and Police	
		Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$	-	\$ 1,219,879
Total	\$	-	\$ 1,219,879

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.

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

Year ending September 30,	Meridian General	Meridian Fire and Police
2022	\$ (99,148)	\$ (275,561)
2023	(96,671)	(267,430)
2024	(101,021)	(296,261)
2025	(129,756)	(380,627)
	<u>\$ (426,596)</u>	<u>\$ (1,219,879)</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Payable to Pension Plans

As of September 30, 2020, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plans required for the year ended September 30, 2021.

Summary of Pension Plan Balances

The City's pension related balances presented on the statement of net position as of September 30, 2021, by individual plan are as follows:

	PERS	Meridian General	Meridian Fire and Police	Totals
Deferred outflow s related to net pension liability	\$ 4,215,288	\$ -	\$ -	\$ 4,215,288
Net pension liability	\$ 37,006,224	\$ 1,699,978	\$ 2,965,790	\$ 41,671,992
Deferred inflow s related to net pension liability	\$ 11,144,696	\$ 426,596	\$ 1,219,879	\$ 12,791,171
Pension expense	\$ 1,853,629	\$ (138,830)	\$ (181,674)	\$ 1,533,125

NOTE 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 2021, from the prior year. Settled claims have not exceeded commercial coverage in any of the past several years.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

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

Changes in the balances of claims liabilities during the fiscal years ended September 30, 2021 and 2020, follows:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Unpaid claims, beginning of year	\$ 826,372	\$ 582,393
Incurred claims (including IBNR's)	444,939	801,112
Claims payments	(427,563)	(557,133)
Unpaid claims, end of year	<u>\$ 843,748</u>	<u>\$ 826,372</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

Changes in the balances of claims liabilities during the fiscal years ended September 30, 2021 and 2020, follows:

Description	2021	2020
Unpaid claims, beginning of year	\$ 568,624	\$ 444,929
Incurred claims (including IBNR's)	1,942,284	2,358,929
Claims payments	(1,986,914)	(2,235,234)
Unpaid claims, end of year	<u>\$ 523,994</u>	<u>\$ 568,624</u>

NOTE 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.

NOTE 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 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 17 ad valorem tax abatement agreements with eight different businesses as of September 30, 2021. 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 years total. Ad valorem taxes for school district purposes are not exempt. The initial exemption period begins on January 1 of the year immediately following the date of operation of the new enterprise or the date that the addition, expansion, or equipment replacement is completed. The request for an exemption must be made in writing by June 1 of the year immediately following the year in which operations begin.

The City abated the following taxes for the fiscal year ended September 30, 2021:

<u>Description</u>	<u>Assessed Value</u>	<u>Fiscal Year 2021 Ad Valorem Taxes Abated</u>
Real property tax abatements ending December 31, 2021 through 2022	\$ 839,691	\$ 42,690
Personal property tax abatements ending December 31, 2021 through 2028	636,105	32,340
Total tax abatements	<u>\$ 1,475,796</u>	<u>\$ 75,030</u>

NOTE 15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The City has executed a contract for replacement of the Old Highway 80 Bridge over Okatibbee Creek. The engineering services and construction will be paid from the state's Emergency Road and Bridge Repair Fund and local funds.

The City executed a contract for 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 the North Frontage Road to the railroad overpass. This project will be funded by the Mississippi Transportation Commission up to \$1,794,358, with a 20 percent match and preliminary engineering paid from state and local funds.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (CONTINUED)

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.

The City has executed a contract for B Street Water Treatment Plant Improvements. The project will be funded by a Mississippi State Department of Health Drinking Water Improvements System Revolving Loan Fund (DWSIRLF) loan up to \$4,595,000.

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 2021 total \$775,000. 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 2021 total \$500,000. The Center was approved by the Mississippi State Legislature and opened in April of 2018 as the Mississippi Arts and Entertainment Experience in downtown Meridian, Mississippi. The Center's purpose is to capture the essence of Mississippi's legacy in the arts and to celebrate the richness and depth of that legacy and the Mississippians who created it.

The citizens of the City of Meridian approved a special two percent (2%) prepared food and beverage tax that was levied within the City and pledged to pay the debt service for up to \$20,000,000 in bonds issued for the construction, equipping and furnishing of the Mississippi Arts and Entertainment Center. The special tax was levied beginning 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:

Description	Encumbrance Amount
Assigned for governmental services	\$ 708,881

NOTES TO THE FINANCIAL STATEMENTS

NOTE 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.

NOTE 17. SUBSEQUENT EVENTS

Events that occur after the statement of net position date, but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date require recognition in the financial statements. Subsequent events that provide evidence about conditions that existed after the statement of net position date require disclosure in the notes to the financial statements. Management evaluated the activity of the City through 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 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 ten-year period and have an interest rate of 1.72%.

In December 2021, the City issued a \$400,000 Promissory Note to purchase and equip ten police vehicles. The note matures over a five-year period and has an interest rate of 1.47%.

In April 2022, the City issued \$13,956,000 in General Obligation Refunding Bonds to refund the Mississippi Arts and Entertainment Center Special Obligation Bonds, Series 2017. The refunding bonds mature over the remaining 15-year period and has interest rates of 2.30% through March 2027 and 1.82% through March 2037.

In January 2023, the City issued a \$566,100 Promissory Note to purchase handheld and mobile radios to operate on the Mississippi Wireless Information Network (MSWIN). The note matures over a five-year period and has an interest rate of 1.47%.

In June 2023, the City issued \$5,000,000 in General Obligation Bonds to be used for improving, equipping and adorning City parks and recreational facilities. The bonds mature over a ten-year period and have an interest rate of 3.68%.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF MERIDIAN, MISSISSIPPI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET TO ACTUAL – BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance
	Original	Final	Budget Basis	with Final Budget
REVENUES				
Taxes:				
Ad valorem	\$ 12,766,696	\$ 12,766,696	\$ 12,667,980	\$ (98,716)
Sales	13,730,000	14,331,047	15,657,794	1,326,747
County road	735,000	735,000	759,894	24,894
Gasoline	30,500	30,500	30,584	84
Payment in lieu of taxes	170,000	170,000	160,369	(9,631)
Intergovernmental:				
Alcoholic beverage	50,000	50,000	52,350	2,350
State fire insurance fund	250,000	250,000	-	(250,000)
Municipal aid	20,520	20,520	20,520	-
Grant	226,481	965,000	963,768	(1,232)
Franchise:				
Mississippi Power Company	2,000,000	2,000,000	1,892,305	(107,695)
Atmos Energy	151,500	151,500	165,139	13,639
Comcast Cable Company	375,000	375,000	383,262	8,262
East Mississippi Electric Power Assn.	53,000	53,000	52,633	(367)
Contact Network, Inc.	4,500	4,500	10,705	6,205
Telepak Networks, Inc.	20,000	20,000	1,765	(18,235)
Fines and forfeitures	450,000	450,000	501,548	51,548
Licenses and permits:				
Privilege license	117,000	117,000	70,054	(46,946)
Building and allied permits	150,000	150,000	219,298	69,298
Charges for services:				
Garbage collection	2,500,000	2,500,000	2,425,014	(74,986)
Recreation	40,000	40,000	61,232	21,232
Enterprise Funds	1,851,500	1,851,500	1,851,500	-
Training fees	-	-	16,596	16,596
Miscellaneous	130,000	1,130,160	1,389,351	259,191
Interest on investments	50,000	50,000	34,258	(15,742)
Interest costs and damages	130,000	130,000	86,007	(43,993)
Transfers in	461,600	171,600	171,600	-
Total revenues	<u>36,463,297</u>	<u>38,513,023</u>	<u>39,645,526</u>	<u>1,132,503</u>
EXPENDITURES				
Current:				
General government:				
Personnel services	1,454,239	1,454,239	1,328,524	125,715
Supplies and expenses	746,714	746,714	655,933	90,781
Capital outlay	32,800	32,800	21,891	10,909
Transfers and other charges	1,427,785	1,491,563	1,166,312	325,251
Total general government	<u>3,661,538</u>	<u>3,725,316</u>	<u>3,172,660</u>	<u>552,656</u>
Finance and records:				
Personnel services	1,321,145	1,276,145	1,178,871	97,274
Supplies and expenses	2,004,975	2,049,975	1,815,379	234,596
Capital outlay	50,400	50,400	(7,972)	58,372
Transfers and other charges	160,000	160,000	159,033	967
Total public safety	<u>3,536,520</u>	<u>3,536,520</u>	<u>3,145,311</u>	<u>391,209</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET TO ACTUAL – BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance
	Original	Final	Budget Basis	with Final Budget
EXPENDITURES (CONTINUED)				
Current: (Continued)				
Community development:				
Personnel services	\$ 1,048,696	\$ 1,048,696	\$ 973,972	\$ 74,724
Supplies and expenses	262,593	262,593	176,865	85,728
Capital outlay	29,424	29,424	26,762	2,662
Transfers and other charges	380,000	782,777	689,675	93,102
Total public works	<u>1,720,713</u>	<u>2,123,490</u>	<u>1,867,274</u>	<u>256,216</u>
Parks and recreation:				
Personnel services	1,638,872	1,658,622	1,365,788	292,834
Supplies and expenses	860,547	848,547	582,162	266,385
Capital outlay	65,473	636,473	(27,066)	663,539
Transfers and other charges	-	64,000	1,392	62,608
Total economic development	<u>2,564,892</u>	<u>3,207,642</u>	<u>1,922,276</u>	<u>1,285,366</u>
Public works:				
Personnel services	3,211,952	3,754,254	3,645,789	108,465
Supplies and expenses	1,334,097	1,434,097	1,141,795	292,302
Capital outlay	228,518	228,518	123,799	104,719
Transfers and other charges	2,500,000	2,609,600	2,597,753	11,847
Total culture and recreation	<u>7,274,567</u>	<u>8,026,469</u>	<u>7,509,136</u>	<u>517,333</u>
Police:				
Personnel services	6,955,769	6,680,769	5,575,549	1,105,220
Supplies and expenses	1,714,580	1,729,580	1,432,441	297,139
Capital outlay	598,000	598,000	318,898	279,102
Transfers and other charges	12,500	12,500	12,500	-
Total culture and recreation	<u>9,280,849</u>	<u>9,020,849</u>	<u>7,339,388</u>	<u>1,681,461</u>
Fire:				
Personnel services	6,285,606	6,285,606	5,659,295	626,311
Supplies and expenses	823,730	828,730	772,331	56,399
Capital outlay	614,301	609,301	573,920	35,381
Transfers and other charges	12,500	12,500	12,500	-
Total culture and recreation	<u>7,736,137</u>	<u>7,736,137</u>	<u>7,018,046</u>	<u>718,091</u>
Public safety and training facility:				
Personnel services	346,411	346,411	336,271	10,140
Supplies and expenses	172,070	172,070	144,282	27,788
Capital outlay	10,100	10,100	286	9,814
Transfers and other charges	107,500	556,019	218,645	337,374
Total culture and recreation	<u>636,081</u>	<u>1,084,600</u>	<u>699,484</u>	<u>385,116</u>

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET TO ACTUAL – BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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CITY OF MERIDIAN, MISSISSIPPI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL – BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget</u>
REVENUES	\$ 1,005,000	\$ 4,505,000	\$ 3,533,314	\$ (971,686)
EXPENDITURES				
Project costs	<u>1,250,000</u>	<u>4,505,000</u>	<u>4,200,814</u>	<u>304,186</u>
Net change in fund balance	(245,000)	-	(667,500)	(1,275,872)
Fund balances, beginning of year	<u>6,250,930</u>	<u>6,250,930</u>	<u>6,250,930</u>	<u>-</u>
Fund balances, end of year	<u>\$ 6,005,930</u>	<u>\$ 6,250,930</u>	5,583,430	<u>\$ (1,275,872)</u>
			603,099	
			<u>(179,245)</u>	
			<u>\$ 6,007,284</u>	

CITY OF MERIDIAN, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION NOTES TO THE BUDGETARY SCHEDULE FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1. PRESENTATION

State statutes authorize the State Auditor to regulate the municipal budget process. Expenditures must be defined to the minimum level prescribed by the State Auditor. The State Auditor has set this level at the purpose level. Municipalities are prohibited from spending in excess of the lowest level adopted in the budget except for capital outlay, election expense and emergency warrants.

The budgetary comparisons present budget figures at the legal level of control. The City Council formally adopts the annual budget for the General Fund with revenues segregated by source (ad valorem tax, licenses and permits, intergovernmental, etc.). The General Fund expenditure budget is set at the character level (current, capital outlay, debt service) for each department (function) with current expenditures further detailed at the object level (personal services, supplies, and other services).

The budgets for revenues are on a cash basis – revenue is recognized if actually received within the year. Budgeted expenditures are on the cash basis with allowance for encumbrances for goods and services actually received prior to year-end and liquidated (paid) within 30 days after year-end.

Accounting principles applied in preparation of the budget comparison statements differ from the generally accepted accounting principles used in preparation of the fund statements. These differences in the principles used results in timing differences in the recognition of revenue and expenditures. At the bottom of the schedule is a reconciliation of the General Fund statement of revenues, expenditures and changes in fund balance, budget and actual – budget basis to the statement of revenues, expenditures and changes in fund balance – governmental funds.

CITY OF MERIDIAN, MISSISSIPPI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY AND RELATED RATIOS AND NOTES
MISSISSIPPI PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEARS ENDED SEPTEMBER 30,**

	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.250373%	0.239412%	0.252101%	0.292935%	0.280872%	0.260207%	0.253100%
City's proportionate share of the net pension liability	\$ 37,006,224	\$ 46,347,381	\$ 44,349,541	\$ 48,235,616	\$ 46,545,503	\$ 46,442,492	\$ 38,645,070
City's covered payroll	16,394,851	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	225.72%	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%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

Grant

The schedule will present 10 years of information once it is accumulated.

Notes to the Schedule:

Changes of assumptions

2021

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
 - For females, 84% of female rates up to age 72, 100% for ages above 76.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 134% of male rates at all ages.
 - For females, 121% of the female rates at all ages.
 - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%.
- The wage inflation assumption was reduced from 3.00% to 2.65%.
- The investment rate of return was changed from 7.75% to 7.55%.
- 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 9% to 12%.
- The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

2019

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 137% of male rates at all ages.
 - For females, 115% of the female rates at all ages.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3.00% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3.00%.
- Withdrawal rates, pre-retirement mortality rates, 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 7% to 9%.

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%.

2016

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

2015

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
- The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

Changes in benefit provisions

2016

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

CITY OF MERIDIAN, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE CITY'S CONTRIBUTIONS MISSISSIPPI PUBLIC EMPLOYEES' RETIREMENT SYSTEM FOR THE YEARS ENDED SEPTEMBER 30,

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 2,896,625	\$ 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>2,896,625</u>	<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>	<u>\$ -</u>
City's covered payroll	\$ 16,647,270	\$ 16,098,988	\$ 16,066,490	\$ 18,073,401	\$ 18,838,387	\$ 17,411,778	\$ 15,923,801
Contributions as a percentage of covered payroll	17.40%	17.40%	16.19%	15.75%	15.75%	15.75%	15.75%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

Effective 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%.

CITY OF MERIDIAN, MISSISSIPPI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
MISSISSIPPI MUNICIPAL RETIREMENT SYSTEM
MERIDIAN GENERAL PLAN**

Measurement period fiscal year-end	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Interest	\$ 388,139	\$ 410,988	\$ 437,947	\$ 458,020	\$ 471,793	\$ 495,938	\$ 517,472
Differences between expected and actual experience	123,677	(31,882)	(69,562)	(8,211)	45,421	(108,041)	(79,725)
Changes in assumptions	(26,990)	-	(24,886)	-	6,705	-	212,270
Benefit payments, including refunds of employee contributions	(669,195)	(678,676)	(704,023)	(713,603)	(689,684)	(709,204)	(729,218)
Net change in total pension liability	(184,369)	(299,570)	(360,524)	(263,794)	(165,765)	(321,307)	(79,201)
Total pension liability - beginning	5,342,843	5,642,413	6,002,937	6,266,731	6,432,496	6,753,803	6,833,004
Total pension liability - ending (a)	\$ 5,158,474	\$ 5,342,843	\$ 5,642,413	\$ 6,002,937	\$ 6,266,731	\$ 6,432,496	\$ 6,753,803
Plan fiduciary net position							
Contributions - employer	\$ 346,113	\$ 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	862,731	89,865	222,168	259,283	428,676	44,792	92,425
Benefit payments, including refunds of employee contributions	(669,195)	(678,676)	(704,023)	(713,603)	(689,684)	(709,204)	(729,218)
Administrative expenses	(6,922)	(6,608)	(7,083)	(9,650)	(10,299)	(14,451)	(14,581)
Other	-	-	(57)	(304)	3,565	9,284	-
Net change in plan fiduciary net position	532,727	(265,020)	(134,847)	20,679	251,712	58,559	82,440
Plan fiduciary net position - beginning	2,925,769	3,190,789	3,325,636	3,304,957	3,053,245	2,994,686	2,912,246
Plan fiduciary net position - ending (b)	\$ 3,458,496	\$ 2,925,769	\$ 3,190,789	\$ 3,325,636	\$ 3,304,957	\$ 3,053,245	\$ 2,994,686
City's net pension liability - ending (a) - (b)	\$ 1,699,978	\$ 2,417,074	\$ 2,451,624	\$ 2,677,301	\$ 2,961,774	\$ 3,379,251	\$ 3,759,117
Plan fiduciary net position as a percentage of the total pension liability	67.04%	54.76%	56.55%	55.40%	52.74%	47.47%	44.34%
Covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a
City's net pension liability as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes to the Schedule:

Payroll 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 schedule will present 10 years of information once it is accumulated.

CITY OF MERIDIAN, MISSISSIPPI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S CONTRIBUTIONS
MISSISSIPPI MUNICIPAL RETIREMENT SYSTEM
MERIDIAN GENERAL PLAN**

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 279,659	\$ 288,108	\$ 228,358	\$ 326,870	\$ 270,338	\$ 375,655	\$ 436,118
Contributions in relation to the actuarially determined contribution	349,113	330,399	354,148	482,522	514,966	722,557	729,047
Contribution deficiency (excess)	<u>\$ (69,454)</u>	<u>\$ (42,291)</u>	<u>\$ (125,790)</u>	<u>\$ (155,652)</u>	<u>\$ (244,628)</u>	<u>\$ (346,902)</u>	<u>\$ (292,929)</u>
Covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes to the Schedule:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
Contributions for the fiscal year ending September 30, 2021 were based on the June 30, 2019 actuarial valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Ultimate Asset Reserve
Amortization method	N/A
Remaining period amortization	N/A
Asset valuation method	Market value of assets
Inflation	2.75%
Salary increases	3.00 - 4.50%, including inflation
Investment rate of return	6.25%, net of pension plan investment expense, including inflation

Payroll 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 schedule will present 10 years of information once it is accumulated.

CITY OF MERIDIAN, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

AND RELATED RATIOS

MISSISSIPPI MUNICIPAL RETIREMENT SYSTEM

MERIDIAN FIRE AND POLICE PLAN

Measurement period fiscal year-end	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Interest	\$ 1,014,013	\$ 1,058,698	\$ 1,128,051	\$ 1,181,262	\$ 1,270,520	\$ 1,356,255	\$ 1,404,037
Differences between expected and actual experience	(24,049)	(32,465)	(310,739)	(145,148)	(665,204)	(577,858)	(8,930)
Changes in assumptions	(162,779)	-	(57,866)	-	37,160	-	525,288
Benefit payments, including refunds of employee contributions	(1,584,096)	(1,621,534)	(1,687,103)	(1,758,321)	(1,830,058)	(1,939,245)	(2,002,352)
Net change in total pension liability	(756,911)	(595,301)	(927,657)	(722,207)	(1,187,582)	(1,160,848)	(81,957)
Total pension liability - beginning	13,876,091	14,471,392	15,399,049	16,121,256	17,308,838	18,469,686	18,551,643
Total pension liability - ending (a)	<u>\$ 13,119,180</u>	<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	\$ 558,452	\$ 652,276	\$ 977,170	\$ 1,240,676	\$ 1,773,349	\$ 1,937,647	\$ 1,809,952
Contributions - employee	-	-	-	-	-	-	-
Net investment income	2,533,483	265,764	565,753	736,409	1,198,539	11,593	256,985
Benefit payments, including refunds of employee contributions	(1,584,096)	(1,621,534)	(1,687,103)	(1,758,321)	(1,830,058)	(1,939,245)	(2,002,352)
Administrative expenses	(11,369)	(13,046)	(19,543)	(24,814)	(35,467)	(38,753)	(36,199)
Other	-	-	2,179	(852)	6,988	23,380	-
Net change in plan fiduciary net position	1,496,470	(716,540)	(161,544)	193,098	1,113,351	(5,378)	28,386
Plan fiduciary net position - beginning	8,646,920	9,363,460	9,525,004	9,248,564	8,135,213	8,140,591	8,112,205
Plan fiduciary net position - ending (b)	<u>\$ 10,143,390</u>	<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>
City's net pension liability - ending (a) - (b)	<u>\$ 2,975,790</u>	<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 of the total pension liability	77.32%	62.32%	64.70%	61.31%	57.37%	47.00%	44.08%
Covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a
City's net pension liability as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes to the Schedule:

Payroll 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 schedule will present 10 years of information once it is accumulated.

CITY OF MERIDIAN, MISSISSIPPI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S CONTRIBUTIONS
MISSISSIPPI MUNICIPAL RETIREMENT SYSTEM
MERIDIAN FIRE AND POLICE PLAN**

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,082,718	\$ 568,785	\$ 630,088	\$ 840,458	\$ 930,941	\$ 1,007,377	\$ 1,082,718
Contributions in relation to the actuarially determined contribution	<u>1,809,952</u>	<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>\$ (727,234)</u>	<u>\$ (83,491)</u>	<u>\$ (347,082)</u>	<u>\$ (400,218)</u>	<u>\$ (842,408)</u>	<u>\$ (930,270)</u>	<u>\$ (727,234)</u>
Covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes to the Schedule:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year ending September 30, 2021 were based on the June 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Ultimate Asset Reserve
Amortization method	N/A
Remaining period amortization	N/A
Asset valuation method	Market value of assets
Inflation	2.75%
Salary increases	3.00 - 4.50%, including inflation
Investment rate of return	6.25%, net of pension plan investment expense, including inflation

Payroll 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 schedule will present 10 years of information once it is accumulated.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Fund

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.

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.

American Rescue Plan Act Fund – This fund is used to account for the receipts and disbursements associated with funds received under the American Rescue Plan Act.

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NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Fund (Continued)

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.

Sela Ward Parkway Project Fund – This fund is used to account for the proceeds and disbursements for the Sela Ward Parkway Project.

CITY OF MERIDIAN, MISSISSIPPI

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2021**

	Sowashee Project Fund	City Hall Improvements Fund	Safe Routes to School Fund	2011 General Obligation Bonds Fund	35th Avenue & 40th Street Bridge Replacement Fund	2012 General Obligation Bonds Fund	Downtown Streetscape Fund	Highway 39 Signalization Fund	Velma Young Community Center Fund
ASSETS									
Due from other funds	\$ -	\$ -	\$ 35,779	\$ -	\$ -	\$ -	\$ 81,181	\$ -	\$ -
Restricted assets -									
Cash and cash equivalents	151,966	-	-	-	-	95,603	-	-	-
Total assets	<u>\$ 151,966</u>	<u>\$ -</u>	<u>\$ 35,779</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,603</u>	<u>\$ 81,181</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,960	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-	-	-	-	-	-
Liabilities payable from restricted assets -									
Accounts payable	-	4,506	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>4,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,960</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES									
Restricted for									
Sowashee Creek maintenance	151,966	-	-	-	-	-	-	-	-
Construction/acquisition of capital assets	-	-	-	-	-	-	-	-	-
Paving and sidewalk projects	-	-	35,779	-	-	-	81,181	-	-
Unassigned (deficit)	-	(4,506)	-	-	-	(21,357)	-	-	-
Total fund balances (deficits)	<u>151,966</u>	<u>(4,506)</u>	<u>35,779</u>	<u>-</u>	<u>-</u>	<u>(21,357)</u>	<u>81,181</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 151,966</u>	<u>\$ -</u>	<u>\$ 35,779</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,603</u>	<u>\$ 81,181</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

Drainage Structure Collapse Emergency Fund	2016 General Obligation Bonds Fund	Vehicle Loans Fund	2017 General Obligation Bonds Fund	Old Highway 80 Pedestrian Improvement Fund	Old Highway 80 Emergency Repair Fund	22nd Avenue Overpass Enhancement Fund	Valley Road Access Fund	Infrastructure Modernization Use Tax Fund	2020 General Obligation Bonds Fund	Sela Ward Parkway Project Fund	American Rescue Plan Act Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,960
-	-	-	-	81,213	167,231	269,394	-	1,368,332	4,274,637	750,438	4,467,867	11,626,681
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,213</u>	<u>\$ 167,231</u>	<u>\$ 269,394</u>	<u>\$ -</u>	<u>\$ 1,368,332</u>	<u>\$ 4,274,637</u>	<u>\$ 750,438</u>	<u>\$ 4,467,867</u>	<u>\$ 11,743,641</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,960
-	-	-	-	-	-	-	-	-	-	-	4,467,867	4,467,867
-	-	-	-	-	2,500	-	-	-	179,000	-	-	186,006
-	-	-	-	-	2,500	-	-	-	179,000	-	4,467,867	4,770,833
-	-	-	-	-	-	-	-	-	-	-	-	151,966
-	-	-	-	81,213	-	-	-	1,368,332	-	-	-	1,449,545
-	-	-	-	-	164,731	269,394	-	-	4,095,637	750,438	-	5,397,160
-	-	-	-	-	-	-	-	-	-	-	-	(25,863)
-	-	-	-	81,213	164,731	269,394	-	1,368,332	4,095,637	750,438	-	6,972,808
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,213</u>	<u>\$ 167,231</u>	<u>\$ 269,394</u>	<u>\$ -</u>	<u>\$ 1,368,332</u>	<u>\$ 4,274,637</u>	<u>\$ 750,438</u>	<u>\$ 4,467,867</u>	<u>\$ 11,743,641</u>

CITY OF MERIDIAN, MISSISSIPPI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Sowashee Project Fund	City Hall Improvements Fund	Safe Routes to School Fund	2011 General Obligation Bonds Fund	35th Avenue & 40th Street Bridge Replacement Fund	2012 General Obligation Bonds Fund	Downtown Streetscape Fund	Highway 39 Signalization Fund	Velma Young Community Center Fund
Revenues									
Intergovernmental									
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State	98	-	-	-	-	-	-	-	-
Interest on investments	-	6	-	-	22	73	-	-	3
Total revenues	<u>98</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>22</u>	<u>73</u>	<u>-</u>	<u>-</u>	<u>3</u>
Expenditures									
Culture and recreation	-	-	-	-	-	-	-	-	-
Construction/acquisition of capital assets	-	-	-	-	-	76,133	-	-	-
Engineering and other	96,153	21,838	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-
Total expenditures	<u>96,153</u>	<u>21,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,133</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(96,055)</u>	<u>(21,832)</u>	<u>-</u>	<u>-</u>	<u>22</u>	<u>(76,060)</u>	<u>-</u>	<u>-</u>	<u>3</u>
Other financing sources (uses)									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(2,552)	-	-	(43,229)	(9,450)	-	-	(5,919)
Total other financing sources (uses)	<u>-</u>	<u>(2,552)</u>	<u>-</u>	<u>-</u>	<u>(43,229)</u>	<u>(9,450)</u>	<u>-</u>	<u>-</u>	<u>(5,919)</u>
Net change in fund balances	<u>(96,055)</u>	<u>(24,384)</u>	<u>-</u>	<u>-</u>	<u>(43,207)</u>	<u>(85,510)</u>	<u>-</u>	<u>-</u>	<u>(5,916)</u>
Fund balances, beginning of year	<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>	<u>5,916</u>
Fund balances (deficits), end of year	<u>\$ 151,966</u>	<u>\$ (4,506)</u>	<u>\$ 35,779</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,357)</u>	<u>\$ 81,181</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

Drainage Structure Collapse Emergency Fund	2016 General Obligation Bonds Fund	Vehicle Loans Fund	2017 General Obligation Bonds Fund	Old Highway 80 Pedestrian Improvement Fund	Old Highway 80 Emergency Repair Fund	22nd Avenue Overpass Enhancement Fund	Valley Road Access Fund	Infrastructure Modernization Use Tax Fund	2020 General Obligation Bonds Fund	Sela Ward Parkway Project Fund	American Rescue Plan Act Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	1,417,057	-	750,000	-	2,167,155
-	14	19	-	-	-	515	-	-	5,434	438	-	6,524
-	14	19	-	-	-	515	-	1,417,057	5,434	750,438	-	2,173,679
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	520,578	20	4,359	45,896	-	-	215,374	476,615	-	-	1,338,975
58,033	-	-	-	-	99,008	145,244	-	-	1,209,182	-	-	1,629,458
-	-	-	-	-	-	-	-	-	-	-	-	-
58,033	-	520,578	20	4,359	144,904	145,244	-	215,374	1,685,797	-	-	2,968,433
(58,033)	14	(520,559)	(20)	(4,359)	(144,904)	(144,729)	-	1,201,683	(1,680,363)	750,438	-	(794,754)
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	520,000	-	-	-	-	-	-	-	-	-	520,000
222,673	-	-	-	-	-	-	9,450	-	-	-	-	232,123
-	(30,756)	-	(323)	-	-	-	(44)	(202,293)	-	-	-	(294,566)
222,673	(30,756)	520,000	(323)	-	-	-	9,406	(202,293)	-	-	-	457,557
164,640	(30,742)	(559)	(343)	(4,359)	(144,904)	(144,729)	9,406	999,390	(1,680,363)	750,438	-	(337,197)
(164,640)	30,742	559	343	85,572	309,635	414,123	(9,406)	368,942	5,776,000	-	-	7,310,005
\$ -	\$ -	\$ -	\$ -	\$ 81,213	\$ 164,731	\$ 269,394	\$ -	\$ 1,368,332	\$ 4,095,637	\$ 750,438	\$ -	\$ 6,972,808

CITY OF MERIDIAN, MISSISSIPPI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET TO ACTUAL – BUDGETARY BASIS
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget</u>
REVENUES	\$ 5,150,000	\$ 5,150,000	\$ 9,342,493	\$ 4,192,493
EXPENDITURES				
Debt service	<u>5,150,000</u>	<u>5,150,000</u>	<u>8,137,124</u>	<u>(2,987,124)</u>
Net change in fund balance	-	-	1,205,369	7,179,617
Fund balances, beginning of year	<u>5,301,369</u>	<u>5,301,369</u>	<u>5,301,369</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 5,301,369</u></u>	<u><u>\$ 5,301,369</u></u>	6,506,738	<u><u>\$ 7,179,617</u></u>
			<u>33,170</u>	
			<u><u>\$ 6,539,908</u></u>	

CITY OF MERIDIAN, MISSISSIPPI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET TO ACTUAL – BUDGETARY BASIS
CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budget Basis</u>	<u>Variance with Final Budget</u>
REVENUES	\$ 1,525,000	\$ 1,525,000	\$ 6,526,271	\$ 5,001,271
EXPENDITURES				
Capital outlay	<u>5,525,000</u>	<u>7,525,000</u>	<u>2,960,033</u>	<u>4,564,967</u>
Net change in fund balance	(4,000,000)	(6,000,000)	3,566,238	436,304
Fund balances, beginning of year	<u>7,310,005</u>	<u>7,310,005</u>	<u>7,310,005</u>	<u>-</u>
Fund balances, end of year	<u>\$ 3,310,005</u>	<u>\$ 1,310,005</u>	10,876,243	<u>\$ 436,304</u>
			Receivable/revenue adjustments	(4,350,907)
			Liability/expenditure adjustments	<u>(302,966)</u>
				<u>\$ 6,222,370</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.

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CITY OF MERIDIAN, MISSISSIPPI

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2021**

	Waste Collection and Disposal	Golf Course	Union Station	Concessions	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 67,855	\$ 164,836	\$ 98,727	\$ 65,110	\$ 396,528
Accounts receivable, net	289,167	-	-	-	289,167
Due from other funds	4,112	-	-	-	4,112
Inventory	-	11,232	-	1,758	12,990
Prepaid items	-	5,325	1,363	-	6,688
Total current assets	361,134	181,393	100,090	66,868	709,485
Capital assets:					
Buildings	-	126,628	-	-	126,628
Improvements other than buildings	-	458,442	51,300	-	509,742
Machinery and equipment	20,125	276,723	72,785	-	369,633
Total capital assets	20,125	861,793	124,085	-	1,006,003
Less accumulated depreciation	(18,113)	(663,514)	(52,810)	-	(734,437)
Capital assets (net of accumulated depreciation)	2,013	198,279	71,275	-	271,567
Total assets	363,147	379,672	171,365	66,868	981,052
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to net pension liability	14,141	14,807	8,703	1,903	39,554
LIABILITIES					
Current liabilities:					
Accounts payable	142,923	5,137	18,861	-	166,921
Accrued liabilities					
Payroll	2,143	1,763	639	85	4,630
Sales tax	-	1,164	-	266	1,430
Compensated absences	5,882	-	-	-	5,882
Due to other funds	31,189	827	-	-	32,016
Total current liabilities	182,137	8,891	19,500	351	210,879
Noncurrent liabilities:					
Promissory loans	7,332	-	-	-	7,332
Net pension liability	130,991	148,892	79,173	18,552	377,608
Total noncurrent liabilities	138,323	148,892	79,173	18,552	384,940
Total liabilities	320,460	157,783	98,673	18,903	595,819
DEFERRED INFLOWS OF RESOURCES					
Deferred outflows related to net pension liability	38,185	33,556	24,300	4,629	100,670
NET POSITION					
Net investment in capital assets	(5,320)	198,279	71,275	-	264,235
Unrestricted (deficit)	23,962	4,861	(14,180)	45,239	59,882
Total net position	18,643	203,140	57,095	45,239	324,117
Total liabilities, deferred inflows of resources, and net position	\$ 200,780	\$ 212,031	\$ 76,595	\$ 45,590	\$ 534,996

CITY OF MERIDIAN, MISSISSIPPI

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Waste Collection and Disposal	Golf Course	Union Station	Concessions	Total
REVENUES					
Charges for sales and services:					
Garbage collection fees	\$ 2,416,253	\$ -	\$ -	\$ -	\$ 2,416,253
Out-of-county-tonnage	36,990	-	-	-	36,990
Memberships	-	27,564	-	-	27,564
Green fees	-	27,358	-	-	27,358
Cart rental	-	23,676	-	-	23,676
Concessions	-	7,275	-	5,116	12,391
Rental income	-	-	119,451	-	119,451
Miscellaneous	-	238	-	4	242
Total revenues	<u>2,453,243</u>	<u>86,111</u>	<u>119,451</u>	<u>5,120</u>	<u>2,663,925</u>
OPERATING EXPENSES					
Personnel services	58,147	-	43,374	4,193	105,714
Supplies and materials	642	15,050	5,055	3,801	24,548
Rent and utilities	698	14,448	74,497	-	89,643
Operation, maintenance, and repairs	6,441	44,982	55,441	-	106,864
Garbage disposal fees	2,196,385	-	-	-	2,196,385
Depreciation	-	16,675	6,128	-	22,803
Miscellaneous	2,452	9,988	178,096	-	190,536
Total expenses	<u>2,264,765</u>	<u>101,143</u>	<u>362,591</u>	<u>7,994</u>	<u>2,736,493</u>
Operating income (loss)	<u>188,479</u>	<u>(15,032)</u>	<u>(243,140)</u>	<u>(2,874)</u>	<u>(72,568)</u>
NONOPERATING REVENUE (EXPENSES)					
Gain (loss) on disposal of capital assets	-	(16,643)	-	-	(16,643)
Interest income	21	48	60	36	165
Interest expense	(164)	-	-	-	(164)
Total nonoperating revenues (expenses)	<u>(143)</u>	<u>(16,595)</u>	<u>60</u>	<u>36</u>	<u>(16,642)</u>
OTHER FINANCING SOURCES					
Transfers in	-	100,000	248,000	-	348,000
Total other financing sources	<u>-</u>	<u>100,000</u>	<u>248,000</u>	<u>-</u>	<u>348,000</u>
Change in net position	188,336	68,373	4,920	(2,838)	258,791
TOTAL NET POSITION (DEFICIT), beginning of year	<u>(169,693)</u>	<u>134,767</u>	<u>52,175</u>	<u>48,077</u>	<u>65,326</u>
TOTAL NET POSITION, end of year	<u>\$ 18,643</u>	<u>\$ 203,140</u>	<u>\$ 57,095</u>	<u>\$ 45,239</u>	<u>\$ 324,117</u>

CITY OF MERIDIAN, MISSISSIPPI

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Waste Collection and Disposal	Golf Course	Union Station	Concessions	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 2,443,953	\$ 86,111	\$ 119,451	\$ 5,120	\$ 2,654,635
Payments to suppliers	(2,282,327)	(80,617)	(258,574)	(3,521)	(2,625,039)
Payments to employees	(71,060)	(20,602)	(51,977)	(6,507)	(150,146)
Payments to internal services	(15,237)	(4,906)	-	-	(20,143)
Net cash provided by (used in) operating activities	75,330	(20,014)	(191,100)	(4,908)	(140,693)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	100,000	248,000	-	348,000
Net cash provided by (used in) noncapital financing activities	-	100,000	248,000	-	348,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	-	(26,687)	(45,001)	-	(71,688)
Principal paid on long-term debt	(7,332)	-	-	-	(7,332)
Interest paid on long-term debt	(164)	-	-	-	(164)
Net cash provided by (used in) noncapital financing activities	(7,496)	(26,687)	(45,001)	-	(79,184)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	21	48	60	36	165
Net cash provided by investing activities	21	48	60	36	165
Net change in cash and cash equivalents	67,855	53,347	11,959	(4,872)	128,289
Cash and cash equivalents, beginning of year	-	111,489	86,768	69,982	268,239
Cash and cash equivalents, end of year	\$ 67,855	\$ 164,836	\$ 98,727	\$ 65,110	\$ 396,528
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 188,479	\$ (15,032)	\$ (243,140)	\$ (2,874)	\$ (72,568)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	-	16,675	6,128	-	22,803
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(9,290)	-	-	-	(9,290)
Decrease (increase) in due from other funds	(1,146)	-	-	-	(1,146)
Decrease (increase) in inventory	-	(106)	-	147	41
Decrease (increase) in prepaid items	-	12	52,126	-	52,138
Decrease (increase) in deferred outflows	(1,238)	(1,296)	(762)	(167)	(3,463)
Increase (decrease) in accounts payable	(75,709)	5,137	2,389	-	(68,183)
Increase (decrease) in accrued liabilities	(5,576)	(1,192)	(1,305)	133	(7,940)
Increase (decrease) in due to other funds	(14,091)	(4,906)	-	-	(18,997)
Increase (decrease) in net pension liability	(34,040)	(38,691)	(20,574)	(4,821)	(98,126)
Increase (decrease) in deferred inflows	22,059	19,385	14,038	2,674	58,156
Increase (decrease) in compensated absences	5,882	-	-	-	5,882
Net cash provided by (used in) operating activities	\$ 75,330	\$ (20,014)	\$ (191,100)	\$ (4,908)	\$ (140,693)

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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.

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CITY OF MERIDIAN, MISSISSIPPI

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2021

	Municipal Supply	Municipal Office Supply	Health and Life Insurance Reserve	Unemployment Compensation	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ 44,425	\$ 593,913	\$ 24,720	\$ 663,058
Due from other funds	129,685	-	-	-	129,685
Inventory	31,915	1,879	-	-	33,794
Total assets	<u>161,600</u>	<u>46,304</u>	<u>593,913</u>	<u>24,720</u>	<u>826,537</u>
LIABILITIES					
Accounts payable	885	-	523,994	-	524,879
Due to other funds					
General Fund	372,537	-	-	-	372,537
Total liabilities	<u>373,422</u>	<u>-</u>	<u>523,994</u>	<u>-</u>	<u>897,416</u>
NET POSITION					
Unrestricted (deficit)	<u>(211,822)</u>	<u>46,304</u>	<u>69,919</u>	<u>24,720</u>	<u>(70,879)</u>
Total net position	<u>(211,822)</u>	<u>46,304</u>	<u>69,919</u>	<u>24,720</u>	<u>(70,879)</u>
Total liabilities and net position	<u>\$ 161,600</u>	<u>\$ 46,304</u>	<u>\$ 593,913</u>	<u>\$ 24,720</u>	<u>\$ 826,537</u>

CITY OF MERIDIAN, MISSISSIPPI

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<u>Municipal Supply</u>	<u>Municipal Office Supply</u>	<u>Health and Life Insurance Reserve</u>	<u>Unemployment Compensation</u>	<u>Total</u>
REVENUES					
Charges for sales and services	\$ -	\$ 1,818	\$ -	\$ -	\$ 1,818
Premiums	-	-	3,015,709	-	3,015,709
Total revenues	<u>-</u>	<u>1,818</u>	<u>3,015,709</u>	<u>-</u>	<u>3,017,527</u>
OPERATING EXPENSES					
Cost of sales and services	718,050	2,671	-	-	720,721
Claims paid	-	-	2,759,498	30,023	2,789,521
Total expenses	<u>718,050</u>	<u>2,671</u>	<u>2,759,498</u>	<u>30,023</u>	<u>3,510,242</u>
Operating income (loss)	<u>(718,050)</u>	<u>(853)</u>	<u>256,211</u>	<u>(30,023)</u>	<u>(492,715)</u>
NONOPERATING REVENUE					
Interest income	-	24	312	24	360
Change in net position	<u>(718,050)</u>	<u>(829)</u>	<u>256,523</u>	<u>(29,999)</u>	<u>(492,355)</u>
TOTAL NET POSITION, beginning of year	<u>506,228</u>	<u>47,133</u>	<u>(186,604)</u>	<u>54,719</u>	<u>421,476</u>
TOTAL NET POSITION, end of year	<u>\$ (211,822)</u>	<u>\$ 46,304</u>	<u>\$ 69,919</u>	<u>\$ 24,720</u>	<u>\$ (70,879)</u>

CITY OF MERIDIAN, MISSISSIPPI

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Municipal Supply	Municipal Office Supply	Health and Life Insurance Reserve	Unemployment Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from internal users	\$ 456,779	\$ 1,818	\$ 3,015,709	\$ -	\$ 3,474,306
Payments to suppliers	(456,779)	(3,188)	(2,804,129)	(30,023)	(3,294,119)
Net cash provided by (used in) operating activities	<u>-</u>	<u>(1,370)</u>	<u>211,580</u>	<u>(30,023)</u>	<u>180,187</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	-	24	312	24	360
Net cash provided by investing activities	<u>-</u>	<u>24</u>	<u>312</u>	<u>24</u>	<u>360</u>
Net change in cash and cash equivalents	-	(1,346)	211,892	(29,999)	180,547
Cash and cash equivalents, beginning of year	-	45,771	382,021	54,719	482,511
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 44,425</u>	<u>\$ 593,913</u>	<u>\$ 24,720</u>	<u>\$ 663,058</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (718,050)	\$ (853)	\$ 256,211	\$ (30,023)	\$ (492,715)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Change in assets and liabilities:					
Decrease (increase) in inventory	19,727	(517)	-	-	19,210
Decrease (increase) in due from other funds	456,779	-	-	-	456,779
Increase (decrease) in accounts payable	(25,015)	-	(44,631)	-	(69,646)
Increase in due to other funds	266,559	-	-	-	266,559
Net cash provided by (used in) operating activities	<u>\$ -</u>	<u>\$ (1,370)</u>	<u>\$ 211,580</u>	<u>\$ (30,023)</u>	<u>\$ 180,187</u>

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FIDUCIARY FUNDS

Custodial Funds

Custodial 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.

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CITY OF MERIDIAN, MISSISSIPPI

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
SEPTEMBER 30, 2021**

	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
ASSETS							
Cash and cash equivalents	\$ 39,458	\$ 24,597	\$ 130,489	\$ 1,067,538	\$ 30,844	\$ 145,788	\$ 1,438,714
Intergovernmental receivables - county	4,019	2,505	17,039	930,850	-	19,278	973,691
Total assets	<u>43,477</u>	<u>27,102</u>	<u>147,528</u>	<u>1,998,388</u>	<u>30,844</u>	<u>165,066</u>	<u>2,412,405</u>
LIABILITIES							
Intergovernmental payables:							
Schools	-	-	147,528	1,998,388	-	165,066	2,310,982
PERS	36,627	21,433	-	-	-	-	58,060
State	-	-	-	-	30,844	-	30,844
Total liabilities	<u>36,627</u>	<u>21,433</u>	<u>147,528</u>	<u>1,998,388</u>	<u>30,844</u>	<u>165,066</u>	<u>2,399,886</u>
NET POSITION							
Restricted for individuals, organizations and other governments	<u>\$ 6,850</u>	<u>\$ 5,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,519</u>

CITY OF MERIDIAN, MISSISSIPPI

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	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
ADDITIONS							
Miscellaneous income	\$ 6,850	\$ 5,669	\$ -	\$ -	\$ -	\$ -	\$ 12,519
Total additions	<u>6,850</u>	<u>5,669</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,519</u>
DEDUCTIONS							
Other custodial disbursements	-	-	-	-	-	-	-
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fiduciary net position	6,850	5,669	-	-	-	-	12,519
Net position, beginning of year	-	-	-	-	-	-	-
Net position, end of year	<u>\$ 6,850</u>	<u>\$ 5,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,519</u>

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.

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CITY OF MERIDIAN, MISSISSIPPI

**COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS
SEPTEMBER 30, 2021**

		Primary Government	
	Meridian Urban Renewal Authority	Meridian and Bonita Lakes Development Authority	Total Nonmajor Component Units
ASSETS			
Cash and cash equivalents	\$ 365,357	\$ 2,234	\$ 367,591
MLEC membership interest	5,324,190	-	5,324,190
Total assets	<u>5,689,547</u>	<u>2,234</u>	<u>5,691,781</u>
LIABILITIES			
Accounts payable	-	2,234	2,234
Long-term liabilities:			
Due within one year	225,000	-	225,000
Due in more than one year	2,330,000	-	2,330,000
Total liabilities	<u>2,555,000</u>	<u>2,234</u>	<u>2,557,234</u>
NET POSITION			
Unrestricted	3,134,547	-	3,134,547
Total net position	<u><u>\$ 3,134,547</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,134,547</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF MERIDIAN, MISSISSIPPI

**COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Meridian Urban Renewal Authority	Meridian and Bonita Lakes Development Authority	
Component units:							
Meridian Urban Renewal Authority	\$ 954,142	\$ 38,479	\$ 6,000	\$ -	\$ (909,663)	\$ -	\$ (909,663)
Meridian and Bonita Lakes Development Authority	-	-	-	-	-	-	-
Total component units	<u>\$ 954,142</u>	<u>\$ 38,479</u>	<u>\$ 6,000</u>	<u>\$ -</u>	<u>(909,663)</u>	<u>-</u>	<u>(909,663)</u>
General revenues:							
Unrestricted investment earnings					76	-	76
Total general revenues					<u>76</u>	<u>-</u>	<u>76</u>
Change in net position					(909,587)	-	(909,587)
Net position, beginning of year					4,044,134	-	4,044,134
Net position, end of year					<u>\$ 3,134,547</u>	<u>\$ -</u>	<u>\$ 3,134,547</u>

The accompanying notes are an integral part of these financial statements.

OTHER SUPPLEMENTARY INFORMATION

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CITY OF MERIDIAN, MISSISSIPPI

**SCHEDULE OF SURETY BONDS
SEPTEMBER 30, 2021**

NAME AND POSITION	AMOUNT	EXPIRES
Jimmie Smith, Mayor	\$ 50,000	7/1/2025
George M Thomas, Councilman	100,000	7/6/2025
Dwayne Davis, Councilman	100,000	7/1/2025
Joseph Norwood, Councilman	100,000	7/1/2025
Romande Walker, Councilwoman	100,000	7/1/2025
Tyeasha Lindsey, Councilwoman	100,000	7/1/2025
Tim Miller, Chief Administrative Officer	50,000	9/16/2025
Douglas Stephens, Interim CAO	100,000	7/1/2022
Deborah Naylor-Young, Police Chief	50,000	9/16/2021
Surety Bond, All City Employees	100,000	5/19/2022

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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.

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Financial trends information.....	115-121
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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue capacity information.....	122-123
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These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt capacity information.....	124-126
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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.

Demographic and economic information.....	127-129
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating information.....	130-131
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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.

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CITY OF MERIDIAN, MISSISSIPPI

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 74,694	\$ 75,049	\$ 69,358	\$ 66,592	\$ 65,945	\$ 72,890	\$ 65,119	\$ 63,763	\$ 63,921	\$ 38,691
Restricted	6,519	5,755	3,538	4,783	5,329	10,914	8,295	10,675	11,164	19,487
Unrestricted	2,324	3,721	5,118	(35,407)	(39,404)	(65,016)	(65,289)	(59,081)	(51,998)	-24,183
Total governmental activities net position	<u>\$ 83,537</u>	<u>\$ 84,525</u>	<u>\$ 78,014</u>	<u>\$ 35,968</u>	<u>\$ 31,870</u>	<u>\$ 18,788</u>	<u>\$ 8,125</u>	<u>\$ 15,357</u>	<u>\$ 23,087</u>	<u>\$ 33,994,683</u>
Business-type activities										
Net investment in capital assets	\$ 19,795	\$ 20,841	\$ 18,824	\$ 21,704	\$ 25,555	\$ 21,492	\$ 22,621	\$ 19,798	\$ 18,837	\$ 3,259
Restricted	5,151	5,657	6,619	7,647	9,155	9,869	7,989	7,446	5,268	0
Unrestricted	3,825	4,179	6,528	4,479	5,010	5,591	6,048	11,575	13,768	31,709
Total business-type activities net position	<u>\$ 28,771</u>	<u>\$ 30,677</u>	<u>\$ 31,971</u>	<u>\$ 33,830</u>	<u>\$ 39,720</u>	<u>\$ 36,952</u>	<u>\$ 36,658</u>	<u>\$ 38,819</u>	<u>\$ 37,873</u>	<u>\$ 34,967,991</u>
Primary government										
Net investment in capital assets	\$ 94,489	\$ 95,890	\$ 88,182	\$ 88,296	\$ 91,500	\$ 94,382	\$ 87,740	\$ 83,561	\$ 82,758	\$ 41,950
Restricted	11,670	11,412	10,157	12,430	14,484	20,783	16,284	18,121	16,432	19,487
Unrestricted	6,149	7,900	11,646	(30,928)	(34,394)	(59,425)	(59,241)	(47,506)	(38,230)	7,526
Total primary government net position	<u>\$ 112,308</u>	<u>\$ 115,202</u>	<u>\$ 109,985</u>	<u>\$ 69,798</u>	<u>\$ 71,590</u>	<u>\$ 55,740</u>	<u>\$ 44,783</u>	<u>\$ 54,176</u>	<u>\$ 60,960</u>	<u>\$ 68,962,674</u>

Note: GASB 68 was implemented during fiscal year 2015.

CITY OF MERIDIAN, MISSISSIPPI

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Primary government:										
Governmental activities:										
General government	\$ 6,852	\$ 7,385	\$ 7,899	\$ 9,234	\$ 9,120	\$ 10,681	\$ 8,659	\$ 7,820	\$ 7,464	\$ 7,252
Public safety	15,584	16,486	16,394	16,054	16,855	19,137	18,608	16,818	15,813	15,976
Public works	7,695	12,022	7,864	7,934	8,459	12,861	10,555	7,998	7,371	8,710
Culture and recreation	2,051	2,250	2,509	2,500	3,122	13,062	12,838	1,540	4,421	3,526
Economic development	169	2,115	21	1	1	24	25	25	4	
Interest on long-term debt	1,908	1,835	1,706	1,565	1,334	1,867	2,024	1,796	1,445	1,528
Total governmental activities expenses	34,259	42,093	36,393	37,288	38,891	57,632	52,709	35,997	36,518	36,992
Business-type activities:										
Water and sewer	11,765	11,788	10,625	10,449	10,921	11,290	11,444	11,477	14,270	17,447
Waste collection and disposal	1,876	1,905	1,881	1,849	1,891	2,206	2,289	2,095	2,438	2,265
Golf course	466	423	435	379	423	469	306	(58)	119	118
Union Station	353	366	235	295	317	322	348	162	297	363
Concessions	27	27	28	34	35	34	18	7	4	8
Total business-type activities expenses	14,487	14,509	13,204	13,006	13,587	14,321	14,405	13,683	17,128	20,200
Total primary government expenses	48,746	56,602	49,597	50,294	52,478	71,953	67,114	49,680	53,646	57,192
Program revenues										
Primary government:										
Governmental activities:										
Charges for services										
General government	412	705	336	577	402	380	495	360	357	1,403
Public safety	1,039	950	860	988	1,049	1,894	1,597	1,824	1,151	857
Public works	-	-	-	-	-	-	-	-	-	289
Culture and recreation	327	136	166	179	225	148	156	259	33	61
Operating grants and contributions	515	1,261	992	733	586	887	639	251	1,510	401
Capital grants and contributions	1,786	265	314	378	1,156	2,958	1,521	130	2,183	2,452
Total governmental activities program revenues	4,079	3,317	2,668	2,855	3,418	6,267	4,408	2,824	5,234	5,464

(Continued)

CITY OF MERIDIAN, MISSISSIPPI

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type activities:										
Charges for services										
Water and sewer	\$ 13,187	\$ 13,553	\$ 13,699	\$ 13,284	\$ 13,993	\$ 12,460	\$ 13,505	\$ 14,525	\$ 14,838	\$ 16,722
Waste collection and disposal	1,871	1,838	1,887	1,850	1,867	1,832	1,795	2,430	2,393	2,453
Golf course	296	271	244	179	224	217	148	117	91	86
Union Station	64	42	41	47	44	56	57	70	106	119
Concessions	35	38	27	31	27	20	15	18	8	5
Capital grants and contributions	1,314	148	47	1,611	1,748	-	-	-	-	76
Total business-type activities										
program revenues	16,767	15,890	15,945	17,002	17,903	14,585	15,520	17,160	17,436	19,462
Total primary government										
program revenues	20,846	19,207	18,613	19,857	21,321	20,852	19,928	19,984	22,670	24,926
Net (expenses)/revenues										
Governmental activities	(30,180)	(38,776)	(33,725)	(34,433)	(35,473)	(51,365)	(48,301)	(33,173)	(31,284)	-31,528
Business-type activities	2,280	1,381	2,741	3,996	4,316	264	1,115	3,477	308	-738
Total primary government										
change in net position	<u>\$ (27,900)</u>	<u>\$ (37,395)</u>	<u>\$ (30,984)</u>	<u>\$ (30,437)</u>	<u>\$ (31,157)</u>	<u>\$ (51,101)</u>	<u>\$ (47,186)</u>	<u>\$ (29,696)</u>	<u>\$ (30,976)</u>	<u>\$ -32,266</u>

(Continued)

Note: Years 2011 through 2013 Governmental Activities Unrestricted Net Position restated for Net Pension Asset.

CITY OF MERIDIAN, MISSISSIPPI

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Property taxes	\$ 14,439	\$ 13,767	\$ 14,232	\$ 14,466	\$ 14,932	\$ 15,492	\$ 15,838	\$ 16,708	\$ 17,235	\$ 17,648
Sales taxes	14,082	14,682	14,901	14,845	14,431	16,038	16,550	18,574	16,846	19,116
Franchise taxes	2,462	2,643	2,955	2,922	2,555	2,600	2,678	2,711	2,550	2,497
County road taxes	781	752	678	692	714	721	717	734	740	759
Motor fuel taxes	20	20	20	31	30	31	27	28	31	31
Unrestricted grants and contributions	75	77	78	80	70	74	160	63	86	23
Unrestricted investment earnings	123	79	63	60	78	113	81	109	85	50
Transfers	66	245	(836)	266	(1,435)	3,214	1,587	1,478	1,441	2,312
Total governmental activities	32,048	32,265	32,091	33,362	31,375	38,283	37,638	40,405	39,014	42,437,361
Business-type activities										
Property taxes	40	71	49	57	16	65	48	13	20	
Unrestricted investment earnings	103	86	43	116	123	117	130	149	167	145
Transfers	(66)	(245)	836	(266)	1,435	(3,214)	(1,587)	(1,478)	(1,441)	-2,312
Total business-type activities	77	(88)	928	(93)	1,574	(3,032)	(1,409)	(1,316)	(1,254)	-2,168
Total primary government	\$ 32,125	\$ 32,177	\$ 33,019	\$ 33,269	\$ 32,949	\$ 35,251	\$ 36,229	\$ 39,089	\$ 37,760	\$ 40,270
Change in net position										
Governmental activities	1,868	(6,511)	(1,634)	(1,071)	(4,098)	(13,082)	(10,663)	7,232	7,730	10,909
Business-type activities	2,357	1,293	3,669	3,903	5,890	(2,768)	(294)	2,161	(946)	-2,905
Total primary government	\$ 4,225	\$ (5,218)	\$ 2,035	\$ 2,832	\$ 1,792	\$ (15,850)	\$ (10,957)	\$ 9,393	\$ 6,784	\$ 8,004

CITY OF MERIDIAN, MISSISSIPPI

**FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nondisposable	\$ 1,594	\$ 1,678	\$ 1,597	\$ 321	\$ 319	\$ 332	\$ 366	\$ 334	\$ 360	\$ 382
Committed	2	12	-	71	96	52	-	-	664	296
Assigned	1,931	1,889	1,799	1,917	1,938	753	641	472	1,115	702
Unassigned	7,582	8,341	8,371	8,966	6,628	4,196	3,691	9,182	13,494	18,886
Total General Fund	<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>	<u>\$ 20,266</u>
All other governmental funds										
Nondisposable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175	\$ 116	\$ 192	\$ 58
Assigned	13,457	6,875	6,788	7,999	14,744	21,624	11,283	13,211	18,649	19,488
Committed	345	345	345	345	346	346	210	210	183	
Assigned	30	21	30	18	15	15	12	12	12	
Unassigned	-	-	-	-	-	-	-	(72)	(174)	-26
Total all other governmental funds	<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>	<u>\$ 19,520</u>
Total all governmental funds	<u>\$ 24,941</u>	<u>\$ 19,161</u>	<u>\$ 18,930</u>	<u>\$ 19,637</u>	<u>\$ 24,086</u>	<u>\$ 27,318</u>	<u>\$ 16,378</u>	<u>\$ 23,465</u>	<u>\$ 34,495</u>	<u>\$ 39,786</u>

Note: GASB 54 was implemented during fiscal year 2011.

CITY OF MERIDIAN, MISSISSIPPI

**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Taxes	\$ 29,196	\$ 28,999	\$ 29,579	\$ 29,746	\$ 29,929	\$ 31,934	\$ 32,793	\$ 35,808	\$ 34,547	\$ 37,401
Franchise	2,462	2,644	2,955	2,922	2,555	2,600	2,678	2,711	2,550	2,497
Licenses and permits	251	251	296	277	299	258	244	264	269	289
Intergovernmental	1,513	1,588	1,354	1,177	1,593	3,733	2,073	390	3,749	3,061
Charges for services	157	136	166	179	225	149	157	259	33	77
Fines and forfeitures	1,039	950	860	988	1,049	1,894	1,597	1,824	1,151	809
Special assessments	74	69	72	73	74	73	68	40	1	
Payments in lieu of taxes	156	100	150	93	137	226	207	145	172	154
Local contributions	-	7	12	14	83	168	162	54	29	23
Interest on investments	123	79	63	60	78	112	81	106	85	49
Interest costs and damages	141	126	104	197	59	125	140	131	133	84
Miscellaneous	301	573	63	299	149	155	260	116	93	1,350
Total revenues	35,413	35,522	35,674	36,025	36,230	41,427	40,460	41,848	42,812	45,795
Expenditures:										
General government	6,200	6,407	6,617	7,034	7,630	8,603	7,169	6,280	6,879	8,698
Public safety	15,352	16,811	16,008	15,083	17,627	18,016	16,907	15,449	15,658	17,776
Public works	4,195	4,206	4,933	4,572	4,977	5,755	5,386	4,623	4,961	6,374
Culture and recreation	2,186	2,175	2,492	2,341	2,925	12,736	12,613	2,025	4,346	3,778
Economic development	231	2,127	230	1	1	35	173	25	4	
Other	23	23	-	-	-	-	-	-	-	
Capital outlay	2,221	4,357	470	415	2,042	10,664	3,937	815	2,807	1,339
Debt service:										
Principal	3,682	4,020	3,675	3,466	3,243	4,024	5,292	5,251	4,927	8,063
Interest	1,995	1,885	1,773	1,471	1,392	1,908	2,029	1,889	1,714	1,591
Other	110	-	328	-	147	585	230	119	224	
Total expenditures	36,195	42,011	36,526	34,383	39,984	62,326	53,736	36,476	41,520	47,619
Excess (deficiency) of revenues over (under) expenditures	(782)	(6,489)	(852)	1,642	(3,754)	(20,899)	(13,276)	5,372	1,292	-1,824

(Continued)

CITY OF MERIDIAN, MISSISSIPPI

**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other financing sources (uses)										
Transfers in	\$ 2,236	\$ 3,583	\$ 2,182	\$ 1,622	\$ 3,041	\$ 3,610	\$ 2,453	\$ 2,769	\$ 2,202	\$ 3,591
Transfers out	(2,234)	(3,350)	(3,034)	(1,387)	(4,354)	(1,824)	(902)	(1,291)	(798)	-1,278
Bonds issued	4,500	-	9,610	-	7,500	20,000	8,024	1,971	6,000	4,802
Negotiable notes and loans issued	210	-	-	-	2,016	766	-	-	955	-
Capital leases	-	476	-	120	-	-	555	207	-	-
Premium on bonds issued	-	-	491	-	-	1,579	-	-	-	-
Principal retirement from refunding bond proceeds	-	-	(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 sources	<u>4,712</u>	<u>709</u>	<u>621</u>	<u>(935)</u>	<u>8,203</u>	<u>24,131</u>	<u>2,336</u>	<u>1,716</u>	<u>9,738</u>	<u>7,115</u>
Net change in fund balances	<u>\$ 3,930</u>	<u>\$ (5,780)</u>	<u>\$ (231)</u>	<u>\$ 707</u>	<u>\$ 4,449</u>	<u>\$ 3,232</u>	<u>\$ (10,940)</u>	<u>\$ 7,088</u>	<u>\$ 11,030</u>	<u>\$ 5,291</u>
Debt service as a percentage of noncapital expenditures	<u>17.03%</u>	<u>15.68%</u>	<u>16.02%</u>	<u>14.53%</u>	<u>12.60%</u>	<u>12.61%</u>	<u>15.16%</u>	<u>20.36%</u>	<u>17.73%</u>	<u>20.86%</u>

CITY OF MERIDIAN, MISSISSIPPI

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Bonita Lakes Mall/Rockstep Meridian, LLC	\$ 4,437	1	1.05%	\$ 8,517	2	2.85%
Walmart Supercenters	3,592	2	0.85%			
Meridian Crossroads/Meridian, SAV LLC	3,554	3	0.84%	7,959	3	0.73%
Anderson Regional Medical Center	3,187	4	0.76%	3,678	6	0.56%
Van Zyverden, Inc	1,880	5	0.45%	5,337	5	-
East MS Electric Power Association	1,877	6	0.45%			-
Mississippi Power Company	1,844	7	0.44%			-
Lauderdale County Economic Dev	1,723	8	0.41%	12,585	1	-
Allred Investments, LLC	1,665	9	0.40%			-
DDC Hotels	1,561	10	0.37%			0.32%
Peavey Electronics Corporation	-	-	-			14.14%
Lowe's Home Centers Inc	-	-	-	2,581	8	1.44%
Norfolk Southern Railway Company	-	-	-			0.65%
Atmos Energy Corporation	-	-	-	2,478	9	0.39%
Avery Dennison Corporation	-	-	-	2,269	10	0.34%
AT&T	-	-	-	3,508	7	0.34%
Total	<u>\$ 25,320</u>		<u>6.02%</u>	<u>\$ 48,912</u>	4	<u>21.76%</u>

Source: City Clerk's Office

CITY OF MERIDIAN, MISSISSIPPI

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(In thousands)**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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	17,314	99.63%	21 *	17,335	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%
2021	17,610	18,030	102.39%	25	18,055	102.53%

Source: Schedule reconciling original ad valorem tax rolls to fund collections.

CITY OF MERIDIAN, MISSISSIPPI

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(In thousands)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 51,362	\$ 50,632	\$ 51,175	\$ 50,793	\$ 52,283	\$ 53,221	\$ 52,862	\$ 53,301	\$ 51,014	\$ 52,816
Total net debt applicable to limit	32,621	30,418	32,729	30,172	34,663	30,852	27,805	26,054	27,134	24,922
Legal debt margin	<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>	<u>\$ 27,894</u>
Total net debt applicable to the limit as a percentage of debt limit	63.51%	60.08%	63.96%	59.40%	66.30%	57.97%	52.60%	48.88%	53.19%	63.51%

CITY OF MERIDIAN, MISSISSIPPI

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	City of Meridian					Overlapping Rates						Meridian Community College	Grand Total Millage
	Operating Millage	Debt Service Millage	Special Revenue Pension Millage	Solid Waste Millage	Total Millage	Lauderdale County			Meridian Separate School District				
						Operating Millage	Debt Millage	Total Millage	Operating Millage	Debt Millage	Total Millage		
2012	28.72	13.24	7.93	0.95	50.84	41.66	9.12	50.78	54.84	5.47	60.31	7.00	168.93
2013	29.34	13.12	7.92	0.46	50.84	41.66	9.12	50.78	54.84	6.31	61.15	7.00	169.77
2014	29.72	13.17	7.77	0.18	50.84	41.66	9.12	50.78	54.84	7.98	62.82	7.00	171.44
2015	29.51	13.36	7.79	0.18	50.84	41.66	9.12	50.78	54.84	7.98	62.82	7.00	171.44
2016	29.75	13.12	7.79	0.18	50.84	41.66	9.12	50.78	54.84	7.98	62.82	7.00	171.44
2017	29.75	14.30	6.61	0.18	50.84	41.66	9.12	50.78	55.00	7.82	62.82	7.00	171.44
2018	29.75	15.95	4.96	0.18	50.84	41.66	9.12	50.78	55.00	7.82	62.82	7.00	171.44
2019	34.24	12.71	3.66	0.23	50.84	41.66	9.12	50.78	54.90	7.92	62.82	7.00	171.44
2020	35.63	12.71	2.50	-	50.84	41.66	9.12	50.78	55.00	7.82	62.82	7.00	171.44
2021	35.63	12.71	2.47	-	50.81	41.66	9.12	50.78	55.00	7.82	62.82	7.00	171.41

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

Source: Office of the City Clerk

CITY OF MERIDIAN, MISSISSIPPI

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Real Property ⁽¹⁾		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated True Value of Taxable Property	Assessed Value as a Percentage of Actual Value
	Assessed Value	Actual Value	Motor Vehicles	Other					
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%
2021	91,062	171,911	35,031	54,100	840	351,264	50.84	2,346,942	14.97%

Source: Lauderdale County real and personal property tax rolls.

CITY OF MERIDIAN, MISSISSIPPI

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Estimated Population ⁽¹⁾	Personal Income (Amounts Expressed in Thousands) ⁽²⁾	Per Capita Personal Income ⁽²⁾	Median Age ⁽³⁾	School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
2012	40,894	3,591,963	33,515	34.8	6,209	12.60%
2013	40,921	3,747,649	35,037	33.9	6,168	11.90%
2014	40,196	3,638,085	34,257	35.0	5,880	10.00%
2015	39,661	3,593,079	34,384	34.8	5,664	8.50%
2016	39,113	3,662,632	35,374	35.2	5,555	6.40%
2017	37,940	3,734,000	36,656	36.0	5,444	5.60%
2018	37,325	3,721,121	36,862	36.3	5,232	5.20%
2019	37,325	3,839,072	38,427	36.3	5,143	5.80%
2020	35,052	4,115,142	41,748	36.5	4,940	5.10%
2021	34,424	4,387,959	45,656	37.7	4,758	5.90%

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

⁽¹⁾ U.S. Census Bureau, 2016-2020 Estimates of the Residential Population of Incorporated Places at www.census.gov

⁽²⁾ U.S. Department of Commerce, Bureau of Economic Analysis website at www.bea.gov
Per capita personal income estimates reflect population estimates available as of November 30, 2023.

⁽³⁾ U.S. Census Bureau 2016-2020 American Community Survey 5-Year Estimates at www.census.gov

⁽⁴⁾ Mississippi Assessment and Accountability Reporting System of the Mississippi Department of Education's website.

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

CITY OF MERIDIAN, MISSISSIPPI

**PRINCIPAL STAFF
CURRENT AND NINE YEARS AGO**

Employer	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Rush Foundation Hospital	2,465	1	16.81%	2,610	1	17.69%
Anderson Regional Medical Center	1,343	2	9.16%	1,275	3	8.64%
Mississippi Air National Guard	1,200	3	8.19%	420	8	2.85%
Meridian Public Schools	1,000	4	6.82%	1,050	4	7.12%
East Mississippi State Hospital	943	5	6.43%	1,500	2	10.17%
Walmart Supercenters	695	6	4.74%	698	5	4.73%
City of Meridian	530	7	3.62%	570	7	3.86%
Alliance Health Center	350	8	2.39%	385	9	2.61%
Meridian Community College	325	9	2.22%	327	10	2.22%
Avery Products	250	10	1.71%			
Peavy Electronics Corporation	-	-	0.00%	600	6	4.07%
Total	9,101		62.09%	9,435		63.96%

Source: East Mississippi Business Development Corporation

CITY OF MERIDIAN, MISSISSIPPI

**FULL-TIME EQUIVALENT CITY GOVERNMENTAL STAFF BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	59	47	48	49	59	61	55	55	53	51
Public safety:										
Police:										
Officers	108	100	92	90	77	99	90	77	75	63
Civilians	19	17	13	18	24	19	21	20	20	18
Fire:										
Officers	114	106	103	97	110	106	96	91	79	78
Civilians	11	9	7	9	9	8	7	6	6	6
Highways and streets	57	56	55	67	65	75	68	60	57	49
Sanitation	1	1	1	1	1	1	1	1	1	1
Culture and recreation	42	40	39	32	30	35	27	23	28	27
Water	48	45	39	39	31	37	25	27	21	36
Sewer	39	36	31	31	37	39	29	33	35	34
Golf course	8	8	10	8	9	4	2	1	1	1
Union Station	2	2	2	2	2	1	1	1	1	1
Municipal garage	11	11	10	10	10	11	7	5	4	6
Homeland security	5	4	4	3	3	3	5	4	6	4
Community development	16	18	18	22	23	20	16	18	14	17
Total	<u>540</u>	<u>500</u>	<u>472</u>	<u>478</u>	<u>490</u>	<u>519</u>	<u>450</u>	<u>422</u>	<u>401</u>	<u>392</u>

Source: City payroll department.

CITY OF MERIDIAN, MISSISSIPPI

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Physical arrests	6,254	5,847	3,917	4,012	3,838	3,997	4,541	2,578	4,097	2,809
Parking violations	3,699	3,186	2,027	1,960	1,972	1,365	1,848	2,122	1,275	1,862
Traffic violations	9,533	9,163	8,801	8,366	6,719	9,672	8,617	6,040	7,214	4,446
Fire:										
Number of calls answered	1,550	1,621	1,596	1,456	1,625	1,542	1,599	1,699	1,557	2,036
Inspections	2,053	1,414	2,365	2,573	2,002	2,399	2,531	2,542	1,985	1,932
Highways and streets:										
Street resurfacing (miles)	4.00	19.00	19.00	-	22.00	14.00	6	6	2.00	5
Potholes repaired	1,003	936	1,191	364	803	542	515	595	743	641
Culture and recreation:										
Meridian Activity Center/Velma Young Park/Highland Park classes	1,248	1,594	1,624	1,652	1,978	1,981	1,602	1,803	1,332	1,332
Water:										
New connections	28	46	88	46	28	31	18	19	19	2,410
Water leak repairs	1,196	644	640	564	595	552	444	486	536	65
Average daily consumption (millions of gallons)	5.066	5.236	5.453	5.640	5.722	5.025	4.981	4.762	9.545	4.940
Wastewater:										
Average daily sewage treatment (millions of gallons)	7.060	8.380	6.130	6.490	7.140	6.540	6.350	6.850	4.420	4.910

CITY OF MERIDIAN, MISSISSIPPI

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	88	86	93	90	84	101	110	93	90	90
Fire stations:	8	8	8	8	8	7	7	7	7	7
Highways and streets:										
Streets (miles)	330	330	330	330	330	330	330	330	330	330
Street lights	6,639	6,693	6,729	6,735	6,752	6,756	6,756	6,756	6,756	6,756
Traffic signals	117	117	117	117	120	121	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	16	16	16	16	16	16	16	16	16	16
Community centers	3	3	3	3	3	4	4	4	4	4
Softball/baseball fields	18	18	18	19	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	1
Water:										
Water mains (miles)	430	430	430	431	432	432	432	432	432	432
Fire hydrants	2,180	2,180	2,181	2,183	2,186	2,186	2,186	2,186	2,186	2,186
Maximum daily capacity (thousands of gallons)	13,952	13,952	13,952	13,952	13,952	13,952	13,952	13,952	13,952	13,952
Wastewater:										
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
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

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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.

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**INDEPENDENT AUDITOR'S 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**

**To the Honorable Mayor and 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** (the "City"), as of and for the fiscal year ended September 30, 2021, 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 7, 2023. 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a material weakness.

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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of Meridian, Mississippi's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the letters "M", "J", and "L" being particularly large and stylized.

Birmingham, Alabama
December 7, 2023

CITY OF MERIDIAN, MISSISSIPPI

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the
Financial statements audited were prepared in
accordance with GAAP:

Unmodified

Internal control over financial reporting:
Material weaknesses identified?

X Yes No

Significant deficiencies identified

 Yes X No

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

A Federal Single Audit was not required as the City did not expend greater than \$750,000 of federal funds during the year ended September 30, 2021.

CITY OF MERIDIAN, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION II
FINANCIAL STATEMENT FINDINGS

2021-001 – Internal Control Over Financial Reporting (Material Weakness)

Criteria: Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is also a process of safeguarding assets against unauthorized acquisition, use, or disposition, and includes controls related to financial reporting and operations objectives. Generally accepted accounting principles (GAAP) require assets, liabilities, revenues and expenditures to be recognized in the accounting period in which they become both measurable and available. Further, a fundamental principle in accounting and financial reporting is the notion of timely recognition and recording of financial and non-financial transactions and activities.

Condition: During our audit, we noted accounting, reporting and reconciling not being properly performed and reviewed consistently during the fiscal year which required a significant effort to close the City's 2021 fiscal year. Significant adjustments were determined and required to be recorded in the months that followed September 30, 2021. The delays in completion of the year-end close and initial errors in the financial records that required adjustments caused a delay in the completion of the audit

Cause: There was a lack of appropriate controls implemented at the City during the fiscal year to properly maintain financial and non-financial information and to properly close out the year-end.

Effects: The ultimate effect of the above condition is the potential for errors and irregularities to occur and not be detected and corrected in a timely manner. Additionally, delays in the year-end close process caused delays in the completion of the audit.

Recommendation: We recommend the City consider a variety of options in addressing the above condition. The City needs to continue evaluating its strengths and weaknesses relative to the accounting function, and take appropriate measures to address the concerns noted above with a goal of providing timely recording, reconciling and reporting of City operations and financial and non-financial activities. We also recommend the City seek the expertise of a software technician to come in and diagnose the issues with the City's accounting software related to the accounts receivable and capital assets to improve the overall audit. We have noted the City has begun implementing a number of processes/procedures to improve the overall accounting function during the audit fieldwork.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives. The City also implemented new financial accounting software effective October 1, 2021.

CITY OF MERIDIAN, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION III
FEDERAL AWARD FINDINGS AND RESPONSES

None Reported.

CITY OF MERIDIAN, MISSISSIPPI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION IV

2020-001 – Internal Control Over Financial Reporting (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.

Status: Unresolved. See current year finding 2021-001.



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

To the Honorable Mayor and Members
of the City Council
City of Meridian, Mississippi

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the **City of Meridian, Mississippi** (the "City") as of and for the fiscal year ended September 30, 2021, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 7, 2023. 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 Governmental Auditing Standards issued by the Comptroller General of the United States.

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 did not disclose any instances of noncompliance with state laws and regulations.

This report is intended solely for the information and use of the City council and management, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Mauldin & Jenkins, LLC

Birmingham, Alabama
December 7, 2023

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