

# CITY *of* MERIDIAN MISSISSIPPI

CITY OF MERIDIAN, MISSISSIPPI  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013



# **CITY OF MERIDIAN, MISSISSIPPI**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2013**

Prepared by:  
Department of Finance and Records  
Leigh Barber, Assistant Director



**CITY OF MERIDIAN, MISSISSIPPI**  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended September 30, 2013

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## **INTRODUCTORY SECTION**

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A better longitude on life.

March 28, 2014

**Mayor:**  
PERCY BLAND, III  
(601) 485-1927  
FAX: (601) 485-1911

**Council Members:**  
GEORGE M THOMAS  
Ward 1  
  
K. DUSTIN MARKHAM  
Ward 2  
  
BARBARA HENSON  
Ward 3  
  
KIM HOUSTON  
Ward 4  
  
RANDY HAMMON  
Ward 5  
  
COUNCIL CLERK  
(601) 485-1959  
FAX: (601) 485-1913

**CITY DEPARTMENTS:**

**Chief Administrative Officer**  
(601) 485-1929  
FAX: (601) 485-1911

**Community Development:**  
(601) 485-1910  
FAX: (601) 484-6813

**Finance and Records:**  
(601) 485-1946  
FAX: (601) 485-1979

**Fire:**  
(601) 485-1822  
FAX: (601) 485-1035

**Homeland Security:**  
(601) 484-6890  
FAX: (601) 484-6895

**Parks and Recreation:**  
(601) 485-1802  
FAX: (601) 485-1851

**Police:**  
(601) 485-1841  
FAX: (601) 484-6832

**Public Works:**  
(601) 485-1920  
FAX: (601) 485-1864

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

State of Mississippi law requires that every municipality in the state shall have its books audited annually, prior to the close of the next succeeding fiscal year, either by a competent accountant approved by the State Auditor or by a certified public accountant. The audit shall be made in accordance with regulations promulgated by the State Auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Meridian, Mississippi ("City") for the fiscal year ended September 30, 2013.

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

The City's financial statements have been audited in accordance with auditing standards generally accepted in the United States of America by Breazeale, Saunders & O'Neil, Ltd., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2013, 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 unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

### **Profile of the Government**

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

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

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

development services; and recreational activities and cultural events. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The Meridian Airport Authority, the Meridian Transportation Commission, the Meridian and Bonita Lakes Development Authority and the Meridian Urban Renewal Authority are reported as discretely presented component units. The Meridian Redevelopment Agency is reported as a blended component unit.

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 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. Meridian is the center of a large trade area and continues to meet the medical, retail, industrial, cultural and recreational needs of hundreds of thousands of people in east Mississippi and west Alabama.

The City serves as a regional health center, with five hospitals that employ over 6,000 healthcare professionals and staff. The federal government has a major presence in the area with the Meridian Naval Air Station (“NAS Meridian”), which provides training for both naval carrier pilots and technical training for various enlisted personnel. NAS Meridian also provides the RCTA or Regional Counter-Drug Training Academy. The RCTA offers training for a variety of law enforcement entities from throughout the southeast in the war on drugs. Meridian is also home to the G.V. "Sonny" Montgomery National Guard Complex.

The City's Public Safety Training Facility is situated on approximately 99 acres and is recognized as a Level 2 law enforcement academy by the Mississippi Police Board of Standards and Training. The facility provides training in a variety of courses for multiple entities both from within the state and out of state. Additionally, the Public Safety Training Facility has a three-story drill tower with live fire capabilities, a driving track, firing ranges and a working Amtrak rail site complete with rail cars. The facility is one of the only active training sites in the country for passenger rail rescue courses. The City is also home to the first municipal Department of Homeland Security in the state and is included in a nine county regional response team that serves central Mississippi. The team is part of a 27 county task force that is supported by the Mississippi Department of Homeland Security.

In March 2013, the City completed construction of Fire Station No. 9 in the annexed north portion of the City. The new fire station will provide residents of the annexed area with improved service and an improved fire rating. The City also acquired a new police complex that opened in May 2013.

**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 and public safety. Emphasis is placed on long term financing and grant procurement to address capital needs of the water and sewer system and law enforcement.

**Relevant financial policies.** In addition to the establishment of a comprehensive internal control framework and formal budgetary procedures, the City's management is also committed to conservatism in projecting annual revenues and allocating one time revenues. These policies prevent drastic reductions due to under budgeted or unbudgeted costs and ensure that operating expenses are not increased for one time revenues.

**Major initiatives.** Significant projects to be addressed include continued replacement and maintenance of aging water and sewer plants and lines to be financed through grants and bond issues.

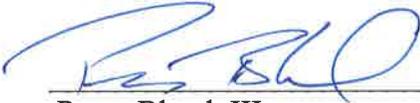
### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report ("CAFR") for the fiscal year ended September 30, 2012. This was the seventeenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Sincerely,



---

Percy Bland, III  
Mayor



---

Leigh M. Barber  
Deputy City Clerk



Government Finance Officers Association

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

Presented to

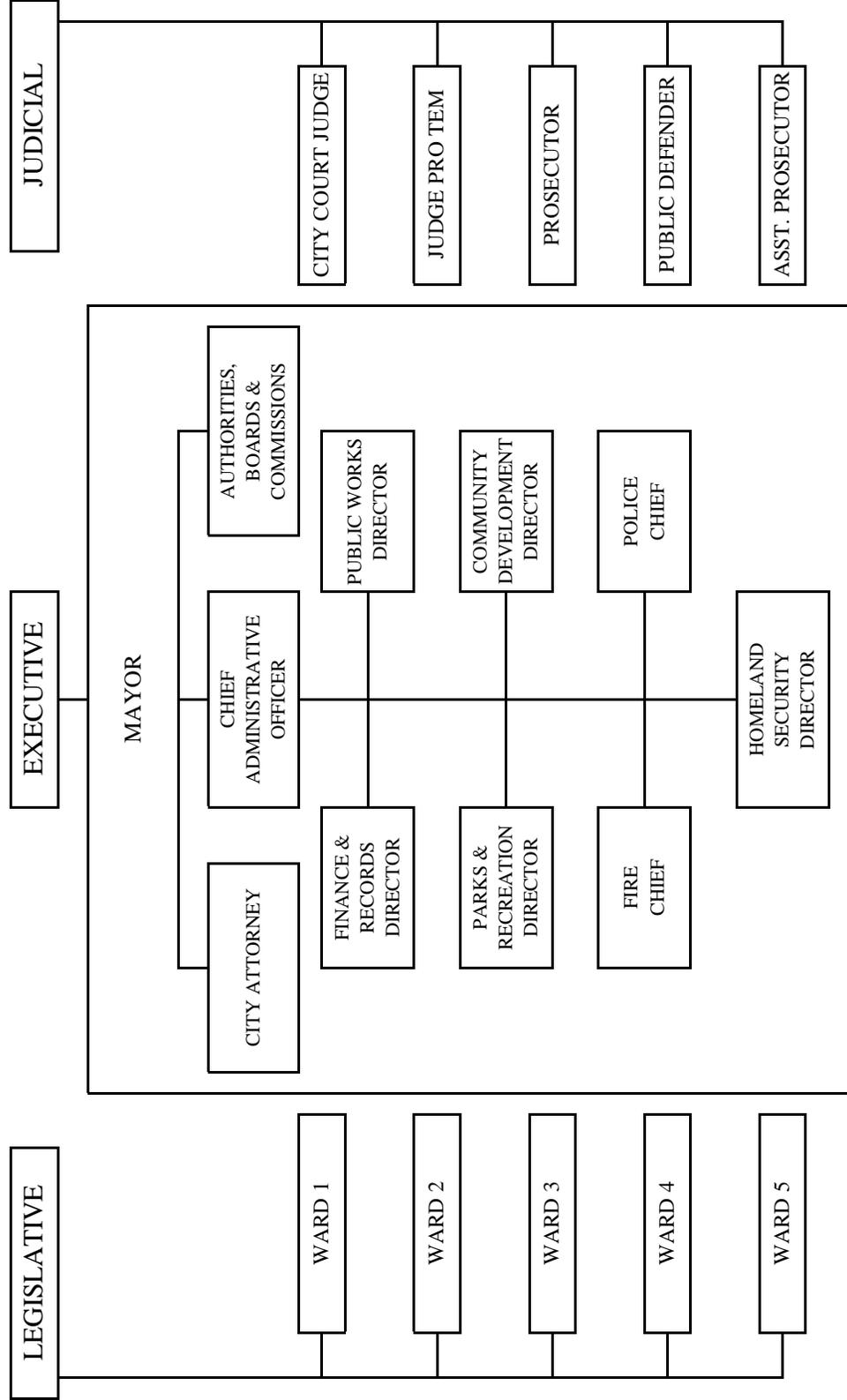
**City of Meridian  
Mississippi**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2012**

Executive Director/CEO

**CITY OF MERIDIAN, MISSISSIPPI**  
 Organizational Structure  
 September 30, 2013



**CITY OF MERIDIAN, MISSISSIPPI**

Listing of City Officials

September 30, 2013

**Elected Officials**

Mayor .....	Percy Bland, III
Council Member - Ward 1 .....	George M Thomas
Council Member - Ward 2 .....	K. Dustin Markham
Council Member - Ward 3 .....	Barbara Henson
Council Member - Ward 4 .....	Kim Houston
Council Member - Ward 5 .....	Randy Hammon

**Appointed Officials**

Chief Administrative Officer .....	Curt Goldacker
Finance & Records Director/City Clerk .....	Ed Skipper
Public Works Director .....	Hugh Smith
Parks & Recreation Director .....	Mark Naylor
Community Development Director .....	John McClure
Fire Chief .....	Anthony Clayton
Police Chief .....	James Lee
City Attorney .....	Michael Goggans

**FINANCIAL SECTION**

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**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Meridian, Mississippi ("City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Meridian Airport Authority, which represent 85.27 percent, 90.16 percent, and 78.78 percent, respectively, of the assets, net position, and program revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for this component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes

**The Honorable Mayor Percy Bland, III and  
Honorable Members of the City Council  
City of Meridian, Mississippi:  
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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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 through 25 and the schedule of funding progress on page 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, other supplementary information, and statistical section and the schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Jackson, Mississippi  
March 28, 2014

**CITY OF MERIDIAN, MISSISSIPPI**  
Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2013

As management of the City of Meridian, Mississippi (“City”), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 - 7 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$109,985 (*net position*). Of this amount, \$11,646 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$5,217. This change in net position is largely attributable to a \$4,328 increase in public works expenditures and a \$1,166 decrease in capital grants for water and sewer projects.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$19,161, a decrease of \$5,780 in comparison with the prior year. Approximately 44 percent of this total amount, \$8,341, 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 \$8,341 or 29 percent of total general fund expenditures.
- The City's total debt decreased by \$5,084 (8.3 percent) during the current fiscal year. During the year, the City issued \$12,891 in new debt and retired \$17,975 of previously issued debt.

**Overview of the Financial Statements**

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

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the following legally separate entities for which the City is financially accountable: (1) Meridian Airport Authority, (2) Meridian Urban Renewal Authority (3) The Meridian Transportation Commission, and (4) Meridian and Bonita Lakes Development Authority. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The Meridian Redevelopment Agency, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 28 - 31 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains 20 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, which are considered to be major funds. Data from the other 18 nonmajor governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental funds financial statements can be found on pages 32 - 39 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the business-type activities of the water and sewer fund and the waste collection and disposal fund, which are considered to be major funds of the City. Data from the nonmajor enterprise funds are combined into a single, aggregate presentation. The internal service funds are also combined into a single, aggregate presentation in the proprietary fund financial statements. Individual fund data for the three nonmajor enterprise funds and the four internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary funds financial statements can be found on pages 40 - 45 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 46 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 49 - 96 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 progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 98 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds, fiduciary funds, and nonmajor component units are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 99 - 131 of this report.

## Government-wide Financial Analysis

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 exceeded liabilities by \$109,985 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (80 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Meridian's Net Position

<u>Description</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 24,394	30,089	16,602	13,890	40,996	43,979
Capital assets, net	<u>101,696</u>	<u>106,033</u>	<u>32,792</u>	<u>35,332</u>	<u>134,488</u>	<u>141,365</u>
Total assets	<u>126,090</u>	<u>136,122</u>	<u>49,394</u>	<u>49,222</u>	<u>175,484</u>	<u>185,344</u>
Deferred outflows of resources	-	-	-	10	-	10
Long-term liabilities outstanding	43,239	46,869	15,328	16,185	58,567	63,054
Other liabilities	<u>4,837</u>	<u>4,728</u>	<u>2,064</u>	<u>2,370</u>	<u>6,901</u>	<u>7,098</u>
Total liabilities	<u>48,076</u>	<u>51,597</u>	<u>17,392</u>	<u>18,555</u>	<u>65,468</u>	<u>70,152</u>
Deferred inflows of resources	-	-	31	-	31	-
Net position:						
Net investment in capital assets	69,358	75,049	18,824	20,841	88,182	95,890
Restricted	3,538	5,755	6,619	5,657	10,157	11,412
Unrestricted	<u>5,118</u>	<u>3,721</u>	<u>6,528</u>	<u>4,179</u>	<u>11,646</u>	<u>7,900</u>
<b>Total net position</b>	<b>\$ <u>78,014</u></b>	<b><u>84,525</u></b>	<b><u>31,971</u></b>	<b><u>30,677</u></b>	<b><u>109,985</u></b>	<b><u>115,202</u></b>

An additional portion of the City's net position (9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$11,646 in *unrestricted net position* may be used to meet the City's ongoing obligations to citizens and creditors.

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

There was an increase of \$962 in restricted net position reported in connection with the City's business-type activities. This is a result of increased funds available for debt service in the water and sewer fund.

The City's net position decreased \$5,217 during the current fiscal year. This change in net position is largely attributable to a \$4,328 increase in public works expenditures and a \$1,166 decrease in capital grants for water and sewer projects.

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

<b><u>Description</u></b>	<b><u>Governmental Activities</u></b>		<b><u>Business-type Activities</u></b>		<b><u>Total</u></b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,791	1,778	15,743	15,453	17,534	17,231
Operating grants and contributions	1,261	515	-	-	1,261	515
Capital grants and contributions	265	1,786	148	1,314	413	3,100
General revenues:						
Property taxes	13,767	14,439	71	40	13,838	14,479
Other taxes	18,097	17,345	-	-	18,097	17,345
Grants and contributions not restricted to specific programs	77	75	-	-	77	75
Unrestricted investment earnings	<u>79</u>	<u>123</u>	<u>86</u>	<u>103</u>	<u>165</u>	<u>226</u>
Total revenues	<u>35,337</u>	<u>36,061</u>	<u>16,048</u>	<u>16,910</u>	<u>51,385</u>	<u>52,971</u>
<b>Expenses:</b>						
General government	7,385	6,852	-	-	7,385	6,852
Public safety	16,486	15,584	-	-	16,486	15,584
Public works	11,999	7,671	-	-	11,999	7,671
Culture and recreation	2,250	2,051	-	-	2,250	2,051
Economic development	2,115	169	-	-	2,115	169
Sanitation	-	-	1,905	1,876	1,905	1,876
Interest on long-term debt	1,835	1,908	-	-	1,835	1,908
Other	23	24	816	846	839	870
Water and sewer	<u>-</u>	<u>-</u>	<u>11,788</u>	<u>11,765</u>	<u>11,788</u>	<u>11,765</u>
Total expenses	<u>42,093</u>	<u>34,259</u>	<u>14,509</u>	<u>14,487</u>	<u>56,602</u>	<u>48,746</u>
<b>Excess of revenues over expenses before transfers</b>	(6,756)	1,802	1,539	2,423	(5,217)	4,225
Transfers	<u>245</u>	<u>66</u>	<u>(245)</u>	<u>(66)</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	(6,511)	1,868	1,294	2,357	(5,217)	4,225
<b>Net position - beginning</b>	<u>84,525</u>	<u>82,657</u>	<u>30,677</u>	<u>28,320</u>	<u>115,202</u>	<u>110,977</u>
<b>Net position - ending</b>	\$ <u>78,014</u>	<u>84,525</u>	<u>31,971</u>	<u>30,677</u>	<u>109,985</u>	<u>115,202</u>

**Governmental activities.** Governmental activities decreased the City's net position by \$6,511. Key elements of these changes in net position are as follows:

- Property taxes decreased \$672 or five percent in 2013 compared to 2012. This decrease in property tax receipts is primarily due to a \$4,748 or 1.4 percent decrease in the 2013 taxable assessed value.

- Charges for services increased \$13 or one percent in 2013 compared to 2012.
- Operating grants and contributions increased \$746 or 145 percent in 2013 compared to 2012. This was due to a \$615 increase in operating grants for public safety and a \$142 increase in operating grants for economic development.
- Capital grants and contributions decreased \$1,521 or 85 percent in 2013 compared to 2012. This was mostly due to a \$1,441 decrease in capital grants for public works and economic development.
- Other taxes (which include sales taxes) increased \$752 or four percent.
- Total revenues decreased \$724 or two percent. This was mainly due to a \$1,521 decrease in capital grants and contributions offset by a \$746 increase in operating grants and contributions.
- Total expenses increased \$7,834 or 23 percent. This was mainly due to a \$4,328 increase in public works expenditures and a \$1,946 increase in economic development expenditures.

**Business-type activities.** Business-type activities increased the City's net position by \$1,294. This is primarily due to \$13,553 in water and sewer charges for services offset by \$11,788 in water and sewer expenses.

### **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 \$19,161, a decrease of \$5,780 in comparison with the prior year. Of this total, \$6,875 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 \$1,678 is considered *nonspendable* because it has been used for inventory and assets held for resale. A total of \$1,910 has been assigned, meaning there are limitations resulting from its intended use. A total of \$357 has been *committed* through formal action of the City Council for construction or acquisition of capital assets. The remaining \$8,341 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 \$8,341, while total fund balance was \$11,920. 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 29 percent of total general fund expenditures, while total fund balance represents 42

percent of that same amount. The fund balance of the City's general fund increased by \$811 during the current fiscal year. This was primarily due to a \$600 increase in sales tax revenues and \$476 in capital lease proceeds.

The debt service fund has a total fund balance of \$2,784, all of which is restricted for the payment of debt service. The net increase of \$63 during the current year in the debt service fund is a result of the timing of payment due dates of long-term debt.

**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 \$5,822, and those for the waste collection and disposal fund amounted to \$494. The total decrease in net position for the waste collection and disposal fund is \$38 and the water and sewer fund net position increased by \$1,367.

### General Fund Budgetary Highlights

There was no difference 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	\$ (71)
Community development	(10)
Public works	(80)
Police	<u>161</u>
<b>Total</b>	\$ <u><u>-</u></u>

Actual revenues exceeded the final amended budget by \$1,280.

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	\$ 480
Finance and records	164
Community development	261
Parks and recreation	89
Public works	604
Police	486
Fire	383
Homeland security	32
Arts district parking garage	<u>13</u>
<b>Total</b>	\$ <u><u>2,512</u></u>

## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2013, amounts to \$134,488 (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:

- Design engineering for sidewalk improvements between Meridian Public Schools and the Boys and Girls Club.
- Preliminary engineering and survey of 5<sup>th</sup> Street for the replacement of sidewalks, curb cuts, and pedestrian crossings and installation of decorative lighting and landscaping.
- Designing engineering for storm sewer and related sanitary sewer, water and street improvements in downtown Meridian.
- Architectural design for restoration and stabilization of the Holbrook Benevolent Association Building.
- Continued replacement of South Waste Water Treatment Plant air blowers, digester blowers, process pumps, and associated electrical upgrades.
- Completed the replacement and upgrade of the supervisory control and data acquisition (“SCADA”) system at the Freshwater Treatment Plants.
- Completed repair of gabions along Gallagher Creek in Highland Park.
- Completed construction of Fire Station Number 9 in the annexed northeast part of the City.

### 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 8,001	8,078	248	248	8,249	8,326
Right of ways	3	3	30	30	33	33
Building and system	34,195	34,122	31,122	30,541	65,317	64,663
Improvements other than buildings	2,844	2,894	25	25	2,869	2,919
Machinery and equipment	5,127	5,071	848	698	5,975	5,769
Infrastructure	51,372	54,636	-	-	51,372	54,636
Construction in progress	<u>154</u>	<u>1,229</u>	<u>519</u>	<u>3,790</u>	<u>673</u>	<u>5,019</u>
<b>Total</b>	\$ <u>101,696</u>	<u>106,033</u>	<u>32,792</u>	<u>35,332</u>	<u>134,488</u>	<u>141,365</u>

Additional information on the City's capital assets can be found in note 5 on pages 75 - 78 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$40,690. Of this amount, \$31,270 comprises debt backed by the full faith and credit of the City, \$4,340 is special obligation bonds, \$3,800 is tax increment financing bonds and \$1,280 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment.

The City's total bonded debt decreased by \$8,185 (17 percent) during the current fiscal year. The decrease is due to retirements exceeding the issuance of new bonds. During the current fiscal year, the City refunded the revenue bonds in the business-type activities with promissory notes through the Mississippi Development Bank.

**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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General obligation bonds	\$ 31,270	33,520	-	-	31,270	33,520
Special obligation bonds	4,340	4,670	-	-	4,340	4,670
Limited obligation tax increment financing bonds	3,800	4,475	-	-	3,800	4,475
Special assessment debt with governmental commitment	1,280	1,505	-	-	1,280	1,505
Revenue bonds	-	-	-	4,705	-	4,705
<b>Total</b>	\$ <u>40,690</u>	<u>44,170</u>	<u>-</u>	<u>4,705</u>	<u>40,690</u>	<u>48,875</u>

The City maintains excellent bond ratings for both general obligation and revenue bond debt. The general obligation bonds maintain an "Aa3" rating from Moody's Investors Service and an "A+" rating from Standard and Poor's Ratings Services.

State statutes limit the amount of general obligation debt a government entity may issue to 15 percent of its total assessed valuation. The current debt limitation of the City is \$50,632 which is significantly in excess of the City's net outstanding general obligation debt of \$30,418 applicable to the debt limitation.

Additional information on the City's long-term debt can be found in note 8 on pages 83 - 88 of this report.

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

- The unemployment rate for the City is currently 10.3 percent, which is a decrease from the rate of 13.6 percent a year ago. The statewide average is 7.9 percent as compared to the national average of 7.0 percent.
- The revitalization of the City continued with the issuance of 606 building permits with a construction value of \$21 million.

- Inflationary trends in the City are slightly higher than the national average. The change in CPI in the past year for the City was an increase of 0.3 percent versus the national average increase of 1.2 percent.
- Sales tax collections year-to-date in fiscal year 2014 are up 3.11 percent from the previous fiscal year. During the first six months of fiscal year 2014, the City has received \$7,378 in sales tax collections, compared to \$7,155 received during the same period of fiscal year 2013.

All of these factors were considered in preparing the City's budget for the 2014 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased to \$8,341. The City has appropriated \$2,946 of this amount for spending in the 2014 fiscal year budget.

### **Requests for Information**

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

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**BASIC FINANCIAL STATEMENTS**

## CITY OF MERIDIAN, MISSISSIPPI

## Statement of Net Position

September 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 8,814,657	5,839,136	14,653,793	811,438
Investments	1,350,000	-	1,350,000	-
Receivables, net:				
Taxes	1,344,619	-	1,344,619	-
Accounts	787,789	1,593,484	2,381,273	1,010,848
Special assessments	680,493	-	680,493	-
Intergovernmental	152,628	147,750	300,378	68,285
Interest	3,483	-	3,483	48,721
Miscellaneous	325,778	4,388	330,166	-
Due from component units	3,282	-	3,282	-
Internal balances	292,858	(292,858)	-	-
Inventory	55,670	514,295	569,965	390,178
Prepaid items	279,982	96,392	376,374	30,363
Temporarily restricted assets:				
Cash and investments	8,399,697	8,699,798	17,099,495	81,145
Taxes receivable	27,587	-	27,587	-
Intergovernmental receivables	477,160	-	477,160	-
Leverage loans receivable	-	-	-	5,691,198
Assets held for resale	1,398,082	-	1,398,082	-
Capital assets not being depreciated:				
Land	8,001,645	247,787	8,249,432	2,427,975
Right of ways	2,600	30,610	33,210	-
Collections - historical treasures	141,250	-	141,250	-
Construction in progress	154,050	518,932	672,982	1,983,071
Capital assets net of accumulated depreciation:				
Buildings	34,195,174	2,850	34,198,024	8,535,454
Water and sewer system	-	31,119,186	31,119,186	-
Improvements other than buildings	2,844,428	24,975	2,869,403	17,730,229
Machinery and equipment	4,985,859	847,349	5,833,208	871,413
Infrastructure	<u>51,371,522</u>	<u>-</u>	<u>51,371,522</u>	<u>-</u>
<b>Total assets</b>	<u>126,090,293</u>	<u>49,394,074</u>	<u>175,484,367</u>	<u>39,680,318</u>

(Continued)

## CITY OF MERIDIAN, MISSISSIPPI

## Statement of Net Position

September 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b><u>LIABILITIES</u></b>				
Accounts payable and other current liabilities	\$ 2,374,291	915,929	3,290,220	1,111,591
Accrued interest	539,740	-	539,740	-
Accrued salaries	1,054,525	230,228	1,284,753	-
Accrued sales tax	-	10,897	10,897	-
Liabilities payable from restricted assets	868,601	906,972	1,775,573	-
Unearned revenue	-	-	-	3,319
Noncurrent liabilities:				
Due within one year:				
Bonds, loans and leases payable	3,566,467	90,135	3,656,602	256,515
Bonds and loans payable from restricted assets	-	2,231,001	2,231,001	-
Compensated absences	401,047	61,416	462,463	-
Claims and judgments	70,283	-	70,283	-
Due in more than one year:				
Bonds, loans and leases payable	38,398,780	12,821,098	51,219,878	2,749,040
Compensated absences	802,095	124,692	926,787	-
<b>Total liabilities</b>	<b>48,075,829</b>	<b>17,392,368</b>	<b>65,468,197</b>	<b>4,120,465</b>
<b>Deferred inflows of resources -</b>				
Deferred gain on refunding	-	31,165	31,165	-
<b><u>NET POSITION</u></b>				
Net investment in capital assets	69,357,770	18,824,492	88,182,262	31,548,142
Restricted for:				
Debt service	2,269,124	6,182,423	8,451,547	-
Sawashee Creek maintenance	340,054	435,366	775,420	81,145
Construction/acquisition of capital assets	342,365	-	342,365	-
Paving projects	20,590	-	20,590	-
Flood damage repairs	76,730	-	76,730	-
Purposes of grantors/donors	197,232	-	197,232	-
Law enforcement	292,589	-	292,589	-
Unrestricted	5,118,010	6,528,260	11,646,270	3,930,566
<b>Total net position</b>	<b>\$ 78,014,464</b>	<b>31,970,541</b>	<b>109,985,005</b>	<b>35,559,853</b>

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Activities  
For the Fiscal Year Ended September 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 7,384,763	704,364	-	-
Public safety	16,486,188	949,856	967,186	99,899
Public works	11,999,282	-	-	-
Culture and recreation	2,249,822	136,168	1,895	-
Economic development	2,114,683	-	292,072	165,363
Other	23,279	-	-	-
Interest on long-term debt	<u>1,835,204</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>42,093,221</u>	<u>1,790,388</u>	<u>1,261,153</u>	<u>265,262</u>
Business-type activities:				
Water and sewer	11,788,465	13,553,461	-	147,750
Waste collection and disposal	1,904,535	1,837,941	-	-
Golf course	422,613	270,648	-	-
Union Station	365,987	42,320	-	-
Concessions	<u>26,621</u>	<u>37,526</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>14,508,221</u>	<u>15,741,896</u>	<u>-</u>	<u>147,750</u>
<b>Total primary government</b>	<b>\$ <u>56,601,442</u></b>	<b><u>17,532,284</u></b>	<b><u>1,261,153</u></b>	<b><u>413,012</u></b>
<b>Component units:</b>				
Meridian Airport Authority	\$ 13,813,180	12,302,712	24,789	1,646,889
Nonmajor component units	<u>242,236</u>	<u>247,614</u>	<u>3,515,644</u>	<u>-</u>
<b>Total component units</b>	<b>\$ <u>14,055,416</u></b>	<b><u>12,550,326</u></b>	<b><u>3,540,433</u></b>	<b><u>1,646,889</u></b>

**General revenues:**

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

**Transfers**

**Total general revenues and transfers**

**Change in net position**

**Net position, October 1, 2012**

**Net position, September 30, 2013**

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

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

<b>Primary Government</b>			
<b>Governmental</b>	<b>Business-type</b>		<b>Component</b>
<b>Activities</b>	<b>Activities</b>	<b>Total</b>	<b>Units</b>
(6,680,399)	-	(6,680,399)	-
(14,469,247)	-	(14,469,247)	-
(11,999,282)	-	(11,999,282)	-
(2,111,759)	-	(2,111,759)	-
(1,657,248)	-	(1,657,248)	-
(23,279)	-	(23,279)	-
<u>(1,835,204)</u>	<u>-</u>	<u>(1,835,204)</u>	<u>-</u>
<u>(38,776,418)</u>	<u>-</u>	<u>(38,776,418)</u>	<u>-</u>
-	1,912,746	1,912,746	-
-	(66,594)	(66,594)	-
-	(151,965)	(151,965)	-
-	(323,667)	(323,667)	-
-	10,905	10,905	-
<u>-</u>	<u>1,381,425</u>	<u>1,381,425</u>	<u>-</u>
<u>(38,776,418)</u>	<u>1,381,425</u>	<u>(37,394,993)</u>	<u>-</u>
-	-	-	161,210
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,521,022</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,682,232</u>
13,767,157	70,722	13,837,879	-
14,682,100	-	14,682,100	-
2,643,354	-	2,643,354	-
752,217	-	752,217	-
19,562	-	19,562	-
76,720	-	76,720	-
79,163	86,275	165,438	3,080
<u>245,173</u>	<u>(245,173)</u>	<u>-</u>	<u>-</u>
<u>32,265,446</u>	<u>(88,176)</u>	<u>32,177,270</u>	<u>3,080</u>
(6,510,972)	1,293,249	(5,217,723)	3,685,312
<u>84,525,436</u>	<u>30,677,292</u>	<u>115,202,728</u>	<u>31,874,541</u>
\$ <u>78,014,464</u>	<u>31,970,541</u>	<u>109,985,005</u>	<u>35,559,853</u>

## CITY OF MERIDIAN, MISSISSIPPI

Balance Sheet  
 Governmental Funds  
 September 30, 2013

<u>ASSETS</u>	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 8,617,149	-	12,848	8,629,997
Investments	1,350,000	-	-	1,350,000
Receivables, net:				
Taxes	1,344,619	-	-	1,344,619
Accounts	787,789	-	-	787,789
Intergovernmental	142,721	-	-	142,721
Interest	1,204	2,279	-	3,483
Miscellaneous	324,278	-	1,500	325,778
Due from other funds	1,043,974	-	639,818	1,683,792
Due from component units	2,875	-	-	2,875
Prepaid items	279,982	-	-	279,982
Asset held for resale	1,398,082	-	-	1,398,082
Restricted assets:				
Cash and cash equivalents	332,773	2,356,023	5,310,901	7,999,697
Investments	-	400,000	-	400,000
Receivables, net:				
Taxes	-	27,587	-	27,587
Special assessments receivable	-	680,493	-	680,493
Intergovernmental receivables	-	-	477,160	477,160
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total assets</b>	<b>\$ <u>15,625,446</u></b>	<b><u>3,466,382</u></b>	<b><u>6,442,227</u></b>	<b><u>25,534,055</u></b>

(Continued)

## CITY OF MERIDIAN, MISSISSIPPI

Balance Sheet  
Governmental Funds  
September 30, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,606,303	-	128,719	1,735,022
Accrued salaries	1,054,525	-	-	1,054,525
Due to other funds	711,614	-	1,322,462	2,034,076
Liabilities payable from restricted assets:				
Accounts payable	-	2,178	453,370	455,548
Deposits payable	332,773	-	-	332,773
Unearned revenue	-	-	80,280	80,280
<b>Total liabilities</b>	<u>3,705,215</u>	<u>2,178</u>	<u>1,984,831</u>	<u>5,692,224</u>
<b>Deferred inflows of resources -</b>				
Unavailable revenue - special assessments	-	680,493	-	680,493
<b>Fund balances:</b>				
Nonspendable:				
Prepaid items	279,982	-	-	279,982
Asset held for resale	1,398,082	-	-	1,398,082
Restricted for:				
Sowashee Creek maintenance	-	-	340,054	340,054
Construction/acquisition of capital assets	-	-	1,720,601	1,720,601
Flood damage repairs	-	-	76,730	76,730
Paving projects	-	-	1,438,843	1,438,843
Debt service	-	2,783,711	25,153	2,808,864
Purposes of grantors/donors	-	-	197,232	197,232
Law enforcement	-	-	292,589	292,589
Committed to:				
Software conversion	12,300	-	-	12,300
Urban renewal and redevelopment	-	-	345,021	345,021
Assigned to:				
General government activities	1,207,110	-	-	1,207,110
Public safety	13,610	-	12,654	26,264
Public works	643,863	-	-	643,863
Sports events and other recreation	24,712	-	8,519	33,231
Unassigned	<u>8,340,572</u>	-	-	<u>8,340,572</u>
<b>Total fund balances</b>	<u>11,920,231</u>	<u>2,783,711</u>	<u>4,457,396</u>	<u>19,161,338</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ <u>15,625,446</u></b>	<b><u>3,466,382</u></b>	<b><u>6,442,227</u></b>	<b><u>25,534,055</u></b>

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
September 30, 2013

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

<b>Fund balances - total governmental funds</b>	\$ 19,161,338
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	101,696,528
Other long-term assets (special assessments) are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds balance sheet.	680,493
Long-term liabilities, including bonds and interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	(43,778,412)
Internal service funds are used to charge the costs of certain activities, such as garage services, office supplies, and unemployment compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position (net of amount allocated to business-type activities of \$14,523).	<u>254,517</u>
<b>Net position of governmental activities</b>	\$ <u><u>78,014,464</u></u>

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended September 30, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ 9,236,831	4,308,593	-	13,545,424
Sales	14,682,100	-	-	14,682,100
Franchise	2,643,354	-	-	2,643,354
County road	752,217	-	-	752,217
Motor fuel	19,562	-	-	19,562
Licenses and permits	250,931	-	-	250,931
Intergovernmental	296,026	-	1,291,859	1,587,885
Charges for services	136,168	-	-	136,168
Fines and forfeitures	930,443	-	19,413	949,856
Special assessments	-	69,109	-	69,109
Payments in lieu of taxes	100,125	-	-	100,125
Local contributions	-	-	7,250	7,250
Interest on investments	40,846	7,241	31,076	79,163
Interest costs and damages	126,031	-	-	126,031
Miscellaneous	566,518	-	6,391	572,909
Total revenues	<u>29,781,152</u>	<u>4,384,943</u>	<u>1,355,989</u>	<u>35,522,084</u>
<b>Expenditures:</b>				
Current:				
General government	6,406,494	-	-	6,406,494
Public safety	15,596,791	-	1,214,556	16,811,347
Public works	4,206,297	-	-	4,206,297
Culture and recreation	2,174,253	-	216	2,174,469
Economic development	-	-	2,127,091	2,127,091
Other	23,279	-	-	23,279
Capital outlay	-	-	4,357,213	4,357,213
Debt service:				
Principal retirement	214,981	3,805,315	-	4,020,296
Interest and fiscal charges	20,896	1,863,465	-	1,884,361
Total expenditures	<u>28,642,991</u>	<u>5,668,780</u>	<u>7,699,076</u>	<u>42,010,847</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,138,161</u>	<u>(1,283,837)</u>	<u>(6,343,087)</u>	<u>(6,488,763)</u>
<b>Other financing sources (uses):</b>				
Transfers in	671,411	1,346,510	1,564,974	3,582,895
Transfers out	(1,473,915)	-	(1,875,807)	(3,349,722)
Capital lease	475,614	-	-	475,614
Total other financing sources (uses)	<u>(326,890)</u>	<u>1,346,510</u>	<u>(310,833)</u>	<u>708,787</u>
<b>Net change in fund balances</b>	811,271	62,673	(6,653,920)	(5,779,976)
<b>Fund balances, October 1, 2012</b>	<u>11,108,960</u>	<u>2,721,038</u>	<u>11,111,316</u>	<u>24,941,314</u>
<b>Fund balances, September 30, 2013</b>	<u>\$ 11,920,231</u>	<u>2,783,711</u>	<u>4,457,396</u>	<u>19,161,338</u>

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

**CITY OF MERIDIAN, MISSISSIPPI**  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balances of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended September 30, 2013

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

**Net change in fund balances - total governmental funds** \$ (5,779,976)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (4,220,359)

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. (124,920)

Governmental funds do not report contributed capital assets because they do not provide current financial resources. However, in the statement of activities the fair values of contributed capital assets is recorded as capital contributions. 8,000

Special assessment revenues related to prior periods reported as revenues in the governmental funds are not reported as revenues in the statement of activities. (73,532)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 3,541,241

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. 142,181

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 earnings of the internal service funds are reported with governmental activities (net of amount allocated to business-type activities of \$535). (3,607)

**Change in net position of governmental activities** \$ (6,510,972)

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

**CITY OF MERIDIAN, MISSISSIPPI**

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Budgetary Basis)  
For the Fiscal Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis) Amounts</u>	<u>Final Budget - Positive (Negative)</u>
<b>Revenues:</b>				
Taxes:				
Ad valorem	\$ 9,355,500	9,355,500	9,260,078	(95,422)
Sales	13,500,000	13,500,000	14,286,314	786,314
County road	700,000	700,000	752,232	52,232
Gasoline	20,000	20,000	19,562	(438)
Payment in lieu of taxes	100,000	100,000	99,664	(336)
Intergovernmental:				
Alcoholic beverage	50,000	50,000	55,900	5,900
State Fire Insurance Fund	200,000	200,000	219,306	19,306
Municipal aid	20,000	20,000	20,520	520
Grants	50,000	50,000	-	(50,000)
Franchise:				
Mississippi Power Company	1,851,000	1,851,000	1,900,269	49,269
Atmos Energy	120,000	120,000	131,108	11,108
Comcast Cable Company	450,000	450,000	478,685	28,685
East Mississippi Electric Power Assn.	-	-	52,961	52,961
Contact Network, Inc.	-	-	1,947	1,947
Fines and forfeitures	1,000,000	1,000,000	930,443	(69,557)
Licenses and permits:				
Privilege license	120,000	120,000	145,959	25,959
Building and allied permits	110,000	110,000	104,971	(5,029)
Charges for services:				
Garbage collection	1,863,000	1,863,000	1,771,954	(91,046)
Recreation	125,000	125,000	125,814	814
Enterprise Funds	645,500	645,500	946,250	300,750
Training fees	-	-	4,900	4,900
Out-of-county tonnage	-	-	70,499	70,499
Miscellaneous	325,000	325,000	537,581	212,581
Interest on investments	70,000	70,000	40,990	(29,010)
Interest costs and damages	130,000	130,000	127,151	(2,849)
<b>Total revenues</b>	<u>30,805,000</u>	<u>30,805,000</u>	<u>32,085,058</u>	<u>1,280,058</u>
<b>Expenditures:</b>				
General government:				
Personnel services	1,223,000	1,295,200	1,240,973	54,227
Supplies and expenses	929,614	786,914	640,489	146,425
Transfers and other charges	1,230,000	1,230,000	950,425	279,575
Total general government	<u>3,382,614</u>	<u>3,312,114</u>	<u>2,831,887</u>	<u>480,227</u>

*(Continued)*

**CITY OF MERIDIAN, MISSISSIPPI**

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Budgetary Basis)  
For the Fiscal Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis) Amounts</u>	<u>Final Budget - Positive (Negative)</u>
<b>Expenditures (continued):</b>				
Finance and records:				
Personnel services	\$ 1,179,550	1,179,550	1,129,070	50,480
Supplies and expenses	1,807,708	1,752,708	1,665,036	87,672
Capital outlay	158,000	158,000	133,497	24,503
Transfers and other charges	<u>105,000</u>	<u>160,000</u>	<u>158,482</u>	<u>1,518</u>
Total finance and records	<u>3,250,258</u>	<u>3,250,258</u>	<u>3,086,085</u>	<u>164,173</u>
Community development:				
Personnel services	916,200	940,700	906,000	34,700
Supplies and expenses	277,909	243,409	142,064	101,345
Capital outlay	11,300	11,300	11,025	275
Transfers and other charges	<u>426,300</u>	<u>426,300</u>	<u>301,601</u>	<u>124,699</u>
Total community development	<u>1,631,709</u>	<u>1,621,709</u>	<u>1,360,690</u>	<u>261,019</u>
Parks and recreation:				
Personnel services	1,388,790	1,436,290	1,373,645	62,645
Supplies and expenses	755,800	708,300	695,313	12,987
Capital outlay	65,500	65,500	59,282	6,218
Transfers and other charges	<u>254,000</u>	<u>254,000</u>	<u>246,765</u>	<u>7,235</u>
Total parks and recreation	<u>2,464,090</u>	<u>2,464,090</u>	<u>2,375,005</u>	<u>89,085</u>
Public works:				
Personnel services	3,292,490	3,212,490	2,835,499	376,991
Supplies and expenses	1,564,143	1,564,143	1,364,580	199,563
Capital outlay	265,500	265,500	239,126	26,374
Transfers and other charges	<u>1,999,000</u>	<u>1,999,000</u>	<u>1,997,657</u>	<u>1,343</u>
Total public works	<u>7,121,133</u>	<u>7,041,133</u>	<u>6,436,862</u>	<u>604,271</u>
Police:				
Personnel services	5,969,950	6,040,450	5,828,449	212,001
Supplies and expenses	1,996,687	2,056,687	1,914,786	141,901
Capital outlay	332,000	332,000	201,843	130,157
Transfers and other charges	<u>-</u>	<u>30,000</u>	<u>28,640</u>	<u>1,360</u>
Total police	<u>8,298,637</u>	<u>8,459,137</u>	<u>7,973,718</u>	<u>485,419</u>
Fire:				
Personnel services	6,177,860	6,177,860	5,857,232	320,628
Supplies and expenses	910,850	910,850	850,688	60,162
Capital outlay	98,860	98,860	96,486	2,374
Transfers and other charges	<u>68,989</u>	<u>68,989</u>	<u>68,889</u>	<u>100</u>
Total fire	<u>7,256,559</u>	<u>7,256,559</u>	<u>6,873,295</u>	<u>383,264</u>

*(Continued)*

## CITY OF MERIDIAN, MISSISSIPPI

## General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Budgetary Basis)  
For the Fiscal Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis) Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures (continued):</b>				
Homeland Security:				
Personnel services	\$ 97,400	126,400	122,683	3,717
Supplies and expenses	202,590	173,590	147,479	26,111
Capital outlay	1,500	1,500	1,500	-
Transfers and other charges	<u>6,000</u>	<u>6,000</u>	<u>3,769</u>	<u>2,231</u>
Total homeland security	<u>307,490</u>	<u>307,490</u>	<u>275,431</u>	<u>32,059</u>
Arts District Parking Garage -				
Supplies and expenses	<u>89,444</u>	<u>89,444</u>	<u>76,468</u>	<u>12,976</u>
<b>Total expenditures</b>	<u>33,801,934</u>	<u>33,801,934</u>	<u>31,289,441</u>	<u>2,512,493</u>
<b>Net change in fund balances</b>	\$ <u>(2,996,934)</u>	<u>(2,996,934)</u>	795,617	<u>3,792,551</u>
<b>Fund balances, October 1, 2012</b>			<u>11,196,501</u>	
<b>Fund balances, September 30, 2013</b>			\$ <u>11,992,118</u>	

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

## CITY OF MERIDIAN, MISSISSIPPI

## Statement of Net Position

## Proprietary Funds

September 30, 2013

	Business-type Activities - Enterprise Funds				Governmental
	Water & Sewer	Waste Collection & Disposal	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b><u>ASSETS</u></b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 4,963,877	615,318	259,941	5,839,136	184,660
Restricted cash, cash equivalents and investments:					
Customer deposits	787,958	-	-	787,958	-
Revenue Bond Construction Funds	1,410,721	-	-	1,410,721	-
Other Construction Funds	209,402	-	-	209,402	-
Revenue Bond Debt Service Account	6,135,119	-	-	6,135,119	-
Receivables:					
Accounts	1,667,957	178,144	-	1,846,101	-
Less allowance for uncollectibles	(252,617)	-	-	(252,617)	-
Intergovernmental	147,750	-	-	147,750	-
Miscellaneous	-	-	4,388	4,388	9,907
Due from other funds	-	5,242	-	5,242	657,665
Due from component units	-	-	-	-	407
Inventory	480,335	-	33,960	514,295	55,670
Prepaid items	94,098	-	2,294	96,392	-
<b>Total current assets</b>	<b>15,644,600</b>	<b>798,704</b>	<b>300,583</b>	<b>16,743,887</b>	<b>908,309</b>
<b>Noncurrent assets:</b>					
Restricted cash, cash equivalents and investments:					
Revenue Bond Contingent Account	78,299	-	-	78,299	-
Revenue Bond Depreciation Account	78,299	-	-	78,299	-
Total restricted cash, cash equivalents and investments	156,598	-	-	156,598	-
Capital assets:					
Land	247,787	-	-	247,787	-
Right of ways	30,610	-	-	30,610	-
Buildings	-	-	126,628	126,628	-
Water and sewer system	100,375,862	-	-	100,375,862	-
Improvements other than buildings	-	-	98,924	98,924	-
Machinery and equipment	3,764,298	19,626	445,013	4,228,937	-
Construction in progress	518,932	-	-	518,932	-
Total capital assets	104,937,489	19,626	670,565	105,627,680	-
Less accumulated depreciation	(72,228,452)	(17,663)	(589,876)	(72,835,991)	-
Capital assets (net of accumulated depreciation)	32,709,037	1,963	80,689	32,791,689	-
<b>Total noncurrent assets</b>	<b>32,865,635</b>	<b>1,963</b>	<b>80,689</b>	<b>32,948,287</b>	<b>-</b>
<b>Total assets</b>	<b>48,510,235</b>	<b>800,667</b>	<b>381,272</b>	<b>49,692,174</b>	<b>908,309</b>

(Continued)

## CITY OF MERIDIAN, MISSISSIPPI

## Statement of Net Position

## Proprietary Funds

September 30, 2013

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water &amp; Sewer</u>	<u>Waste Collection &amp; Disposal</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Activities - Internal Service Funds</u>
<b><u>LIABILITIES</u></b>					
<b>Current liabilities:</b>					
Accounts payable	\$ 556,115	296,837	62,977	915,929	639,269
Liabilities payable from restricted assets:					
Customer deposits	787,958	-	-	787,958	-
Accounts payable	9,720	-	-	9,720	-
Promissory loans	2,231,001	-	-	2,231,001	-
Interest payable	109,294	-	-	109,294	-
Accrued liabilities:					
Payroll	184,815	8,092	37,321	230,228	-
Compensated absences	61,416	-	-	61,416	-
Sales tax	8,352	-	2,545	10,897	-
Due to other funds	312,535	-	88	312,623	-
Current portion of capital leases	89,840	-	295	90,135	-
<b>Total current liabilities</b>	<u>4,351,046</u>	<u>304,929</u>	<u>103,226</u>	<u>4,759,201</u>	<u>639,269</u>
<b>Noncurrent liabilities:</b>					
Compensated absences	124,692	-	-	124,692	-
Promissory loans (plus unamortized premium of \$665,580)	12,597,902	-	-	12,597,902	-
Capital leases payable	222,465	-	731	223,196	-
<b>Total noncurrent liabilities</b>	<u>12,945,059</u>	<u>-</u>	<u>731</u>	<u>12,945,790</u>	<u>-</u>
<b>Total liabilities</b>	<u>17,296,105</u>	<u>304,929</u>	<u>103,957</u>	<u>17,704,991</u>	<u>639,269</u>
<b>Deferred inflows of resources -</b>					
Deferred gain on refunding	31,165	-	-	31,165	-
<b><u>NET POSITION</u></b>					
Net investment in capital assets	18,742,866	1,963	79,663	18,824,492	-
Restricted for:					
Debt service	6,182,423	-	-	6,182,423	-
Capital projects	435,366	-	-	435,366	-
Unrestricted	5,822,310	493,775	197,652	6,513,737	269,040
<b>Total net position</b>	<u>\$ 31,182,965</u>	<u>495,738</u>	<u>277,315</u>	<u>31,956,018</u>	<u>269,040</u>
<b>Reconciliation to government-wide statement of net position:</b>					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				14,523	
<b>Net position of business-type activities</b>				<u>\$ 31,970,541</u>	

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

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**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds				Governmental
	Water	Waste	Nonmajor	Total	Activities -
	<u>&amp; Sewer</u>	<u>Collection</u>	<u>Enterprise</u>	<u>Enterprise</u>	<u>Internal</u>
	<u>Funds</u>	<u>&amp; Disposal</u>	<u>Funds</u>	<u>Funds</u>	<u>Service</u>
					<u>Funds</u>
<b>Operating revenues:</b>					
Charges for sales and services:					
Water sales	\$ 6,691,231	-	-	6,691,231	-
Sewer charges	6,204,578	-	-	6,204,578	-
Tap fees	47,350	-	-	47,350	-
Garbage collection fees	-	1,763,405	-	1,763,405	-
Out-of-county tonnage	-	74,536	-	74,536	-
Memberships	-	-	54,313	54,313	-
Green fees	-	-	65,851	65,851	-
Cart rental	-	-	54,979	54,979	-
Concessions	-	-	131,412	131,412	-
Internal service charges	-	-	-	-	4,136,166
Rental income	-	-	42,320	42,320	-
Miscellaneous	610,302	-	1,619	611,921	38,289
Total operating revenues	<u>13,553,461</u>	<u>1,837,941</u>	<u>350,494</u>	<u>15,741,896</u>	<u>4,174,455</u>
<b>Operating expenses:</b>					
Personnel services	3,418,398	57,871	325,058	3,801,327	-
Supplies and materials	528,307	348	120,686	649,341	420,922
Rent and utilities	1,305,311	405	70,611	1,376,327	-
Operation, maintenance, and repairs	772,051	2,118	161,507	935,676	564,582
Garbage disposal services	-	1,840,656	-	1,840,656	-
Depreciation and amortization	3,146,571	-	13,078	3,159,649	-
Claims paid	-	-	-	-	3,202,682
Miscellaneous	1,545,456	3,137	124,212	1,672,805	-
Total operating expenses	<u>10,716,094</u>	<u>1,904,535</u>	<u>815,152</u>	<u>13,435,781</u>	<u>4,188,186</u>
<b>Operating income (loss)</b>	<u>2,837,367</u>	<u>(66,594)</u>	<u>(464,658)</u>	<u>2,306,115</u>	<u>(13,731)</u>
<b>Nonoperating revenues (expenses):</b>					
Ad valorem taxes	-	70,722	-	70,722	-
Interest income	83,290	2,342	643	86,275	706
Interest expense	(756,692)	-	(69)	(756,761)	-
Debt issuance costs	(322,571)	-	-	(322,571)	-
Gain on disposal of capital asset	4,310	-	-	4,310	-
Total nonoperating revenues (expenses)	<u>(991,663)</u>	<u>73,064</u>	<u>574</u>	<u>(918,025)</u>	<u>706</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>1,845,704</u>	<u>6,470</u>	<u>(464,084)</u>	<u>1,388,090</u>	<u>(13,025)</u>
<b>Capital contributions and transfers:</b>					
Capital contributions	147,750	-	-	147,750	-
Transfers in	87,439	-	425,000	512,439	12,000
Transfers out	(713,612)	(44,000)	-	(757,612)	-
Total capital contributions and transfers	<u>(478,423)</u>	<u>(44,000)</u>	<u>425,000</u>	<u>(97,423)</u>	<u>12,000</u>
<b>Change in net position</b>	<u>1,367,281</u>	<u>(37,530)</u>	<u>(39,084)</u>	<u>1,290,667</u>	<u>(1,025)</u>
<b>Net position, October 1, 2012</b>	<u>29,815,684</u>	<u>533,268</u>	<u>316,399</u>	<u>30,665,351</u>	<u>270,065</u>
<b>Net position, September 30, 2013</b>	<u>\$ 31,182,965</u>	<u>495,738</u>	<u>277,315</u>	<u>31,956,018</u>	<u>269,040</u>
<b>Reconciliation to government-wide statement of activities:</b>					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				2,582	
<b>Change in net position of business-type activities</b>				<u>\$ 1,293,249</u>	

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2013

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	<u>Water &amp; Sewer</u>	<u>Waste Collection &amp; Disposal</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 13,147,345	1,849,278	352,153	15,348,776	3,924,263
Payments to suppliers	(4,602,852)	(1,850,314)	(441,686)	(6,894,852)	(3,964,180)
Payments to employees	<u>(3,391,872)</u>	<u>(57,433)</u>	<u>(327,882)</u>	<u>(3,777,187)</u>	<u>-</u>
<b>Net cash provided by (used in)</b>					
<b>operating activities</b>	<u>5,152,621</u>	<u>(58,469)</u>	<u>(417,415)</u>	<u>4,676,737</u>	<u>(39,917)</u>
<b>Cash flows from noncapital financing activities:</b>					
Ad valorem taxes received	-	70,722	-	70,722	-
Transfers to other funds	(713,612)	(44,000)	-	(757,612)	-
Transfers from other funds	<u>87,439</u>	<u>-</u>	<u>425,000</u>	<u>512,439</u>	<u>12,000</u>
<b>Net cash provided by (used in)</b>					
<b>noncapital financing activities</b>	<u>(626,173)</u>	<u>26,722</u>	<u>425,000</u>	<u>(174,451)</u>	<u>12,000</u>
<b>Cash flows from capital and related financing activities:</b>					
Capital contributions	164,848	-	-	164,848	-
Proceeds from sale of capital assets	6,173	-	-	6,173	-
Acquisition and construction of capital assets	(611,545)	-	(10,163)	(621,708)	-
Proceeds from promissory notes	13,195,387	-	-	13,195,387	-
Payments of debt issuance costs	(322,571)	-	-	(322,571)	-
Payments of early redemption premiums	(57,150)	-	-	(57,150)	-
Payments on long-term debt:					
Revenue bonds	(4,705,000)	-	-	(4,705,000)	-
Promissory notes	(9,165,000)	-	-	(9,165,000)	-
Capital lease payments	(84,726)	-	(278)	(85,004)	-
Interest paid on debt	<u>(847,766)</u>	<u>-</u>	<u>(69)</u>	<u>(847,835)</u>	<u>-</u>
<b>Net cash used in capital and</b>					
<b>related financing activities</b>	<u>(2,427,350)</u>	<u>-</u>	<u>(10,510)</u>	<u>(2,437,860)</u>	<u>-</u>
<b>Cash flows from investing activities -</b>					
Purchase of investments	(1,090,741)	-	-	(1,090,741)	-
Interest received	<u>44,653</u>	<u>2,342</u>	<u>643</u>	<u>47,638</u>	<u>706</u>
<b>Net cash provided by (used in)</b>					
<b>investing activities</b>	<u>(1,046,088)</u>	<u>2,342</u>	<u>643</u>	<u>(1,043,103)</u>	<u>706</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	1,053,010	(29,405)	(2,282)	1,021,323	(27,211)
<b>Cash and cash equivalents, September 30, 2012</b>					
<b>(including \$6,708,606 in restricted accounts)</b>	<u>10,029,767</u>	<u>644,723</u>	<u>262,223</u>	<u>10,936,713</u>	<u>211,871</u>
<b>Cash and cash equivalents, September 30, 2013</b>					
<b>(including \$6,118,900 in restricted accounts)</b>	\$ <u>11,082,777</u>	<u>615,318</u>	<u>259,941</u>	<u>11,958,036</u>	<u>184,660</u>

(Continued)

**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2013

	<u>Business-type Activities - Enterprise Funds</u>				<b>Governmental</b>
	<u>Water &amp; Sewer</u>	<u>Waste Collection &amp; Disposal</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<b>Activities - Internal Service Funds</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ 2,837,367	(66,594)	(464,658)	2,306,115	(13,731)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	3,146,571	-	13,078	3,159,649	-
Changes in assets and liabilities:					
Accounts receivable	(354,814)	8,393	1,659	(344,762)	-
Receivables - miscellaneous	-	-	-	-	(3,291)
Due from other funds	-	2,944	-	2,944	(246,901)
Inventory	(22,462)	-	5,586	(16,876)	(2,368)
Prepaid items	(62,399)	-	(202)	(62,601)	-
Accounts payable	(218,422)	(3,600)	30,530	(191,492)	226,374
Accrued liabilities	25,401	438	(2,626)	23,213	-
Customer deposits	(51,302)	-	-	(51,302)	-
Due to other funds	(147,319)	(50)	(782)	(148,151)	-
Total adjustments	<u>2,315,254</u>	<u>8,125</u>	<u>47,243</u>	<u>2,370,622</u>	<u>(26,186)</u>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 5,152,621</b>	<b>(58,469)</b>	<b>(417,415)</b>	<b>4,676,737</b>	<b>(39,917)</b>
<b>Noncash investing, capital, and financing activities:</b>					
Amortization of debt premium/discount	\$ 36,192	-	-	36,192	-
Amortization of gain/loss on debt refunding	\$ 3,567	-	-	3,567	-
Increase in fair value of investments	\$ 2,445	-	-	2,445	-

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
September 30, 2013

	<b><u>Agency Funds</u></b>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 1,403,251
Intergovernmental receivables - County	<u>155,932</u>
<b>Total assets</b>	<b>\$ <u>1,559,183</u></b>
<b><u>LIABILITIES</u></b>	
Intergovernmental payables:	
Schools	\$ 1,267,893
PERS	181,815
State	60,461
Employee insurance withheld	<u>49,014</u>
<b>Total liabilities</b>	<b>\$ <u>1,559,183</u></b>

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

**CITY OF MERIDIAN, MISSISSIPPI**

## Statement of Net Position

Component Units

September 30, 2013

	<b><u>Meridian Airport Authority</u></b>	<b><u>Nonmajor Component Units</u></b>	<b><u>Total Component Units</u></b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 705,942	105,496	811,438
Receivables:			
Accounts	1,010,848	-	1,010,848
Intergovernmental:			
Federal	27,210	-	27,210
State	41,075	-	41,075
Interest	-	48,721	48,721
Inventory	390,178	-	390,178
Prepaid items	30,363	-	30,363
Restricted assets - cash	81,145	-	81,145
MLEC leverage loans receivable	-	5,691,198	5,691,198
Capital assets not being depreciated:			
Land	2,427,975	-	2,427,975
Construction in progress	1,983,071	-	1,983,071
Capital assets (net of accumulated depreciation):			
Buildings	8,535,454	-	8,535,454
Improvements other than buildings	17,730,229	-	17,730,229
Machinery and equipment	<u>870,569</u>	<u>844</u>	<u>871,413</u>
<b>Total assets</b>	<b><u>33,834,059</u></b>	<b><u>5,846,259</u></b>	<b><u>39,680,318</u></b>
<b><u>LIABILITIES</u></b>			
Accounts payable	821,243	25,473	846,716
Accrued liabilities	233,406	31,469	264,875
Unearned revenue	3,319	-	3,319
Noncurrent liabilities:			
Note payable due within one year	186,070	70,445	256,515
Note payable due in more than one year	<u>530,827</u>	<u>2,218,213</u>	<u>2,749,040</u>
<b>Total liabilities</b>	<b><u>1,774,865</u></b>	<b><u>2,345,600</u></b>	<b><u>4,120,465</u></b>
<b><u>NET POSITION</u></b>			
Invested in capital assets, net of related debt	31,547,298	844	31,548,142
Restricted for capital projects	81,145	-	81,145
Unrestricted	<u>430,751</u>	<u>3,499,815</u>	<u>3,930,566</u>
<b>Total net position</b>	<b>\$ <u>32,059,194</u></b>	<b><u>3,500,659</u></b>	<b><u>35,559,853</u></b>

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Activities  
Component Units  
For the Fiscal Year Ended September 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Meridian Airport Authority</u>	<u>Nonmajor Component Units</u>	<u>Total</u>
<b>Component units:</b>							
Meridian Airport Authority	\$ 13,813,180	12,302,712	24,789	1,646,889	161,210	-	161,210
Nonmajor component units	<u>242,236</u>	<u>247,614</u>	<u>3,515,644</u>	<u>-</u>	<u>-</u>	<u>3,521,022</u>	<u>3,521,022</u>
<b>Total component units</b>	<b>\$ <u>14,055,416</u></b>	<b><u>12,550,326</u></b>	<b><u>3,540,433</u></b>	<b><u>1,646,889</u></b>	<b>161,210</b>	<b>3,521,022</b>	<b>3,682,232</b>
<b>General revenues -</b>							
Interest income					<u>3,036</u>	<u>44</u>	<u>3,080</u>
<b>Change in net position</b>					164,246	3,521,066	3,685,312
<b>Net position (deficit), October 1, 2012</b>					<u>31,894,948</u>	<u>(20,407)</u>	<u>31,874,541</u>
<b>Net position (deficit), September 30, 2013</b>					<b>\$ <u>32,059,194</u></b>	<b><u>3,500,659</u></b>	<b><u>35,559,853</u></b>

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

# CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

## (1) Summary of Significant Accounting Policies

### (a) Reporting Entity

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

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

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

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

#### **Blended Component Unit -**

##### Meridian Redevelopment Agency

Meridian Redevelopment Agency (“the Agency”) was established by the City on May 4, 2010, in accordance with Title 43, Chapter 35, Article I of the Mississippi Code of 1972 to serve as the City’s urban renewal and redevelopment agency. The members of the Agency’s five-member governing Board of directors are appointed by the City’s Mayor with the consent of the City Council. The Agency,

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

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

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

although a legally separate entity, functions for all practical purposes as a department of the City and therefore has been included as an integral part of the primary government.

#### **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.

#### **Nonmajor Discretely Presented Component Units:**

##### Meridian Urban Renewal Authority

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

##### The Meridian Transportation Commission

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

# CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

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

### (a) Reporting Entity (Continued)

#### 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 and MTC have September 30 year ends, 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  
2811 Highway 11 South  
Meridian, Mississippi

The Meridian Transportation Commission  
1901 Front Street  
Meridian, Mississippi

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

Meridian and Bonita Lakes  
Development Authority  
723 23<sup>rd</sup> Avenue  
Meridian, Mississippi

#### **Related Organizations:**

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

## **CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

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

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

Following is a list of related organizations:

- Building Code Board of Adjustments and Appeals/Board of Adjustments and Appeals for Elimination and 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.

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.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

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

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

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

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

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

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

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.

# CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

The **water and sewer fund** accounts for the provision of water and sewer services to residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt.

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

Additionally, the City reports the following fund types:

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

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

The **internal service funds** which account for the garage and fuel supply, office supply, health and life insurance, and unemployment compensation provided to departments of the City and to other governmental units on a cost reimbursement basis.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

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

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

The **agency funds** which account for dedicated property tax assessments and collections forwarded to the Public Employees' Retirement System ("PERS"), Meridian Community College, and Meridian Separate School District; state fines and fees collected by the City Municipal Court for the State of Mississippi; and additional amounts withheld from employees' pay for the purpose of offsetting potential large future rate increases on hospital insurance premiums. These resources are held by the City in a purely custodial capacity (assets equal liabilities). Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources (property collections, fines and fees, and employee withholdings) to individuals, organizations, or other governments.

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

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

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

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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

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

#### (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 stated at cost, plus accrued interest, or amortized cost (which approximates fair value) since the investment portfolio is comprised of money market investments with an original maturity of one year or less and debt securities held under forward interest contracts which relieve the City of all market risk. On certain water and sewer reserve funds, the City received a lump-sum payment in exchange for future interest earnings and market appreciation or depreciation on the securities held under the forward interest contracts. The lump-sum payment has been deferred and will be recognized in earnings over the life of the securities under the forward interest contract using the interest method. Investments are represented by certificates of deposit and U. S. Government securities, some of which are subject to repurchase agreements.

#### (f) Receivables and Payables

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

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

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

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

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

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

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

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

The tax rate of the City is expressed in terms of mills (ten mills equal one cent). For the year ended September 30, 2013, the City's 2013 combined tax rate for general governmental services and other municipal purposes was 118.99 or \$118.99 per \$1,000 of assessed valuation, expressed as follows:

<u>Description</u>	<u>Mills</u>		<u>Increase (Decrease)</u>
	<u>2013</u>	<u>2012</u>	
General	29.34	28.72	.62
Solid waste fund	.46	.95	(.49)
Fire and police disability retirement fund (closed)	4.92	4.93	(.01)
General municipal retirement fund (closed)	3.00	3.00	-
Debt service (general bonds and interest)	13.12	13.24	(.12)
Meridian Separate School District	61.15	60.31	.84
Meridian Community College	<u>7.00</u>	<u>7.00</u>	<u>-</u>
<b>Total mills</b>	<b><u>118.99</u></b>	<b><u>118.15</u></b>	<b><u>.84</u></b>

**(g) Inventories and Prepaid Items**

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

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

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

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

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

#### (h) Assets Held for Resale

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

#### (i) Restricted Assets

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

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2013

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

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

purposes pertaining to the system. As of September 30, 2013, 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 are recorded at their estimated fair value at the date of donation.

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred in the business-type activities during the current fiscal year was \$765,011. Of this amount, \$8,250 was included as part of the cost of capital assets under construction.

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

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

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

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

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

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

**(k) Compensated Absences**

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

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

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

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

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

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

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

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

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

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

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

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

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

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items that qualify for reporting in this category.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

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

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

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

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

**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) Fund Balances/Net Position

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

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

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

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

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

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

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

#### (o) Fund Balances/Net Position (Continued)

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

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

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

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

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

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

#### (p) New Accounting Pronouncements

Effective for fiscal year 2013, the City implemented the following new standards issued by GASB:

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, effective for financial statement periods beginning after June 15, 2012 – this statement modifies existing requirements for the inclusion of component units in the financial reporting entity. The implementation of this statement did not result in a change to the City's reporting entity.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for financial statement periods beginning after December 15, 2011 – this statement improves financial reporting by continuing to codify sources of generally accepted accounting principles for state and local governments. The implementation of this statement did not result in a change in the reporting of current or past transactions.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods beginning after December 15, 2011 – this statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for financial statement periods beginning after December 15, 2012 – this statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The implementation of this statement resulted in reclassification of certain liabilities to deferred inflows and the retroactive reclassification of bond issuance costs to expenses/expenditures.

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

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

**(p) New Accounting Pronouncements (Continued)**

The following schedule summarizes the impact of implementing GASB No. 65 on net position for fiscal year 2012:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position, October 1, 2011, as previously reported	\$ 83,536,676	28,771,383
Less unamortized bond issuance costs	<u>(879,892)</u>	<u>(450,732)</u>
Net position, October 1, 2011, as restated	<u>82,656,784</u>	<u>28,320,651</u>
Change in net position, September 30, 2012, as previously reported	1,872,126	2,264,896
Impact of reversal of bond issuance costs amortization	<u>(3,474)</u>	<u>91,745</u>
Change in net position, September 30, 2012, as restated	<u>1,868,652</u>	<u>2,356,641</u>
<b>Net position, September 30, 2012, as restated</b>	<b>\$ <u>84,525,436</u></b>	<b><u>30,677,292</u></b>

**(q) Financial Statement Format**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the City's financial position and operations. For consistency, certain 2012 financial statement amounts have been reclassified to conform with the 2013 financial statement presentation. Such reclassifications had no material effect on the City's financial position, changes in financial position, or cash flows.

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

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

**(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 bonds and interest payable, 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:

<b><u>Description</u></b>	<b><u>Amount</u></b>
Bonds payable	\$ (40,690,000)
Discount on refunded debt issue	58,473
Promissory loans payable	(361,147)
Negotiable notes payable	(440,000)
Accrued interest payable	(539,740)
Capital leases payable	(532,573)
Compensated absences	(1,203,142)
Claims and judgments	<u>(70,283)</u>
<b>Net adjustment to reduce fund balances – total governmental funds to arrive at net position – governmental activities</b>	<b>\$ <u>(43,778,412)</u></b>

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:

<b><u>Description</u></b>	<b><u>Amount</u></b>
Net position of the internal service funds	\$ 269,040
Less internal payable representing charges in excess of cost to business-type activities	<u>(14,523)</u>
<b>Net adjustment to increase fund balances – total governmental funds to arrive at net position – governmental activities</b>	<b>\$ <u>254,517</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

(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:

<b><u>Description</u></b>	<b><u>Amount</u></b>
Capital outlay	\$ 1,062,677
Depreciation expense	<u>(5,283,036)</u>
<b>Net adjustment to reduce net change in fund balances – total governmental funds to arrive at change in net position of governmental activities</b>	\$ <u>(4,220,359)</u>

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

<b><u>Description</u></b>	<b><u>Amount</u></b>
Forfeited vehicle	\$ <u>8,000</u>
<b>Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net position of governmental activities</b>	\$ <u>8,000</u>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

(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:

<b><u>Description</u></b>	<b><u>Amount</u></b>
<b>Debt issued:</b>	
New capital lease agreement	\$ (475,614)
Amortization of debt discount	(3,441)
<b>Principal repayments:</b>	
Bonds payable	3,480,000
Promissory loans payable	105,315
Negotiable notes payable	220,000
Capital leases payable	<u>214,981</u>
<b>Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net position of governmental activities</b>	<b>\$ <u>3,541,241</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

(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:

<b><u>Description</u></b>	<b><u>Amount</u></b>
Compensated absences	\$ 158,659
Accrued interest expense	52,598
Claims and judgments	<u>(69,076)</u>
<b>Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net position of governmental activities</b>	<b>\$ <u>142,181</u></b>

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:

<b><u>Description</u></b>	<b><u>Amount</u></b>
Change in net position of the internal service funds	\$ (1,025)
Less loss from charges to business-type activities	<u>(2,582)</u>
<b>Net adjustment to reduce net change in fund balances – total governmental funds to arrive at change in net position of governmental activities</b>	<b>\$ <u>(3,607)</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

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

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

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

<u>Description</u>	<u>Amount</u>
Internal receivable representing charges in excess of cost to business-type activities:	
Prior year	\$ 11,941
Current year activities	<u>2,582</u>
<b>Net adjustment to increase net position – total enterprise funds to arrive at net position – business-type activities</b>	<b>\$ <u>14,523</u></b>

**(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 2013, the original total budgeted expenditures were \$98,023,043 and were increased by amendments to \$111,543,043.

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

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

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

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

expenses, capital outlay, and transfers and other charges) is the minimum legal level determined by the State Auditor where expenditures may not exceed appropriations. The City adopts budgets for capital project and internal service funds by fund type as a whole rather than by individual funds. A governing authority may, at its discretion, adopt an annual budget at a more detailed level if it so desires. Expenditures for uncompleted improvements in progress of construction may be charged to the budget at any time. Penalties for exceeding the budget apply at the legal level (lowest level adopted by the governing authority) except for capital outlay, election expenses and payment of emergency warrants. All appropriations lapse 30 days after year-end. Appropriations paid after this period must be budgeted again during the next budget year. State law requires all funds receiving revenues from the municipality, funds which will require approval from the governing authorities for expenditures to be made, proprietary funds and funds confiscated and forfeited in connection with drug and liquor cases to have an adopted budget. Fiduciary funds do not require board approval to make disbursements.

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

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.

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

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

**(b) Budget/GAAP Reconciliation**

The following schedule reconciles the amounts on the Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) to the amounts on the Statement of Revenues, Expenditures and Changes in Fund Balances:

<u>Description</u>	<u>General Fund</u>
Net change in fund balances – budgetary basis	\$ 795,617
Basis differences:	
Net accrued revenues and related receivables	(1,393,778)
Net accrued expenditures and related liabilities	<u>1,409,432</u>
<b>Net change in fund balances – GAAP basis</b>	<b>\$ <u>811,271</u></b>

**(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 \$31,811,291 and the bank balance was \$31,781,668. 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.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

### (4) Deposits and Investments (Continued)

The carrying amount of deposits for discretely presented component units was \$892,583 and the bank balance was \$944,411. These bank balances were covered by federal depository insurance or collateralized in accordance with State law as described above.

#### *Investments*

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

<u>Description</u>	<u>Fair Value</u>	<u>Maturity Date (Within One Year)</u>
Federated Government Obligations Fund	\$ 2,580,899	-
Certificates of Deposit:		
Citizens National Bank	675,000	01/04/2014
Community Bank	675,000	01/02/2014
Citizens National Bank	<u>400,000</u>	11/10/2013
<b>Total investments</b>	\$ <u>4,330,899</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

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

### (4) Deposits and Investments (Continued)

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. Investments in Federated Government Obligations Fund are rated AAAM by Standard & Poor's and Aaa-mf by Moody's Investors Service.

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

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

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

<u>Description</u>	<u>Amount</u>
Cash on hand	\$ 3,940
Cash with trustee	110,410
Carrying amount of deposits (including certificates of deposits)	31,811,291
Carrying amount of investments (securities)	<u>2,580,898</u>
<b>Total cash and investments</b>	<b>\$ <u>34,506,539</u></b>
Cash and cash equivalents	\$ 14,653,793
Cash and investments – restricted	17,099,495
Investments	<u>1,350,000</u>
<b>Total reported on the government-wide statement of net position</b>	<b>33,103,288</b>
Cash and cash equivalents reported on the statement of fiduciary assets and liabilities not included on the government-wide statement of net position	<u>1,403,251</u>
<b>Total reported</b>	<b>\$ <u>34,506,539</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

**(5) Capital Assets**

**Primary government:**

Capital asset activity for the year ended September 30, 2013, was as follows:

	<b>Balance September 30, <u>2012</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b>Balance September 30, <u>2013</u></b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 8,078,610	-	76,965	8,001,645
Right of ways	2,600	-	-	2,600
Collections - historical treasures	141,250	-	-	141,250
Construction-in-progress	<u>1,228,787</u>	<u>36,271</u>	<u>1,111,008</u>	<u>154,050</u>
Total capital assets, not being depreciated	<u>9,451,247</u>	<u>36,271</u>	<u>1,187,973</u>	<u>8,299,545</u>
Capital assets, being depreciated:				
Buildings	41,846,239	928,749	30,000	42,744,988
Improvements other than buildings	5,034,945	146,685	-	5,181,630
Machinery and equipment	15,460,263	1,052,758	133,777	16,379,244
Infrastructure	<u>109,960,208</u>	<u>17,222</u>	<u>-</u>	<u>109,977,430</u>
Total capital assets, being depreciated	<u>172,301,655</u>	<u>2,145,414</u>	<u>163,777</u>	<u>174,283,292</u>
Less accumulated depreciation for:				
Buildings	7,723,856	827,658	1,700	8,549,814
Improvements other than buildings	2,141,003	196,199	-	2,337,202
Machinery and equipment	10,529,755	977,752	114,122	11,393,385
Infrastructure	<u>55,324,481</u>	<u>3,281,427</u>	<u>-</u>	<u>58,605,908</u>
Total accumulated depreciation	<u>75,719,095</u>	<u>5,283,036</u>	<u>115,822</u>	<u>80,886,309</u>
Total capital assets, being depreciated, net	<u>96,582,560</u>	<u>(3,137,622)</u>	<u>47,955</u>	<u>93,396,983</u>
<b>Total governmental activities capital assets, net</b>	\$ <u><u>106,033,807</u></u>	<u><u>(3,101,351)</u></u>	<u><u>1,235,928</u></u>	<u><u>101,696,528</u></u>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

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

	<b>Balance</b>			<b>Balance</b>
	<b>September 30,</b>			<b>September 30,</b>
	<b><u>2012</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>2013</u></b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 247,787	-	-	247,787
Right of ways	30,610	-	-	30,610
Construction-in-progress	<u>3,789,771</u>	<u>247,675</u>	<u>3,518,514</u>	<u>518,932</u>
Total capital assets, not being depreciated	<u>4,068,168</u>	<u>247,675</u>	<u>3,518,514</u>	<u>797,329</u>
Capital assets, being depreciated:				
Buildings	126,628	-	-	126,628
Water and sewer system	96,857,348	3,518,514	-	100,375,862
Improvements other than buildings	98,924	-	-	98,924
Machinery and equipment	<u>3,931,913</u>	<u>374,033</u>	<u>77,009</u>	<u>4,228,937</u>
Total capital assets, being depreciated	<u>101,014,813</u>	<u>3,892,547</u>	<u>77,009</u>	<u>104,830,351</u>
Less accumulated depreciation for:				
Buildings	122,828	950	-	123,778
Water and sewer system	66,320,332	2,936,344	-	69,256,676
Improvements other than buildings	73,949	-	-	73,949
Machinery and equipment	<u>3,234,379</u>	<u>222,355</u>	<u>75,146</u>	<u>3,381,588</u>
Total accumulated depreciation	<u>69,751,488</u>	<u>3,159,649</u>	<u>75,146</u>	<u>72,835,991</u>
Total capital assets, being depreciated, net	<u>31,263,325</u>	<u>732,898</u>	<u>1,863</u>	<u>31,994,360</u>
<b>Total business-type activities capital assets, net</b>	\$ <u>35,331,493</u>	<u>980,573</u>	<u>3,520,377</u>	<u>32,791,689</u>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

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

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

	<b><u>Amount</u></b>
<b>Governmental activities:</b>	
General government	\$ 951,688
Public safety	709,918
Public works	3,530,618
Culture and recreation	<u>90,812</u>
<b>Total depreciation expense - governmental activities</b>	<b>\$ <u>5,283,036</u></b>
<b>Business-type activities:</b>	
Water and sewer department	\$ 3,146,571
Golf course	8,365
Union Station	<u>4,713</u>
<b>Total depreciation expense - business-type activities</b>	<b>\$ <u>3,159,649</u></b>

Construction-in-progress is composed of:

<b>Governmental activities:</b>	
Medical district traffic - engineering	\$ 96,275
Safe routes to school project	38,467
Holbrook Building re-roofing	12,408
5th Street pedestrian enhancement	<u>6,900</u>
Total governmental activities	<u>154,050</u>
<b>Business-type activities:</b>	
Wastewater treatment plant air blowers and electrical upgrade	365,364
Downtown drainage improvements	<u>153,568</u>
Total business-type activities	<u>518,932</u>
<b>Total construction-in-progress</b>	<b>\$ <u>672,982</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

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

**Discretely presented component units:**

Capital asset activity for the year ended September 30, 2013, was as follows:

	<b>Balance</b>			<b>Balance</b>
	<b>September 30,</b>			<b>September 30,</b>
	<b><u>2012</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>2013</u></b>
<b>Meridian Airport Authority:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,427,975	-	-	2,427,975
Construction-in-progress	<u>3,086,686</u>	<u>1,792,917</u>	<u>2,896,532</u>	<u>1,983,071</u>
Total capital assets, not being depreciated	<u>5,514,661</u>	<u>1,792,917</u>	<u>2,896,532</u>	<u>4,411,046</u>
Capital assets, being depreciated:				
Buildings	11,024,068	64,755		11,088,823
Improvements other than buildings	26,528,916	2,896,532	-	29,425,448
Machinery and equipment	<u>2,730,129</u>	<u>144,089</u>	<u>51,526</u>	<u>2,822,692</u>
Total capital assets, being depreciated	<u>40,283,113</u>	<u>3,105,376</u>	<u>51,526</u>	<u>43,336,963</u>
Less accumulated depreciation for:				
Buildings	2,122,440	430,929	-	2,553,369
Improvements other than buildings	10,347,936	1,347,283	-	11,695,219
Machinery and equipment	<u>1,641,902</u>	<u>360,837</u>	<u>50,616</u>	<u>1,952,123</u>
Total accumulated depreciation	<u>14,112,278</u>	<u>2,139,049</u>	<u>50,616</u>	<u>16,200,711</u>
Total capital assets, being depreciated, net	<u>26,170,835</u>	<u>966,327</u>	<u>910</u>	<u>27,136,252</u>
<b>Total Meridian Airport Authority</b>	\$ <u>31,685,496</u>	<u>2,759,244</u>	<u>2,897,442</u>	<u>31,547,298</u>
<b>Nonmajor component units:</b>				
Capital assets, being depreciated:				
Machinery and equipment	\$ 57,217	-	-	57,217
Less accumulated depreciation	<u>56,373</u>	<u>-</u>	<u>-</u>	<u>56,373</u>
<b>Total nonmajor component units</b>	\$ <u>844</u>	<u>-</u>	<u>-</u>	<u>844</u>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

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

The composition of interfund balances as of September 30, 2013, is as follows:

**Due to/from other funds:**

<b><u>Receivable fund</u></b>	<b><u>Payable fund</u></b>	<b><u>Amount</u></b>
General Fund	Nonmajor Governmental Funds	\$ 1,043,974
Nonmajor Governmental Funds	General Fund	361,330
	Nonmajor Governmental Funds	278,488
Waste Collection & Disposal Fund	General Fund	5,242
Internal Service Funds	General Fund	345,042
	Water & Sewer Fund	312,535
	Nonmajor Enterprise Funds	<u>88</u>
Total due to/from other funds		\$ <u>2,346,699</u>

**Due to primary government**

**Due from component units**

General Fund	Meridian Airport Authority	\$ <u>2,875</u>
Internal Service Funds	Meridian Transportation Commission	\$ <u>407</u>

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

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

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

Interfund transfers:

	<u>Transfers in:</u>						
	<u>General</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Water</u> <u>&amp; Sewer</u> <u>Fund</u>	<u>Nonmajor</u> <u>Enterprise</u> <u>Funds</u>	<u>Internal</u> <u>Service</u> <u>Funds</u>	<u>Total</u> <u>transfers</u> <u>out</u>
<b><u>Transfers out:</u></b>							
<b>General Fund</b>	\$ -	879,040	134,845	23,030	425,000	12,000	1,473,915
<b>Nonmajor</b>							
<b>Governmental Funds</b>	25,911	467,470	1,318,017	64,409	-	-	1,875,807
<b>Water &amp; Sewer Fund</b>	601,500	-	112,112	-	-	-	713,612
<b>Waste Collection &amp; Disposal Fund</b>	<u>44,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,000</u>
<b>Total transfers in</b>	\$ <u>671,411</u>	<u>1,346,510</u>	<u>1,564,974</u>	<u>87,439</u>	<u>425,000</u>	<u>12,000</u>	<u>4,107,334</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.

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

**(7) Leases**

*Capital Leases*

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

A summary of leased equipment capitalized in the financial statements at September 30, 2013, follows:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Machinery and equipment	\$ 1,357,680	1,056,641
Less accumulated depreciation	<u>(565,164)</u>	<u>(501,966)</u>
<b>Total leased equipment capitalized</b>	<b>\$ <u>792,516</u></b>	<b><u>554,675</u></b>

The future minimum lease obligations and the net present value of minimum lease commitments at September 30, 2013, follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2014	\$ 235,877	106,140
2015	235,877	106,140
2016	71,226	106,140
2017	<u>17,807</u>	<u>26,535</u>
Total minimum lease commitments	560,787	344,955
Less amount representing imputed interest	<u>(28,214)</u>	<u>(31,624)</u>
Present value of minimum lease payments	532,573	313,331
Current portion of obligations under capital leases	<u>(217,417)</u>	<u>(90,135)</u>
Obligations under capital leases, less current installments	<b>\$ <u>315,156</u></b>	<b><u>223,196</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

(7) **Leases (Continued)**

*Operating Leases*

The City leases premises for use as a law enforcement center. This lease term expires in May, 2033. The City also leases golf carts for the public golf course. This lease term expires in October, 2015. Costs for these leases totaled \$161,032 for the year ended September 30, 2013.

Meridian Airport Authority (a discretely presented component unit) leases refueling trucks for use in the operations of Meridian Aviation with monthly lease payments beginning May, 2015. This lease term expires in May, 2018. Costs for this lease total \$33,885 for the year ended September 30, 2013.

The future minimum lease payments for the operating leases at September 30, 2013, are as follows:

<b><u>Year Ending September 30,</u></b>	<b><u>City of Meridian</u></b>	<b><u>Meridian Airport Authority</u></b>
2014	\$ 326,240	-
2015	326,240	18,750
2016	306,770	45,000
2017	305,000	45,000
2018	305,000	26,250
2019-2023	1,525,000	-
2024-2028	1,525,000	-
2029-2033	<u>1,525,000</u>	<u>-</u>
<b>Total future minimum lease payments</b>	<b>\$ <u>6,144,250</u></b>	<b><u>135,000</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

**(8) Long-Term Liabilities**

A summary of long-term liabilities at September 30, 2013, follows:

	<b><u>Interest Rates</u></b>	<b><u>Amount</u></b>
<b>Governmental activities:</b>		
Outstanding bonds:		
General government	1.9 - 5.7%	\$ 31,270,000
Special obligation bonds – parking facilities	2.75 - 5.375%	4,340,000
Limited obligation bonds – tax increment financing	5.0 - 9.0%	3,800,000
Special assessment debt with City commitment	4.5 - 6.7%	1,280,000
Less unamortized discount on debt refunding		(58,473)
Other debt:		
Promissory loans	.25 - 3.0%	361,147
Negotiable notes	2.71%	440,000
Capital leases	2.43 - 5.87%	532,573
Compensated absences		1,203,142
Claims and judgments		<u>70,283</u>
<b>Total governmental activities</b>		43,238,672
Less current portion payable		<u>(4,037,797)</u>
<b>Governmental activities, net</b>		\$ <u>39,200,875</u>
<b>Business-type activities:</b>		
Water & sewer promissory loans	.5 – 3.25%	14,163,323
Plus unamortized premium on debt refunding		<u>665,580</u>
Total promissory loans		14,828,903
Capital leases	5.87%	313,331
Compensated absences		<u>186,108</u>
<b>Total business-type activities</b>		15,328,342
Less current portion payable		<u>(2,382,552)</u>
<b>Business activities, net</b>		\$ <u>12,945,790</u>
<b>Discretely presented component units –</b>		
Promissory loans	3.75% - 8.0%	\$ 3,005,555
Less current portion payable		<u>(256,515)</u>
<b>Discretely presented component unit, net</b>		\$ <u>2,749,040</u>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

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

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

<b>Year Ending September 30,</b>	<b>Governmental Activities</b>						
	<b>General Obligation Bonds</b>	<b>Special Obligation Bonds</b>	<b>Limited Obligations Bonds</b>	<b>Special Assessment Debt</b>	<b>Promissory Loans</b>	<b>Negotiable Notes</b>	<b>Total</b>
2014	\$ 3,348,307	536,037	510,844	310,542	113,170	231,924	5,050,824
2015	3,257,648	536,207	513,875	312,525	113,170	225,962	4,959,387
2016	3,099,145	541,843	515,125	313,555	85,558	-	4,555,226
2017	3,101,384	540,544	514,625	137,875	30,301	-	4,324,729
2018	3,127,135	543,575	512,375	137,645	30,301	-	4,351,031
2019-2023	13,237,398	2,790,269	2,525,406	317,785	-	-	18,870,858
2024-2028	9,353,825	-	958,750	-	-	-	10,312,575
2029-2033	1,767,818	-	-	-	-	-	1,767,818
<b>Total</b>	<b>\$ <u>40,292,660</u></b>	<b><u>5,488,475</u></b>	<b><u>6,051,000</u></b>	<b><u>1,529,927</u></b>	<b><u>372,500</u></b>	<b><u>457,886</u></b>	<b><u>54,192,448</u></b>
<b>Interest included in above totals</b>	<b>\$ <u>9,022,660</u></b>	<b><u>1,148,475</u></b>	<b><u>2,251,000</u></b>	<b><u>249,927</u></b>	<b><u>11,353</u></b>	<b><u>17,886</u></b>	<b><u>12,701,301</u></b>

<b>Year Ending September 30,</b>	<b>Business-type Activities</b>	<b>Discretely Presented Component Units</b>
	<b>Promissory Loans</b>	<b>Promissory Loans</b>
2014	\$ 2,728,947	435,644
2015	1,917,222	745,963
2016	1,918,622	194,884
2017	1,497,622	194,885
2018	1,511,022	194,885
2019-2023	5,152,710	974,420
2024-2028	1,273,336	974,421
2029-2033	419,345	780,605
<b>Total</b>	<b>\$ <u>16,418,826</u></b>	<b><u>4,495,707</u></b>
<b>Interest included in above totals</b>	<b>\$ <u>2,255,503</u></b>	<b><u>1,490,152</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

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

A summary of changes in the long-term liabilities during the year ended September 30, 2013, follows:

<u>Description</u>	<u>October 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30, 2013</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation debt	\$ 33,520,000	-	2,250,000	31,270,000	2,245,000
Special obligation bonds	4,670,000	-	330,000	4,340,000	345,000
Limited obligation bonds	4,475,000	-	675,000	3,800,000	195,000
Special assessment with City commitment	1,505,000	-	225,000	1,280,000	240,000
Unamortized premiums (discounts)	<u>(61,914)</u>	<u>3,441</u>	<u>-</u>	<u>(58,473)</u>	<u>(3,441)</u>
Total bonds payable	44,108,086	3,441	3,480,000	40,631,527	3,021,559
Promissory loans	466,462	-	105,315	361,147	107,491
Negotiable notes	660,000	-	220,000	440,000	220,000
Capital leases	271,940	475,614	214,981	532,573	217,417
Compensated absences	1,361,801	762,950	921,609	1,203,142	401,047
Claims and judgments	<u>1,207</u>	<u>639,407</u>	<u>570,331</u>	<u>70,283</u>	<u>70,283</u>
<b>Governmental activities     long-term liabilities</b>	<b>\$ <u>46,869,496</u></b>	<b><u>1,881,412</u></b>	<b><u>5,512,236</u></b>	<b><u>43,238,672</u></b>	<b><u>4,037,797</u></b>
<b>Business-type activities:</b>					
Revenue bonds	\$ 4,705,000	-	4,705,000	-	-
Promissory loans	10,913,323	12,415,000	9,165,000	14,163,323	2,195,000
Unamortized premiums (discounts)	(19,512)	701,531	16,439	665,580	36,001
Capital leases	398,335	-	85,004	313,331	90,135
Compensated absences	<u>187,358</u>	<u>185,329</u>	<u>186,579</u>	<u>186,108</u>	<u>61,416</u>
<b>Business-type activities     long-term liabilities</b>	<b>\$ <u>16,184,504</u></b>	<b><u>13,301,860</u></b>	<b><u>14,158,022</u></b>	<b><u>15,328,342</u></b>	<b><u>2,382,552</u></b>
<b>Discretely presented component units:</b>					
<b>Meridian Airport Authority -</b>					
Promissory loans	\$ 1,375,133	-	658,236	716,897	186,070
<b>Meridian Urban Renewal Authority -</b>					
Promissory loans	-	4,455,000	2,166,342	2,288,658	70,445
<b>Meridian Transportation Commission -</b>					
Promissory loans	<u>15,613</u>	<u>-</u>	<u>15,613</u>	<u>-</u>	<u>-</u>
<b>Discretely presented     component units</b>	<b>\$ <u>1,390,746</u></b>	<b><u>4,455,000</u></b>	<b><u>2,840,191</u></b>	<b><u>3,005,555</u></b>	<b><u>256,515</u></b>

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

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

### (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 general obligation bonds issued in prior years is \$43,210,000.

#### Special Obligation Bonds

During fiscal year 2003, the City issued \$7,000,000 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.

#### Limited Obligation Bonds

The original amount of tax increment limited obligation bonds issued by the City in prior years to provide funds for the costs of constructing certain infrastructure improvements is \$7,600,000. The bonds are payable from and secured by a pledge of taxes levied on the incremental increase in the assessed value of the project and certain sales tax revenues. The City entered into an interlocal agreement with Lauderdale County, whereby the County has also pledged additional ad valorem tax revenues generated by the project to provide a pro rata portion of annual debt service on the bonds. As a result, the bonds are not a general obligation of the City.

#### Special Assessment Debt

The City issues special assessment bonds to provide financing for certain capital street improvements to benefit specific taxpayers. Special assessment bonds are direct obligations and pledge the full faith and credit of the City. Annual debt service is provided through collection of special assessments on benefited property and ad valorem taxes levied for debt service. The original amount of special assessment bonds issued in prior years is \$3,625,000.

#### Promissory Loans

In fiscal year 2001, the City entered into a \$1,000,000 capital improvements loan from the Mississippi Development Authority to provide drainage and flood control improvements at the South Industrial Park.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

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

In fiscal year 2003, the City entered into a loan agreement whereby the Mississippi Development Bank issued Mississippi Development Bank Special Obligation Bonds and loaned the proceeds in the amount of \$7,590,000 to the City. The proceeds from this loan were used to refund the City's 1994 Combined Water and Sewer System Revenue Bonds. As a result of this refunding, the 1994 bonds are considered fully defeased in substance, and the liability is not reported in the City's financial statements. As of September 30, 2013, the outstanding balance on the defeased bonds was \$850,000. This refunding resulted in a decrease in future debt service payments of \$549,006.

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. The proceeds from this loan were used to refund 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, the all of the refunded bonds/loans were fully redeemed in fiscal year 2013, with the exception of the 2004 Water and Sewer Promissory Loan. The Mississippi Development Bank bonds underlying this loan are considered fully defeased in substance, and the liability is not reported on the City's financial statements. As of September 30, 2013, the outstanding balance on the defeased bonds was \$1,910,000, to be fully redeemed in July, 2014. This refunding resulted in a decrease in future debt service payments of \$407,116.

In fiscal year 2011, the City entered into a \$210,000 energy conservation loan agreement with the Mississippi Development Authority to provide for the installation of various energy conservation measures during the renovation of the City Hall.

During fiscal year 2012, the City entered into an \$8,411,225 loan agreement with the Mississippi Department of Environmental Quality through the EPA Clean Water State Revolving Fund Program. The proceeds from this note are to be used for the rehabilitation of the South Wastewater Treatment Plant. The City has drawn \$1,608,323 against these loan funds as of September 30, 2013.

#### Negotiable Notes

During fiscal year 2010, the City issued taxable negotiable notes in the amount of \$1,100,000. The proceeds from these notes were used for the payment of pre-development expenses incurred in conjunction with the Redevelopment Agreement that was terminated in December, 2009.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

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

#### 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 \$7,575 in favor of Travelers Indemnity Company for support of the City's deductible for workers compensation claims. This letter of credit expires August 1, 2014, with an automatic extension for one year. As of September 30, 2013, the City had no outstanding balance on this letter of credit. The interest rate is set at 1.25 percent.

#### **Discretely Presented Component Units:**

During fiscal year 2011, the Meridian Airport Authority entered into a 3.75 percent promissory loan agreement in the amount of \$2,000,000 for construction of an aircraft maintenance hangar.

During fiscal year 2011, the Meridian Transportation Commission entered into an 8.0 percent unsecured promissory loan agreement in the amount of \$19,845 for the purpose of providing operating capital. During fiscal year 2013, the bank charged off the remaining \$13,999 balance on this loan.

### (9) Lessor Operating Leases

The City of Meridian and Meridian Airport Authority (a discretely presented component unit) lease space to others under various lease agreements. A summary of minimum future rental income on these leases as of September 30, 2013, and for each of the next five years and in aggregate, follows:

<u>Year Ending September 30,</u>	<u>City of Meridian</u>	<u>Meridian Airport Authority</u>
2014	\$ 59,463	112,735
2015	55,944	91,743
2016	53,099	88,569
2017	45,877	87,885
2018	40,483	57,585
2019-2023	50,998	89,216
2024-2028	2,500	83,636
2029-2033	-	73,564
2034-2039	-	32,973
2040-2044	-	33,878
<b>Total minimum future rentals</b>	<b>\$ <u>308,364</u></b>	<b><u>751,784</u></b>

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

### (10) 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 2013, from the prior year. Settled claims have not exceeded commercial coverage in any of the past several years.

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

Changes in the balances of claims liabilities during the fiscal years ended September 30, 2013 and 2012, follows:

<u>Description</u>	<u>2013</u>	<u>2012</u>
Unpaid claims, beginning of year	\$ 1,207	137,914
Incurred claims (including IBNR’s)	639,407	384,214
Claim payments	<u>(570,331)</u>	<u>(520,921)</u>
Unpaid claims, end of year	\$ <u>70,283</u>	<u>1,207</u>

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

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

**(10) Risk Management (Continued)**

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

Changes in the balances of claims liabilities during the fiscal years ended September 30, 2013 and 2012 follows:

<u>Description</u>	<u>2013</u>	<u>2012</u>
Unpaid claims, beginning of year	\$ 274,088	406,036
Incurred claims (including IBNR's)	3,372,604	2,964,274
Claim payments	<u>(3,270,069)</u>	<u>(3,096,222)</u>
Unpaid claims, end of year	\$ <u>376,623</u>	<u>274,088</u>

**(11) 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.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

### (12) **Construction and Other Significant Commitments**

The City has approved projects at the South Waste Water Treatment Plant, including (1) the replacement of plant air blowers and digester blowers, addition of variable frequency drives for improved air control, upgrades to the air distributions system, replacement of process pumps, and associated electrical; and (2) electrical upgrades, including the replacement of generator No. 1 and associated automatic transfer switch, replacement of motor control centers, replacement of underground conduits and wires, and new overhead and underground conduits and wires. The total estimated cost of these projects is \$8,411,225 and is being funded by a Water Pollution Control Revolving Loan Fund agreement through the Mississippi Department of Environmental Quality.

The City has received grant approval for sidewalk improvements between Meridian Public Schools and the Boys and Girls Club. The cost of this project is estimated to be \$775,833 in sidewalk improvements and \$24,793 in activities to promote pedestrian safety and reduce speeds in school zones. The total project cost of \$800,626 is funded 100 percent from a Safe Routes to School grant through the Mississippi Department of Transportation (“MDOT”).

The City has received grant approval to replace sidewalks, curb cuts, and pedestrian crossings and to install decorative lighting and landscaping along 5th Street approximately between 23rd Avenue and 26th Avenue, as well as portions of 25th Avenue. The estimated construction cost of this project is \$1,000,000 and will be funded 20 percent from local funds and 80 percent from grant funds provided through MDOT.

The City has received grant approval for storm sewer and related sanitary sewer, water and street improvements in downtown Meridian along 22<sup>nd</sup> Avenue and 5<sup>th</sup> Street. The estimated cost of this project is \$2,700,000 and will be funded 100 percent from a Katrina Supplemental Community Development Block Grant provided through the Mississippi Development Authority.

The City has received grant approval for restoration and stabilization of the Holbrook Benevolent Association Building. The construction cost for this project is estimated to be \$249,600 and will be funded with \$41,600 from local funds and \$208,000 from grant funds provided through the Mississippi Department of Archives and History.

The City has executed a lease agreement for a new law enforcement center. The lease term began May, 2013, upon occupancy of the premises and will continue for twenty years with an option to purchase the premises upon expiration of the primary lease term at a price equal to the greater of (a) the fair market value of the premises or (b) the total amount of all outstanding indebtedness of the landlord secured by the premises as of the date of the proposed purchase. The base rental is \$305,000 annually for the first five years and will be adjusted every five years thereafter according to the Consumer Price Index for Urban Wage and Clerical Workers (“CPI-U”).

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

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

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

<u>Description</u>	<u>Encumbrance Amount</u>
General fund committed to software conversion	\$ 12,300
General fund assigned for various governmental services	<u>1,889,295</u>
<b>Total outstanding encumbrances</b>	\$ <u>1,901,595</u>

**(13) Solid Waste Management Services Accounting**

The City contracts its solid waste collection and disposal needs to a private contractor. Pursuant to Section 17-17-347 of the Mississippi Code Ann. (1972), each unit of local government, beginning with fiscal year end 1992, shall determine during its regular audit the full and complete cost for solid waste management within the service area of the unit of local government for the previous fiscal year and shall update the full and complete cost every year thereafter. The City is in compliance with this requirement. These costs are accounted for in the waste collection and disposal enterprise fund.

**(14) 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 March 28, 2014, (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 November, 2013, the City pledged to contribute \$1,000,000 over a ten-year period towards the START Campaign for the Mississippi Arts and Entertainment Center (“Center”). The Center was approved by the Mississippi State Legislature and will open during 2017 in 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.

In February, 2014, the City directed the sale and award of \$1,200,000 in General Obligation Water and Sewer Bonds, Series 2013. The purpose of this bond issue is to provide funds for water and sewer infrastructure improvements.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2013

### (15) Pension and Retirement Plans

#### **Public Employees Retirement System:**

##### *Plan Description*

The City and its component units 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. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, Accounting Department, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

The payroll for employees covered by PERS (statewide) for the year ended June 30, 2013, was \$5,823,578,000. The City's payroll for employees covered by PERS for the year ended September 30, 2013, was \$16,674,142; the City's total payroll was \$16,785,281 for the year ended September 30, 2013.

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 two percent of their average compensation for each year of credited service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of credited 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 member's earnings during the four highest compensated years of credited service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. 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. Benefit provisions are established by Section 25-11-1 et seq., Mississippi Code Ann. (1972) and may be amended only by the State of Mississippi Legislature.

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2013

**(15) Pension and Retirement Plans (Continued)**

A cost-of-living adjustment payment is made to eligible retirees and beneficiaries. The cost of living adjustment is equal to three percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with three percent compounded for each fiscal year thereafter. For the year ended June 30, 2013, the total annual cost of living adjustment payments for PERS (statewide) were \$437,808,691.

***Funding Policy***

Members covered by PERS are required to contribute nine percent of their earned compensation toward retirement. In the year ended September 30, 2013, City employees contributed \$1,444,451. If a member covered by PERS leaves employment prior to retirement, accumulated member contributions plus interest (3.5% in 2013) are refunded to the member or designated beneficiary upon request.

The City is required by statute to contribute to PERS at an actuarially determined rate. For the years ended September 30, 2013, 2012, and 2011, the City's contribution requirements representing 12.0% (from October 1, 2010 through December 31, 2011), 12.93% (from January 1, 2012 through June 30, 2012), 14.26% (from July 1, 2012 through June 30, 2013), and 15.75% (from July 1, 2013 through September 30, 2013) of covered payroll were \$2,325,238, \$2,072,313, and \$1,916,658, respectively. The City contributed 100 percent of its requirements in each of these years.

The Meridian Airport Authority (a discretely presented component unit) contributed 100 percent of its required contributions to PERS in the years ended September 30, 2013, 2012, and 2011 of \$235,412, \$192,183, and \$157,132, respectively.

***Trend Information***

Ten-year historical trend information showing PERS' progress in accumulating sufficient assets to pay benefits when due is presented in the PERS June 30, 2013, comprehensive annual financial report.

**Municipal Retirement Systems:**

***Plan Description***

The City also participates in the Municipal Retirement Systems ("MRS") which has been closed to new participants since July 1, 1976. MRS is an agent multiple-employer defined benefit plan of PERS. MRS 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.

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2013

**(15) Pension and Retirement Plans (Continued)**

Membership in the MRS 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. PERS is also responsible for the administration of MRS. MRS is considered part of the financial reporting entity of the State of Mississippi. The total payroll for City employees covered by MRS for the year ended September 30, 2013 was \$120,694; the City's total payroll for all employees was \$16,785,281. At September 30, 2013, the date of the most recent actuarial valuation, the City represented two active participating members and 197 retired participants and beneficiaries currently receiving benefits.

The PERS annually issues publicly available information entitled the Report on the Annual Valuation Covering the Participation of the City of Meridian in the Mississippi Municipal Retirement Systems. The report may be obtained by writing to Public Employees' Retirement System of Mississippi, Accounting Department, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

***Funding Policy***

Funding policies for MRS, established by Mississippi statutes, provide for a property tax to be levied within each municipality and deductions from salaries of members, at rates sufficient to make the plan actuarially sound. For the year ended September 30, 2013, the City levied 7.92 mills to help fund MRS. An actuarial valuation is performed on an annual basis to determine the rates necessary to make the System actuarially sound. However, Mississippi statutes limit any increase in the property tax levy for pension contributions to one-half mill per year.

During fiscal year 2013, fire and police employees and municipal employees covered by MRS were required to contribute ten percent and seven percent, respectively, of covered payroll. Any increase to the seven percent base contribution rate is made in increments not to exceed one percent per year. If a member leaves covered employment, accumulated member contributions are refunded to the member upon request. Members covered by MRS do not receive interest on their accumulated contributions. The City contributes the remaining amounts necessary to finance participation of its employees in MRS. Contribution provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Ann. (1972) and annual local legislation. Statutes may be amended only by the State of Mississippi Legislature.

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2013

**(15) Pension and Retirement Plans (Continued)**

***Annual Pension Cost***

The required contribution to MRS was determined as part of the actuarial valuation performed as of June 30, 2013, using the entry age actuarial cost method, the level dollar closed amortization method (with a twenty-one year remaining amortization period), and a five-year smoothed market asset valuation method. Significant actuarial assumptions include (a) an 8 percent investment rate of return (net of investment expenses) and including a price inflation rate of 3.5 percent, (b) projected annual salary increases ranging from 4.5 to 6.0 percent and including a wage inflation rate at 4.25 percent, and (c) no cost of living adjustments.

The following provides pension cost and obligation information for MRS:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual pension cost (required contribution)	\$ 1,752,610	1,790,112	1,807,221
Less required contributions made	<u>1,752,610</u>	<u>1,790,112</u>	<u>1,807,221</u>
Net pension obligation at year end	\$ <u>          -</u>	<u>          -</u>	<u>          -</u>
Percentage of annual pension cost contributed	<u>          100%</u>	<u>          100%</u>	<u>          100%</u>

***Funding Status and Funding Progress***

As of June 30, 2013, the most recent actuarial valuation date, the plan was 33.9 percent funded. The actuarial accrued liability for benefits was \$26.1 million, and the actuarial value of assets was \$8.8 million, resulting in an unfunded actuarial accrued liability (“UALL”) of \$17.2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$120,694, and the ratio of UAAL to covered payroll was 14,285.7 percent. Because MMRS is a closed plan with only three active employees, this percentage is highly misleading.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE 1**

**CITY OF MERIDIAN, MISSISSIPPI**  
Required Supplementary Information  
Mississippi Municipal Retirement System  
Schedule of Funding Progress  
Last Three Fiscal Years  
(amounts expressed in thousands)

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability ("AAL") - Entry Age (b)</b>	<b>Funded Ratio (a/b)</b>	<b>Unfunded AAL ("UAAL") (b-a)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b-a)/c]</b>
6/30/2013	\$ 8,841	\$ 26,083	33.9%	\$ 17,242	121	14,285.7 %
9/30/2012	8,258	26,449	31.2%	18,191	171	10,638.0 %
9/30/2011	8,533	27,229	31.3%	18,696	169	11,062.7 %

**Notes to Schedule of Funding Progress**

The AAL is a measure intended to help users assess the Municipal Retirement System ("MMRS") funding status on a going-concern basis and assess progress being made in accumulating sufficient assets to pay benefits when due. The UAAL, as a percentage of annual covered payroll, also aids in analysis of progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage, the stronger the plan. However, for closed plans such as MMRS, this figure is highly misleading and should be ignored.

The actuarial value of assets is determined on a market-related basis that recognizes 20 percent of the previously unrecognized and unanticipated gains and losses (both realized and unrealized).

The valuation date was changed from September 30 to June 30 to match the State of Mississippi's valuation and measurement dates to prepare for the new GASB Statements Nos. 67 and 68.

For additional information regarding this schedule, refer to the separately issued Public Employees' Retirement System of Mississippi Comprehensive Annual Financial Report for 2013 by writing to Public Employees' Retirement System of Mississippi, 429 Mississippi Street, Jackson, MS 39201-1005.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

## NONMAJOR GOVERNMENTAL FUNDS

### **Special Revenue Fund**

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

### **Capital Projects Funds**

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

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

**2003 General Obligation Bonds** – This fund is used to account for the proceeds and disbursements of the 2003 general obligation public improvement bonds.

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

**Highway 19 Drainage** – This fund is used to account for the local and grant revenues to be used to repair drainage damage along Highway 19 near First Street.

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

**2008 General Obligation Bonds** – This fund is used to account for the proceeds and disbursements of the 2008 general obligation bonds.

**2009 General Obligation Bonds** – This fund is used to account for the proceeds and disbursements of the 2009 general obligation bonds.

**2009 Tax Increment Financing Bonds** – This fund is used to account for the bond proceeds used to fund infrastructure improvements to the Meridian Crossroads site.

**2010 Negotiable Note** – This fund is used to account for the proceeds and disbursements of the taxable negotiable note used for the payment of pre-development expenses incurred in conjunction with the Threefoot Building Redevelopment Agreement that was terminated in December, 2009.

## NONMAJOR GOVERNMENTAL FUNDS

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

**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 of the 2011 general obligation bonds.

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

**STP Milling, Leveling, and Overlay** – This fund is used to account for the local and grant revenues used for milling, leveling and asphalt overlay of selected City routes, including drainage and sidewalk improvements as required.

**2012 General Obligation Bonds** – This fund is used to account for the proceeds and disbursements from the 2012 general obligation bonds.

**Highland Park Gabions** – This fund is used to account for the local and grant revenues used to repair gabions along Gallagher Creek in Highland Park.

**Fire Station No. 9 Briarwood** – This fund is used to account for the local revenues used to construct Fire Station Number 9 in the annexed northeast part of the City.

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

**SCHEDULE 2**

**CITY OF MERIDIAN, MISSISSIPPI**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2013

	<b><u>Nonmajor Special Revenue</u></b>	<b><u>Nonmajor Capital Projects</u></b>	<b><u>Total Nonmajor Governmental Funds</u></b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 12,848	-	12,848
Receivables, net -			
Miscellaneous	1,500	-	1,500
Due from other funds	361,330	278,488	639,818
Restricted assets:			
Cash and cash equivalents	1,034,020	4,276,881	5,310,901
Intergovernmental receivables	<u>365,179</u>	<u>111,981</u>	<u>477,160</u>
<b>Total assets</b>	\$ <u>1,774,877</u>	<u>4,667,350</u>	<u>6,442,227</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>Liabilities:</b>			
Accounts payable	\$ 128,719	-	128,719
Due to other funds	700,132	622,330	1,322,462
Liabilities payable from restricted assets:			
Accounts payable	9,731	443,639	453,370
Unearned revenue	<u>80,280</u>	<u>-</u>	<u>80,280</u>
<b>Total liabilities</b>	<u>918,862</u>	<u>1,065,969</u>	<u>1,984,831</u>
<b>Fund balances:</b>			
Restricted for:			
Sowashee Creek maintenance	-	340,054	340,054
Construction/acquisition of capital assets	-	1,720,601	1,720,601
Flood damage repairs	-	76,730	76,730
Paving projects	-	1,438,843	1,438,843
Debt service	-	25,153	25,153
Purposes of grantors/donors	197,232	-	197,232
Law enforcement	292,589	-	292,589
Committed to:			
Urban renewal and redevelopment	345,021	-	345,021
Assigned to:			
Public safety	12,654	-	12,654
Sports events	<u>8,519</u>	<u>-</u>	<u>8,519</u>
<b>Total fund balances</b>	<u>856,015</u>	<u>3,601,381</u>	<u>4,457,396</u>
<b>Total liabilities and fund balances</b>	\$ <u>1,774,877</u>	<u>4,667,350</u>	<u>6,442,227</u>

**SCHEDULE 3****CITY OF MERIDIAN, MISSISSIPPI**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Fiscal Year Ended September 30, 2013

	<b>Nonmajor Special Revenue</b>	<b>Nonmajor Capital Projects</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
Intergovernmental	\$ 865,640	426,219	1,291,859
Fines and forfeitures	19,413	-	19,413
Local contributions	7,250	-	7,250
Interest on investments	3,688	27,388	31,076
Miscellaneous	6,391	-	6,391
Total revenues	<u>902,382</u>	<u>453,607</u>	<u>1,355,989</u>
<b>Expenditures:</b>			
Current:			
Public safety	1,214,556	-	1,214,556
Culture and recreation	216	-	216
Economic development	2,127,091	-	2,127,091
Capital outlay	-	4,357,213	4,357,213
Total operating expenses	<u>3,341,863</u>	<u>4,357,213</u>	<u>7,699,076</u>
<b>Deficiency of revenues under expenditures</b>	<u>(2,439,481)</u>	<u>(3,903,606)</u>	<u>(6,343,087)</u>
<b>Other financing sources (uses):</b>			
Transfers in	138,310	1,426,664	1,564,974
Transfers out	-	(1,875,807)	(1,875,807)
Total other financing sources (uses)	<u>138,310</u>	<u>(449,143)</u>	<u>(310,833)</u>
<b>Net change in fund balances</b>	(2,301,171)	(4,352,749)	(6,653,920)
<b>Fund balances, October 1, 2012</b>	<u>3,157,186</u>	<u>7,954,130</u>	<u>11,111,316</u>
<b>Fund balances, September 30, 2013</b>	\$ <u>856,015</u>	<u>3,601,381</u>	<u>4,457,396</u>

**CITY OF MERIDIAN, MISSISSIPPI**  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
September 30, 2013

	<u>Sowashee Project</u>	<u>2003 General Obligation Bonds</u>	<u>2003 Flood Damage</u>	<u>Highway 19 Drainage</u>	<u>City Hall Improvements</u>	<u>2008 General Obligation Bonds</u>	<u>2009 General Obligation Bonds</u>	<u>2009 Tax Increment Financing Bonds</u>
<b><u>ASSETS</u></b>								
Due from other funds	\$ -	-	-	-	-	-	-	-
Restricted assets:								
Cash and cash equivalents	340,054	207,487	76,730	2,581	145,481	2,286	-	4,675
Intergovernmental receivables	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 340,054</b>	<b>207,487</b>	<b>76,730</b>	<b>2,581</b>	<b>145,481</b>	<b>2,286</b>	<b>-</b>	<b>4,675</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>								
<b>Liabilities:</b>								
Due to other funds	\$ -	-	-	-	-	-	-	-
Liabilities payable from restricted assets -								
Accounts payable	-	-	-	-	8,519	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,519</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>								
Restricted for:								
Sowashee Creek maintenance	340,054	-	-	-	-	-	-	-
Construction/acquisition of capital assets	-	207,487	-	2,581	136,962	2,286	-	-
Flood damage repairs	-	-	76,730	-	-	-	-	-
Paving projects	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	4,675
<b>Total fund balances</b>	<b>340,054</b>	<b>207,487</b>	<b>76,730</b>	<b>2,581</b>	<b>136,962</b>	<b>2,286</b>	<b>-</b>	<b>4,675</b>
<b>Total liabilities and fund balances</b>	<b>\$ 340,054</b>	<b>207,487</b>	<b>76,730</b>	<b>2,581</b>	<b>145,481</b>	<b>2,286</b>	<b>-</b>	<b>4,675</b>

**SCHEDULE 4**

<u>2010 Negotiable Note</u>	<u>Safe Routes to School Project</u>	<u>2011 General Obligation Bonds</u>	<u>35th Avenue &amp; 40th Street Bridge Replacement</u>	<u>STP Milling, Leveling, &amp; Overlay</u>	<u>2012 General Obligation Bonds</u>	<u>Highland Park Gabions</u>	<u>Fire Station No. 9 Briarwood</u>	<u>Downtown Streetscape</u>	<u>Total Nonmajor Governmental Funds</u>
-	-	-	-	277,108	-	-	-	1,380	278,488
20,478	-	1,600,143	42,374	-	1,828,716	5,876	-	-	4,276,881
-	38,467	-	-	42,994	25,000	-	-	5,520	111,981
<u>20,478</u>	<u>38,467</u>	<u>1,600,143</u>	<u>42,374</u>	<u>320,102</u>	<u>1,853,716</u>	<u>5,876</u>	<u>-</u>	<u>6,900</u>	<u>4,667,350</u>
-	21,504	277,108	-	319,250	1,380	-	-	3,088	622,330
-	16,963	-	-	852	413,493	-	-	3,812	443,639
-	38,467	277,108	-	320,102	414,873	-	-	6,900	1,065,969
-	-	-	-	-	-	-	-	-	340,054
-	-	1,323,035	42,374	-	-	5,876	-	-	1,720,601
-	-	-	-	-	-	-	-	-	76,730
-	-	-	-	-	1,438,843	-	-	-	1,438,843
<u>20,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,153</u>
<u>20,478</u>	<u>-</u>	<u>1,323,035</u>	<u>42,374</u>	<u>-</u>	<u>1,438,843</u>	<u>5,876</u>	<u>-</u>	<u>-</u>	<u>3,601,381</u>
<u>20,478</u>	<u>38,467</u>	<u>1,600,143</u>	<u>42,374</u>	<u>320,102</u>	<u>1,853,716</u>	<u>5,876</u>	<u>-</u>	<u>6,900</u>	<u>4,667,350</u>

**CITY OF MERIDIAN, MISSISSIPPI**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended September 30, 2013

	2003 Sowashee Project	2003 General Obligation Bonds	2003 Flood Damage	Highway 19 Drainage	City Hall Improvements	2008 General Obligation Bonds	2009 General Obligation Bonds	2009 Tax Increment Financing Bonds
<b>Revenues:</b>								
Intergovernmental - Federal	\$ -	-	-	-	-	-	-	-
Interest on investments	<u>1,193</u>	<u>718</u>	<u>265</u>	<u>9</u>	<u>574</u>	<u>8</u>	<u>1,619</u>	<u>16</u>
Total revenues	<u>1,193</u>	<u>718</u>	<u>265</u>	<u>9</u>	<u>574</u>	<u>8</u>	<u>1,619</u>	<u>16</u>
<b>Expenditures:</b>								
Construction contracts	-	-	-	-	51,908	-	-	-
Engineering and other	<u>7,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>7,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,908</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(6,331)</u>	<u>718</u>	<u>265</u>	<u>9</u>	<u>(51,334)</u>	<u>8</u>	<u>1,619</u>	<u>16</u>
<b>Other financing sources (uses):</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(467,470)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(467,470)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(6,331)</u>	<u>718</u>	<u>265</u>	<u>9</u>	<u>(51,334)</u>	<u>8</u>	<u>(465,851)</u>	<u>16</u>
<b>Fund Balances, October 1, 2012</b>	<u>346,385</u>	<u>206,769</u>	<u>76,465</u>	<u>2,572</u>	<u>188,296</u>	<u>2,278</u>	<u>465,851</u>	<u>4,659</u>
<b>Fund balances, September 30, 2013</b>	\$ <u>340,054</u>	<u>207,487</u>	<u>76,730</u>	<u>2,581</u>	<u>136,962</u>	<u>2,286</u>	<u>-</u>	<u>4,675</u>

**SCHEDULE 5**

<u>2010 Negotiable Note</u>	<u>Safe Routes to School Project</u>	<u>2011 General Obligation Bonds</u>	<u>35th Avenue &amp; 40th Street Bridge Replacement</u>	<u>STP Milling, &amp; Overlay</u>	<u>2012 General Obligation Bonds</u>	<u>Highland Park Gabions</u>	<u>Fire Station No. 9 Briarwood</u>	<u>Downtown Streetscape</u>	<u>Total Nonmajor Governmental Funds</u>
-	16,963	-	-	259,894	25,000	118,842	-	5,520	426,219
<u>71</u>	<u>-</u>	<u>8,749</u>	<u>146</u>	<u>213</u>	<u>13,785</u>	<u>22</u>	<u>-</u>	<u>-</u>	<u>27,388</u>
<u>71</u>	<u>16,963</u>	<u>8,749</u>	<u>146</u>	<u>260,107</u>	<u>38,785</u>	<u>118,864</u>	<u>-</u>	<u>5,520</u>	<u>453,607</u>
-	-	-	-	271,977	2,905,495	120,000	811,982	-	4,161,362
<u>-</u>	<u>16,963</u>	<u>-</u>	<u>-</u>	<u>52,891</u>	<u>89,872</u>	<u>6,500</u>	<u>15,201</u>	<u>6,900</u>	<u>195,851</u>
<u>-</u>	<u>16,963</u>	<u>-</u>	<u>-</u>	<u>324,868</u>	<u>2,995,367</u>	<u>126,500</u>	<u>827,183</u>	<u>6,900</u>	<u>4,357,213</u>
<u>71</u>	<u>-</u>	<u>8,749</u>	<u>146</u>	<u>(64,761)</u>	<u>(2,956,582)</u>	<u>(7,636)</u>	<u>(827,183)</u>	<u>(1,380)</u>	<u>(3,903,606)</u>
-	-	108,646	-	277,108	212,347	-	827,183	1,380	1,426,664
<u>-</u>	<u>-</u>	<u>(1,194,610)</u>	<u>-</u>	<u>(212,347)</u>	<u>(1,380)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,875,807)</u>
<u>-</u>	<u>-</u>	<u>(1,085,964)</u>	<u>-</u>	<u>64,761</u>	<u>210,967</u>	<u>-</u>	<u>827,183</u>	<u>1,380</u>	<u>(449,143)</u>
71	-	(1,077,215)	146	-	(2,745,615)	(7,636)	-	-	(4,352,749)
<u>20,407</u>	<u>-</u>	<u>2,400,250</u>	<u>42,228</u>	<u>-</u>	<u>4,184,458</u>	<u>13,512</u>	<u>-</u>	<u>-</u>	<u>7,954,130</u>
<u>20,478</u>	<u>-</u>	<u>1,323,035</u>	<u>42,374</u>	<u>-</u>	<u>1,438,843</u>	<u>5,876</u>	<u>-</u>	<u>-</u>	<u>3,601,381</u>

**SCHEDULE 6****CITY OF MERIDIAN, MISSISSIPPI****Debt Service Fund****Schedule of Revenues, Expenditures and Changes in Fund Balances -****Budget and Actual (Budgetary Basis)****For the Fiscal Year Ended September 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis) Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$ 4,980,000	5,500,000	5,734,386	234,386
<b>Expenditures - debt service</b>	<u>4,980,000</u>	<u>5,500,000</u>	<u>5,370,066</u>	<u>129,934</u>
<b>Net change in fund balances</b>	\$ <u>-</u>	<u>-</u>	364,320	<u>364,320</u>
<b>Fund Balance, October 1, 2012</b>			<u>2,721,039</u>	
<b>Fund Balance, September 30, 2013</b>			\$ <u>3,085,359</u>	

**SCHEDULE 7**

**CITY OF MERIDIAN, MISSISSIPPI**  
Special Revenue Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Budgetary Basis)  
For the Fiscal Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis) Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$ 700,000	700,000	1,207,948	507,948
<b>Expenditures -</b>				
Project costs	<u>2,911,000</u>	<u>3,500,000</u>	<u>3,393,458</u>	<u>106,542</u>
<b>Net change in fund balances</b>	\$ <u>(2,211,000)</u>	<u>(2,800,000)</u>	(2,185,510)	<u>614,490</u>
<b>Fund balances, October 1, 2012</b>			<u>3,158,177</u>	
<b>Fund balances, September 30, 2013</b>			\$ <u>972,667</u>	

**SCHEDULE 8****CITY OF MERIDIAN, MISSISSIPPI**

## Capital Projects Funds

## Schedule of Revenues, Expenditures and Changes in Fund Balances -

## Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis) Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$ 113,000	113,000	863,606	750,606
Expenditures - capital outlay	<u>5,713,000</u>	<u>5,713,000</u>	<u>3,803,317</u>	<u>1,909,683</u>
Net change in fund balances	\$ <u>(5,600,000)</u>	<u>(5,600,000)</u>	(2,939,711)	<u>2,660,289</u>
Fund balance, October 1, 2012			<u>10,820,654</u>	
Fund balance, September 30, 2013			\$ <u>7,880,943</u>	

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**CITY OF MERIDIAN, MISSISSIPPI**  
Schedule of General Fund Expenditures  
By Departments and Divisions  
For the Fiscal Year Ended September 30, 2013  
(With Comparative Totals for the Fiscal Year Ended September 30, 2012)

	<u>Executive, Legislative and Judicial</u>	<u>Finance and Records</u>	<u>Community Development</u>	<u>Fire Department</u>	<u>Police Department</u>	<u>Homeland Security</u>
<b>Personnel services:</b>						
Salaries - regular	\$ 790,393	797,615	656,529	3,790,411	3,982,083	80,024
Salaries - overtime	1,630	3,227	79	386,042	181,746	3,933
Salaries - temporaries	99,135	21,741	10,196	14,575	10,708	9,698
Fringe benefits	<u>331,786</u>	<u>312,058</u>	<u>247,443</u>	<u>1,772,547</u>	<u>1,574,302</u>	<u>6,237</u>
Total personnel services	<u>1,222,944</u>	<u>1,134,641</u>	<u>914,247</u>	<u>5,963,575</u>	<u>5,748,839</u>	<u>99,892</u>
<b>Contractual services and supplies:</b>						
Supplies - office	8,684	5,477	2,477	2,534	4,606	447
Supplies - operating	385	4,721	2,502	6,063	38,302	1,482
Supplies - household	-	7,408	1,436	16,101	4,946	2,338
Supplies - uniforms and clothing	-	-	2,592	19,799	40,099	598
Supplies - materials direct	-	-	961	-	-	-
Materials - small tools and workorders	244	434	582	5,882	2,234	4,595
Professional services	333,381	75,156	11,782	7,882	553,781	13,077
Telephone	6,756	85,460	5,776	7,275	28,187	2,715
Postage	2,944	7,812	4,668	240	2,912	369
Travel	22,879	4,591	1,645	13,802	10,792	2,811
Freight	-	-	-	-	-	-
Advertising and publishing	7,389	3,200	2,717	59	42	-
Printing and binding	2,922	3,640	3,115	213	3,383	110
Insurance	145,131	40,501	36,547	189,960	314,639	13,988
Utilities	3,929	1,155,593	7,806	97,543	46,409	32,814
Operating and maintenance - buildings	1,670	26,239	1,603	20,428	110,031	4,506
Operating and maintenance - grounds	-	314	-	1,295	-	253
Operating and maintenance - equipment	2,091	8,293	1,962	20,167	30,134	6,411
Operating and maintenance - vehicles	2,429	2,101	20,225	100,251	511,349	21,684
Operating and maintenance - computer services	8,614	109,972	18,300	69,811	81,520	20,449
Rentals	2,520	10,460	2,783	-	-	-
Judgments and claims	3,477	4,696	7,306	110,763	212,582	160
Dues and subscriptions	18,534	2,928	3,766	1,342	3,262	50
Public relations	14,940	-	500	2,272	945	-
Refunds	-	1,558	-	-	-	-
Job training	2,488	3,705	2,046	26,739	7,095	270
Safety	-	-	-	60,013	-	1,008
Hospital and medical	<u>11,776</u>	<u>-</u>	<u>-</u>	<u>26,910</u>	<u>6,029</u>	<u>517</u>
Total contractual services & supplies	<u>603,183</u>	<u>1,564,259</u>	<u>143,097</u>	<u>807,344</u>	<u>2,013,279</u>	<u>130,652</u>
<b>Capital outlay:</b>						
Buildings	-	-	-	4,810	139,792	-
Machinery and equipment	288	78,907	9,727	29,036	30,718	1,329
Vehicles	-	-	270	648,614	2,000	-
Total capital outlay	<u>288</u>	<u>78,907</u>	<u>9,997</u>	<u>682,460</u>	<u>172,510</u>	<u>1,329</u>
<b>Debt service:</b>						
Principal	-	57,044	-	157,938	-	-
Interest	-	14,182	-	6,713	-	-
Total debt service	<u>-</u>	<u>71,226</u>	<u>-</u>	<u>164,651</u>	<u>-</u>	<u>-</u>
<b>Transfers and other charges:</b>						
Transfer to other funds	1,018,915	25,000	235,000	-	5,000	-
Special projects	27,960	158,244	128,183	-	-	3,500
Miscellaneous contributions	342,464	-	-	45,414	28,053	-
Costs allocated to special revenue fund grants	-	-	-	-	-	(100,056)
Other projects and charges	<u>23,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total transfers and other charges	<u>1,412,618</u>	<u>183,244</u>	<u>363,183</u>	<u>45,414</u>	<u>33,053</u>	<u>(96,556)</u>
<b>Total General Fund expenditures - 2013</b>	<u>3,239,033</u>	<u>3,032,277</u>	<u>1,430,524</u>	<u>7,663,444</u>	<u>7,967,681</u>	<u>135,317</u>
<b>Total General Fund expenditures - 2012</b>	<u>3,189,995</u>	<u>2,809,306</u>	<u>1,512,368</u>	<u>6,499,476</u>	<u>7,510,087</u>	<u>411,396</u>
<b>Increase (decrease)</b>	<u>\$ 49,038</u>	<u>222,971</u>	<u>(81,844)</u>	<u>1,163,968</u>	<u>457,594</u>	<u>(276,079)</u>

**SCHEDULE 9**

<b>Public Works</b>	<b>Parks, Recreation &amp; Cultural Affairs</b>	<b>Arts District Parking Garage</b>	<b>Totals</b>		<b>Increase (Decrease)</b>
			<b>2013</b>	<b>2012</b>	
1,812,286	756,402	-	12,665,743	12,803,514	(137,771)
70,916	25,580	-	673,153	649,631	23,522
139,552	246,842	-	552,447	478,441	74,006
<u>868,704</u>	<u>360,526</u>	<u>-</u>	<u>5,473,603</u>	<u>4,880,891</u>	<u>592,712</u>
<u>2,891,458</u>	<u>1,389,350</u>	<u>-</u>	<u>19,364,946</u>	<u>18,812,477</u>	<u>552,469</u>
1,610	440	-	26,275	26,768	(493)
64,090	67,459	1,881	186,885	196,486	(9,601)
5,137	19,213	328	56,907	49,714	7,193
21,537	518	-	85,143	92,572	(7,429)
139,517	21,180	-	161,658	146,011	15,647
9,621	5,170	214	28,976	23,057	5,919
50,426	64,809	-	1,110,294	1,175,596	(65,302)
7,209	2,372	556	146,306	139,872	6,434
1,777	1,680	140	22,542	1,875	20,667
2,534	-	-	59,054	55,593	3,461
246	-	-	246	525	(279)
679	-	-	14,086	34,597	(20,511)
-	1,653	-	15,036	14,756	280
281,807	70,544	12,297	1,105,414	1,077,591	27,823
49,519	179,653	28,895	1,602,161	1,508,486	93,675
5,540	31,511	32,726	234,254	133,467	100,787
41,916	49,513	-	93,291	84,969	8,322
62,988	60,374	1,043	193,463	159,506	33,957
264,432	57,690	-	980,161	1,013,249	(33,088)
33,785	18,358	-	360,809	315,566	45,243
35,317	1,888	-	52,968	38,003	14,965
86,971	29,445	-	455,400	318,364	137,036
2,893	285	-	33,060	49,093	(16,033)
-	-	-	18,657	10,686	7,971
-	-	-	1,558	712	846
2,650	505	-	45,498	61,501	(16,003)
12,148	2,838	-	76,007	79,790	(3,783)
595	-	-	45,827	51,671	(5,844)
<u>1,184,944</u>	<u>687,098</u>	<u>78,080</u>	<u>7,211,936</u>	<u>6,860,076</u>	<u>351,860</u>
-	5,230	-	149,832	107,659	42,173
39,125	40,370	-	229,500	297,883	(68,383)
62,649	-	-	713,533	197,522	516,011
<u>101,774</u>	<u>45,600</u>	<u>-</u>	<u>1,092,865</u>	<u>603,064</u>	<u>489,801</u>
-	-	-	214,982	53,797	161,185
-	-	-	20,895	17,429	3,466
-	-	-	235,877	71,226	164,651
-	190,000	-	1,473,915	1,535,187	(61,272)
28,121	42,205	-	388,213	244,694	143,519
-	10,000	-	425,931	343,972	81,959
-	-	-	(100,056)	-	(100,056)
-	-	-	23,279	23,479	(200)
<u>28,121</u>	<u>242,205</u>	<u>-</u>	<u>2,211,282</u>	<u>2,147,332</u>	<u>63,950</u>
4,206,297	2,364,253	78,080	30,116,906	28,494,175	1,622,731
<u>4,241,235</u>	<u>2,238,736</u>	<u>81,576</u>	<u>28,494,175</u>		
<u>(34,938)</u>	<u>125,517</u>	<u>(3,496)</u>	<u>1,622,731</u>		

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## **NONMAJOR ENTERPRISE FUNDS**

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

**Golf Course** – This fund is used to account for the activities of the City's public golf course.

**Union Station** – This fund reflects the operating results of the multi-modal facility located in the downtown area of the City.

**Concessions** – This fund is used to account for the activities of the City's Highland Park Carousel concessions and concession stands at the softball parks.

**SCHEDULE 10****CITY OF MERIDIAN, MISSISSIPPI**

## Combining Statement of Net Position

## Nonmajor Enterprise Funds

September 30, 2013

	<u>Golf</u>	<u>Union</u>	<u>Concessions</u>	<u>Total</u> <u>Nonmajor</u> <u>Enterprise</u> <u>Funds</u>
<b><u>ASSETS</u></b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 86,326	70,801	102,814	259,941
Receivables - miscellaneous	-	4,388	-	4,388
Inventory	30,830	-	3,130	33,960
Prepaid items	<u>770</u>	<u>1,524</u>	<u>-</u>	<u>2,294</u>
<b>Total current assets</b>	<u>117,926</u>	<u>76,713</u>	<u>105,944</u>	<u>300,583</u>
<b>Capital assets:</b>				
Buildings	126,628	-	-	126,628
Improvements other than buildings	98,924	-	-	98,924
Machinery and equipment	<u>384,239</u>	<u>60,774</u>	<u>-</u>	<u>445,013</u>
Total capital assets	609,791	60,774	-	670,565
Less accumulated depreciation	<u>(540,865)</u>	<u>(49,011)</u>	<u>-</u>	<u>(589,876)</u>
<b>Capital assets (net of accumulated depreciation)</b>	<u>68,926</u>	<u>11,763</u>	<u>-</u>	<u>80,689</u>
<b>Total assets</b>	<u>186,852</u>	<u>88,476</u>	<u>105,944</u>	<u>381,272</u>
<b><u>LIABILITIES</u></b>				
<b>Current liabilities:</b>				
Accounts payable	20,636	37,606	4,735	62,977
Accrued liabilities:				
Payroll	29,539	7,452	330	37,321
Sales tax	1,659	-	886	2,545
Due to other funds	30	58	-	88
Current portion of capital leases	<u>295</u>	<u>-</u>	<u>-</u>	<u>295</u>
<b>Total current liabilities</b>	52,159	45,116	5,951	103,226
<b>Noncurrent liabilities -</b>				
Capital lease payable, net of current portion	<u>731</u>	<u>-</u>	<u>-</u>	<u>731</u>
<b>Total liabilities</b>	<u>52,890</u>	<u>45,116</u>	<u>5,951</u>	<u>103,957</u>
<b><u>NET POSITION</u></b>				
Net investment in capital assets	67,900	11,763	-	79,663
Unrestricted	<u>66,062</u>	<u>31,597</u>	<u>99,993</u>	<u>197,652</u>
<b>Total net position</b>	\$ <u>133,962</u>	<u>43,360</u>	<u>99,993</u>	<u>277,315</u>

**SCHEDULE 11****CITY OF MERIDIAN, MISSISSIPPI**

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

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2013

	<u>Golf Course</u>	<u>Union Station</u>	<u>Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Operating revenues:</b>				
Charges for sales and services:				
Memberships	\$ 54,313	-	-	54,313
Green fees	65,851	-	-	65,851
Cart rental	54,979	-	-	54,979
Concessions	95,371	-	36,041	131,412
Rental income	-	42,320	-	42,320
Miscellaneous	<u>134</u>	<u>-</u>	<u>1,485</u>	<u>1,619</u>
Total operating revenues	<u>270,648</u>	<u>42,320</u>	<u>37,526</u>	<u>350,494</u>
<b>Operating expenses:</b>				
Personnel services	222,323	94,141	8,594	325,058
Supplies and materials	96,066	8,647	15,973	120,686
Rent and utilities	25,368	45,243	-	70,611
Operation, maintenance, and repairs	60,926	100,581	-	161,507
Depreciation	8,365	4,713	-	13,078
Miscellaneous	<u>9,496</u>	<u>112,662</u>	<u>2,054</u>	<u>124,212</u>
Total operating expenses	<u>422,544</u>	<u>365,987</u>	<u>26,621</u>	<u>815,152</u>
<b>Operating income (loss)</b>	<u>(151,896)</u>	<u>(323,667)</u>	<u>10,905</u>	<u>(464,658)</u>
<b>Nonoperating revenues (expenses):</b>				
Interest income	20	298	325	643
Interest expense	<u>(69)</u>	<u>-</u>	<u>-</u>	<u>(69)</u>
Total nonoperating revenues (expenses)	<u>(49)</u>	<u>298</u>	<u>325</u>	<u>574</u>
<b>Income (loss) before transfers</b>	<u>(151,945)</u>	<u>(323,369)</u>	<u>11,230</u>	<u>(464,084)</u>
<b>Transfers -</b>				
Transfers in	<u>190,000</u>	<u>235,000</u>	<u>-</u>	<u>425,000</u>
<b>Change in net position</b>	38,055	(88,369)	11,230	(39,084)
<b>Net position, October 1, 2012</b>	<u>95,907</u>	<u>131,729</u>	<u>88,763</u>	<u>316,399</u>
<b>Net position, September 30, 2013</b>	\$ <u>133,962</u>	<u>43,360</u>	<u>99,993</u>	<u>277,315</u>

**SCHEDULE 12**

**CITY OF MERIDIAN, MISSISSIPPI**  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Fiscal Year Ended September 30, 2013

	<u>Golf</u>	<u>Union</u>		<u>Total</u>
	<u>Course</u>	<u>Station</u>	<u>Concessions</u>	<u>Nonmajor</u>
				<u>Enterprise</u>
				<u>Funds</u>
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 270,648	43,979	37,526	352,153
Payments to suppliers	(176,017)	(249,313)	(16,356)	(441,686)
Payments to employees	(225,846)	(93,583)	(8,453)	(327,882)
<b>Net cash provided by (used in)</b>				
<b>operating activities</b>	<u>(131,215)</u>	<u>(298,917)</u>	<u>12,717</u>	<u>(417,415)</u>
<b>Cash flows from noncapital financing activities -</b>				
Transfers from other funds	<u>190,000</u>	<u>235,000</u>	<u>-</u>	<u>425,000</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	(10,163)	-	-	(10,163)
Principal payments - capital lease	(278)	-	-	(278)
Interest payments - capital lease	(69)	-	-	(69)
<b>Net cash used in capital and</b>				
<b>related financing activities</b>	<u>(10,510)</u>	<u>-</u>	<u>-</u>	<u>(10,510)</u>
<b>Cash flows from investing activities -</b>				
Interest received	<u>20</u>	<u>298</u>	<u>325</u>	<u>643</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	48,295	(63,619)	13,042	(2,282)
<b>Cash and cash equivalents, October 1, 2012</b>	<u>38,031</u>	<u>134,420</u>	<u>89,772</u>	<u>262,223</u>
<b>Cash and cash equivalents, September 30, 2013</b>	\$ <u>86,326</u>	<u>70,801</u>	<u>102,814</u>	<u>259,941</u>
<b>Reconciliation of operating income (loss) to net</b>				
<b>cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ (151,896)	(323,667)	10,905	(464,658)
Adjustments to reconcile operating income (loss) to				
net cash provided by (used in) operating activities:				
Depreciation	8,365	4,713	-	13,078
Changes in assets and liabilities:				
Accounts receivable	-	1,659	-	1,659
Inventory	6,417	-	(831)	5,586
Prepaid items	(98)	(104)	-	(202)
Accounts payable	9,807	18,420	2,303	30,530
Accrued liabilities	(3,524)	558	340	(2,626)
Due to other funds	(286)	(496)	-	(782)
Total adjustments	<u>20,681</u>	<u>24,750</u>	<u>1,812</u>	<u>47,243</u>
<b>Net cash provided by (used in)</b>				
<b>operating activities</b>	\$ <u>(131,215)</u>	<u>(298,917)</u>	<u>12,717</u>	<u>(417,415)</u>

## **INTERNAL SERVICE FUNDS**

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

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

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

**Health and Life Insurance Reserve Fund** – This fund is used to account for the receipts and disbursements of claims paid by the City for employee health and life insurance.

**Unemployment Compensation Fund** – This fund is used to account for the claims paid by the City for unemployment compensation.

**CITY OF MERIDIAN, MISSISSIPPI**

## Combining Statement of Net Position

## Internal Service Funds

September 30, 2013

	<b><u>Municipal Supply</u></b>	<b><u>Municipal Office Supply</u></b>	<b><u>Health and Life Insurance Reserve</u></b>	<b><u>Unemployment Compensation</u></b>	<b><u>Total Internal Service Funds</u></b>
<b><u>ASSETS</u></b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 147,028	30,024	2,304	5,304	184,660
Receivables - miscellaneous	-	-	9,907	-	9,907
Due from other funds:					
General fund	58,835	-	286,206	-	345,041
Water and sewer fund	26,329	-	286,206	-	312,535
Golf course fund	30	-	-	-	30
Union Station fund	59	-	-	-	59
Due from component unit	407	-	-	-	407
Inventory	<u>54,440</u>	<u>1,230</u>	<u>-</u>	<u>-</u>	<u>55,670</u>
<b>Total current assets</b>	<u>287,128</u>	<u>31,254</u>	<u>584,623</u>	<u>5,304</u>	<u>908,309</u>
<b><u>LIABILITIES</u></b>					
<b>Current liabilities -</b>					
Accounts payable	<u>54,169</u>	<u>477</u>	<u>584,623</u>	<u>-</u>	<u>639,269</u>
<b>Total current liabilities</b>	<u>54,169</u>	<u>477</u>	<u>584,623</u>	<u>-</u>	<u>639,269</u>
<b><u>NET POSITION</u></b>					
Unrestricted	\$ <u>232,959</u>	<u>30,777</u>	<u>-</u>	<u>5,304</u>	<u>269,040</u>

**SCHEDULE 14****CITY OF MERIDIAN, MISSISSIPPI**

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the Fiscal Year Ended September 30, 2013

	<u>Municipal Supply</u>	<u>Municipal Office Supply</u>	<u>Health and Life Insurance Reserve</u>	<u>Unemployment Compensation</u>	<u>Total Internal Service Funds</u>
<b>Operating revenues:</b>					
Charges for sales and services	\$ 423,150	7,209	-	-	430,359
Premiums	-	-	3,705,807	-	3,705,807
Reinsurance reimbursement	-	-	38,289	-	38,289
Total operating revenues	<u>423,150</u>	<u>7,209</u>	<u>3,744,096</u>	<u>-</u>	<u>4,174,455</u>
<b>Operating expenses:</b>					
Administration fees	-	-	564,582	-	564,582
Costs of sales and services	415,961	4,961	-	-	420,922
Claims paid	-	-	3,179,541	23,141	3,202,682
Total operating expenses	<u>415,961</u>	<u>4,961</u>	<u>3,744,123</u>	<u>23,141</u>	<u>4,188,186</u>
<b>Operating income (loss)</b>	7,189	2,248	(27)	(23,141)	(13,731)
<b>Nonoperating revenues -</b>					
Interest income	<u>549</u>	<u>100</u>	<u>27</u>	<u>30</u>	<u>706</u>
<b>Income (loss) before transfers in</b>	7,738	2,348	-	(23,111)	(13,025)
<b>Transfers in</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>12,000</u>
<b>Change in net position</b>	7,738	2,348	-	(11,111)	(1,025)
<b>Net position, October 1, 2012</b>	<u>225,221</u>	<u>28,429</u>	<u>-</u>	<u>16,415</u>	<u>270,065</u>
<b>Net position, September 30, 2013</b>	\$ <u><u>232,959</u></u>	<u><u>30,777</u></u>	<u><u>-</u></u>	<u><u>5,304</u></u>	<u><u>269,040</u></u>

**SCHEDULE 15**

**CITY OF MERIDIAN, MISSISSIPPI**  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Fiscal Year Ended September 30, 2013

	<u>Municipal Supply</u>	<u>Municipal Office Supply</u>	<u>Health and Life Insurance Reserve</u>	<u>Unemployment Compensation</u>	<u>Total Internal Service Funds</u>
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 397,429	7,209	3,519,625	-	3,924,263
Payments to suppliers	<u>(417,826)</u>	<u>(3,476)</u>	<u>(3,519,737)</u>	<u>(23,141)</u>	<u>(3,964,180)</u>
<b>Net cash provided by (used in) operating activities</b>	(20,397)	3,733	(112)	(23,141)	(39,917)
<b>Cash flows from noncapital financing activities -</b>					
Transfers from other funds	-	-	-	12,000	12,000
<b>Cash flows from investing activities -</b>					
Interest received	<u>549</u>	<u>100</u>	<u>27</u>	<u>30</u>	<u>706</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(19,848)	3,833	(85)	(11,111)	(27,211)
<b>Cash and cash equivalents, October 1, 2012</b>	<u>166,876</u>	<u>26,191</u>	<u>2,389</u>	<u>16,415</u>	<u>211,871</u>
<b>Cash and cash equivalents, September 30, 2013</b>	\$ <u>147,028</u>	<u>30,024</u>	<u>2,304</u>	<u>5,304</u>	<u>184,660</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ <u>7,189</u>	<u>2,248</u>	<u>(27)</u>	<u>(23,141)</u>	<u>(13,731)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in assets and liabilities:					
Receivables - miscellaneous	-	-	(3,291)	-	(3,291)
Due from other funds	(25,721)	-	(221,180)	-	(246,901)
Inventory	(3,489)	1,121	-	-	(2,368)
Accounts payable	<u>1,624</u>	<u>364</u>	<u>224,386</u>	<u>-</u>	<u>226,374</u>
Total adjustments	<u>(27,586)</u>	<u>1,485</u>	<u>(85)</u>	<u>-</u>	<u>(26,186)</u>
<b>Net cash provided by (used in) operating activities</b>	\$ <u>(20,397)</u>	<u>3,733</u>	<u>(112)</u>	<u>(23,141)</u>	<u>(39,917)</u>

## **FIDUCIARY FUNDS**

### **Agency Funds**

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.

**Firemen & Policemen Disability & Relief** – This fund is used to account for the dedicated property tax assessment and collections forwarded to the Public Employees’ Retirement System (“PERS”) for a closed fire and policemen retirement system managed by PERS.

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

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

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

**Hospital Insurance** – This fund is used to account for additional amounts withheld from employees’ pay which are held for the purpose of offsetting potential large future rate increases on hospital insurance premiums.

**State Police Fines & Fees** – This fund is used to account for state fines and fees collected by the City Municipal Court for the State of Mississippi.

**Meridian Separate School District Bonds & Interest** – This fund is used to account for property tax collections and disbursements to Meridian Separate School District to be used for debt service reduction.

**SCHEDULE 16**

**CITY OF MERIDIAN, MISSISSIPPI**  
Combining Statement of Fiduciary Assets and Liabilities  
Agency Funds  
September 30, 2013

	<b>Firemen &amp; Policemen Disability &amp; Relief</b>	<b>General Retirement</b>	<b>Meridian Community College</b>	<b>Meridian Separate School District</b>	<b>Hospital Insurance</b>	<b>State Police Fines &amp; Fees</b>	<b>Meridian Separate School District Bonds &amp; Interest</b>	<b>Total Agency Funds</b>
<b><u>ASSETS</u></b>								
Cash and cash equivalents	\$ 102,595	62,568	109,153	921,284	49,014	60,461	98,176	1,403,251
Intergovernmental receivables - County	<u>10,345</u>	<u>6,307</u>	<u>14,171</u>	<u>112,339</u>	<u>-</u>	<u>-</u>	<u>12,770</u>	<u>155,932</u>
<b>Total assets</b>	\$ <u>112,940</u>	<u>68,875</u>	<u>123,324</u>	<u>1,033,623</u>	<u>49,014</u>	<u>60,461</u>	<u>110,946</u>	<u>1,559,183</u>
<b><u>LIABILITIES</u></b>								
Intergovernmental payables:								
Schools	\$ -	-	123,324	1,033,623	-	-	110,946	1,267,893
PERS	112,940	68,875	-	-	-	-	-	181,815
State	-	-	-	-	-	60,461	-	60,461
Employee insurance withheld	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,014</u>	<u>-</u>	<u>-</u>	<u>49,014</u>
<b>Total liabilities</b>	\$ <u>112,940</u>	<u>68,875</u>	<u>123,324</u>	<u>1,033,623</u>	<u>49,014</u>	<u>60,461</u>	<u>110,946</u>	<u>1,559,183</u>



**CITY OF MERIDIAN, MISSISSIPPI**  
 Combining Statement of Changes in Fiduciary Assets and Liabilities  
 Agency Funds  
 For the Fiscal Year Ended September 30, 2013

	<b>Balance September 30, <u>2012</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance September 30, <u>2013</u></b>
<b>Meridian Separate School District</b>				
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 998,802	16,672,206	16,749,724	921,284
Intergovernmental - county	<u>112,029</u>	<u>112,339</u>	<u>112,029</u>	<u>112,339</u>
<b>Total assets</b>	\$ <u>1,110,831</u>	<u>16,784,545</u>	<u>16,861,753</u>	<u>1,033,623</u>
<b><u>LIABILITIES</u></b>				
Intergovernmental - schools	\$ <u>1,110,831</u>	<u>16,784,545</u>	<u>16,861,753</u>	<u>1,033,623</u>
<b>Hospital Insurance</b>				
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ <u>48,746</u>	<u>3,321,097</u>	<u>3,320,829</u>	<u>49,014</u>
<b><u>LIABILITIES</u></b>				
Employee insurance withheld	\$ <u>48,746</u>	<u>3,321,097</u>	<u>3,320,829</u>	<u>49,014</u>
<b>State Police Fines &amp; Fees</b>				
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ <u>28,419</u>	<u>811,803</u>	<u>779,761</u>	<u>60,461</u>
<b><u>LIABILITIES</u></b>				
Intergovernmental - state	\$ <u>28,419</u>	<u>811,803</u>	<u>779,761</u>	<u>60,461</u>
<b>Meridian Separate School District Bonds &amp; Interest</b>				
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 92,602	1,901,652	1,896,078	98,176
Intergovernmental - county	<u>11,319</u>	<u>12,770</u>	<u>11,319</u>	<u>12,770</u>
<b>Total assets</b>	\$ <u>103,921</u>	<u>1,914,422</u>	<u>1,907,397</u>	<u>110,946</u>
<b><u>LIABILITIES</u></b>				
Intergovernmental - schools	\$ <u>103,921</u>	<u>1,914,422</u>	<u>1,907,397</u>	<u>110,946</u>

*(Continued)*

**CITY OF MERIDIAN, MISSISSIPPI**  
 Combining Statement of Changes in Fiduciary Assets and Liabilities  
 Agency Funds  
 For the Fiscal Year Ended September 30, 2013

	<b>Balance September 30, <u>2012</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance September 30, <u>2013</u></b>
	<b>Total Agency Funds</b>			
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 1,480,953	27,276,830	27,354,532	1,403,251
Intergovernmental receivables	<u>153,232</u>	<u>155,932</u>	<u>153,232</u>	<u>155,932</u>
<b>Total assets</b>	\$ <u>1,634,185</u>	<u>27,432,762</u>	<u>27,507,764</u>	<u>1,559,183</u>
<b><u>LIABILITIES</u></b>				
Intergovernmental payables	\$ 1,585,439	24,111,665	24,186,935	1,510,169
Employee insurance withheld	<u>48,746</u>	<u>3,321,097</u>	<u>3,320,829</u>	<u>49,014</u>
<b>Total liabilities</b>	\$ <u>1,634,185</u>	<u>27,432,762</u>	<u>27,507,764</u>	<u>1,559,183</u>

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## NONMAJOR COMPONENT UNITS

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

**The Meridian Transportation Commission** – The Meridian Transportation Commission (“MTC”) (a discretely presented component unit) is a legally separate entity established by resolution of the City Council of the City of Meridian. MTC was established to account for and manage the local public mass transit system.

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

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

**SCHEDULE 18****CITY OF MERIDIAN, MISSISSIPPI**

Combining Statement of Net Position

Nonmajor Component Units

September 30, 2013

	<b><u>Meridian Urban Renewal Authority</u></b>	<b><u>The Meridian Transportation Commission</u></b>	<b><u>Meridian and Bonita Lakes Development Authority</u></b>	<b><u>Total Nonmajor Component Units</u></b>
<b><u>ASSETS</u></b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 98,917	1,087	5,492	105,496
Receivables -				
Interest	<u>48,721</u>	<u>-</u>	<u>-</u>	<u>48,721</u>
<b>Total current assets</b>	147,638	1,087	5,492	154,217
<b>MLEC leverage loans receivable</b>	5,691,198	-	-	5,691,198
<b>Capital assets (net of accumulated depreciation) -</b>				
Machinery and equipment	<u>-</u>	<u>844</u>	<u>-</u>	<u>844</u>
<b>Total assets</b>	<u>5,838,836</u>	<u>1,931</u>	<u>5,492</u>	<u>5,846,259</u>
<b><u>LIABILITIES</u></b>				
<b>Current liabilities:</b>				
Current portion of note payable	70,445	-	-	70,445
Accounts payable	-	25,473	-	25,473
Accrued interest	<u>31,469</u>	<u>-</u>	<u>-</u>	<u>31,469</u>
<b>Total current liabilities</b>	<u>101,914</u>	<u>25,473</u>	<u>-</u>	<u>127,387</u>
<b>Noncurrent liabilities -</b>				
Note payable, less current portion	<u>2,218,213</u>	<u>-</u>	<u>-</u>	<u>2,218,213</u>
<b>Total liabilities</b>	<u>2,320,127</u>	<u>25,473</u>	<u>-</u>	<u>2,345,600</u>
<b><u>NET POSITION</u></b>				
Net investment in capital assets	-	844	-	844
Unrestricted (deficit)	<u>3,518,709</u>	<u>(24,386)</u>	<u>5,492</u>	<u>3,499,815</u>
<b>Total net position</b>	<u>\$ 3,518,709</u>	<u>(23,542)</u>	<u>5,492</u>	<u>3,500,659</u>

**CITY OF MERIDIAN, MISSISSIPPI**  
 Combining Statement of Activities  
 Nonmajor Component Units  
 For the Fiscal Year Ended September 30, 2013

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>				
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Meridian Urban Renewal Authority</u>	<u>The Meridian Transportation Commission</u>	<u>Bonita Lakes Development Authority</u>	<u>Total Nonmajor Component Units</u>
<b>Nonmajor component units:</b>								
Meridian Urban Renewal Authority	\$ 223,134	244,634	3,497,166	-	3,518,666	-	-	3,518,666
The Meridian Transportation Commission	15,803	2,980	13,999	-	1,176	-	-	1,176
Meridian and Bonita Lakes Development Authority	3,299	-	4,479	-	-	-	1,180	1,180
<b>Total nonmajor component units</b>	<b>\$ 242,236</b>	<b>247,614</b>	<b>3,515,644</b>	<b>-</b>	<b>3,518,666</b>	<b>1,176</b>	<b>1,180</b>	<b>3,521,022</b>
<b>General revenues -</b>								
Interest income					43	-	1	44
<b>Change in net position</b>					3,518,709	1,176	1,181	3,521,066
<b>Net position (deficit), October 1, 2012</b>					-	(24,718)	4,311	(20,407)
<b>Net position (deficit), September 30, 2013</b>					<u>\$ 3,518,709</u>	<u>(23,542)</u>	<u>5,492</u>	<u>3,500,659</u>

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**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF MERIDIAN, MISSISSIPPI**  
 Schedule Reconciling Original Ad Valorem  
 Tax Rolls to Fund Collections  
 For the Fiscal Year Ended September 30, 2013

	<u>Assessed</u> <u>Value</u>	<u>Millage</u>	<u>Ad Valorem</u> <u>Taxes</u>
<b>City of Meridian:</b>			
Realty	\$ 220,519,955	50.84	\$ 11,211,235
Personal property - other than auto	52,749,913	50.84	2,681,806
Public utilities	25,732,762	50.84	1,308,254
Personal autos - 2012 rates	3,007,554	50.84	152,904
Personal autos - 2013 rates	<u>28,810,030</u>	50.84	<u>1,464,702</u>
<b>Total City of Meridian valuation</b>	\$ <u>330,820,214</u>		16,818,901
Less homestead exemption allowed			<u>(936,326)</u>
<b>Total City ad valorem taxes</b>			15,882,575
<b>Adjustments to original tax roll:</b>			
Lauderdale County tax collector refund		(9,771)	
Realty		(138,006)	
Personal		(230,554)	
Homestead exemption		<u>(7,643)</u>	(385,974)
<b>Add (deduct):</b>			
Actual homestead reimbursement		568,718	
Motor vehicle rent tax		76,196	
Payments in lieu of taxes		99,664	
Prior year tax collections (refunds)		(145,322)	
Mobile homes		5,492	
Aircraft		<u>9,704</u>	<u>614,452</u>
<b>Total City to account for</b>			<u>16,111,053</u>
<b>Separate School District:</b>			
Realty	\$ 215,051,986	68.15	14,655,793
Personal property - other than auto	52,887,876	68.15	3,604,309
Public utilities	35,221,904	68.15	2,400,373
Personal autos - 2011 rates	2,766,702	67.31	186,227
Personal autos - 2012 rates	<u>27,007,079</u>	68.15	<u>1,840,532</u>
<b>Total Separate School District valuation</b>	\$ <u>332,935,547</u>		22,687,234
Less homestead exemption allowed			<u>(1,760,731)</u>
<b>Total Separate School District ad valorem taxes</b>			20,926,503
<b>Adjustments to original tax roll:</b>			
Lauderdale County tax collector refund		(8,940)	
Realty		(29,102)	
Personal		8,263	
Homestead exemption		<u>(7,190)</u>	(36,969)
<b>Add (deduct):</b>			
Prior year tax collections (refunds)		(67,002)	
Mobile homes		18,572	<u>(48,430)</u>
<b>Total Separate School District to account for</b>			<u>20,841,104</u>
<b>Total City of Meridian and Separate School District to account for</b>			\$ <u>36,952,157</u>

*(Continued)*

**CITY OF MERIDIAN, MISSISSIPPI**  
Schedule Reconciling Original Ad Valorem  
Tax Rolls to Fund Collections  
For the Fiscal Year Ended September 30, 2013

	<b><u>Taxes</u></b>	<b><u>Homestead Reimbursement</u></b>	<b><u>Total</u></b>
<b>Accounted for as follows:</b>			
General Fund	\$ 8,926,723	333,356	9,260,079
General Fund - Pilot	99,664	-	99,664
General Bond and Interest	3,927,192	146,766	4,073,958
School Bond and Interest	1,901,653	-	1,901,653
Police and Fire Disability	1,472,402	55,037	1,527,439
General Retirement	898,390	33,559	931,949
School Fund	<u>18,646,389</u>	<u>-</u>	<u>18,646,389</u>
<b>Total accounted for</b>	\$ <u>35,872,413</u>	<u>568,718</u>	36,441,131
<b>Balance represented by:</b>			
Real property held from tax sale			12,344
Unpaid personal property			221,858
Sold to state			94,607
Tax collector's commission			<u>182,217</u>
<b>Total ad valorem taxes</b>		\$	<u><u>36,952,157</u></u>

**SCHEDULE 21****CITY OF MERIDIAN, MISSISSIPPI**

## Schedule of Investments

September 30, 2013

	<b><u>Issue Date</u></b>	<b><u>Maturity Date</u></b>	<b><u>Interest Rate</u></b>	<b><u>Amount</u></b>
<b>General fund - unrestricted:</b>				
Certificate of deposit	06/27/13	01/07/14	0.40%	\$ 675,000
Certificate of deposit	07/04/13	01/02/14	0.30%	<u>675,000</u>
<b>    Total general fund investments - unrestricted</b>				\$ <u>1,350,000</u>
<b>Debt service fund - restricted -</b>				
Certificate of deposit	11/10/2012	11/10/13	0.50%	\$ <u>400,000</u>
<b>Proprietary funds - restricted -</b>				
Federated Government Obligations Fund	-	-	-	\$ <u>2,580,899</u>

**CITY OF MERIDIAN, MISSISSIPPI**  
Schedule of Surety Bonds for Municipal Officials  
September 30, 2013

<u>Name</u>	<u>Position</u>	<u>Insurance Company</u>	<u>Bond</u>
Percy Bland, III	Mayor	Travelers	\$ 50,000 *
George M Thomas	Councilman	Western Surety Company	100,000
K. Dustin Markham	Councilman	Western Surety Company	100,000
Barbara Henson	Councilwoman	Western Surety Company	100,000
Kim Houston	Councilwoman	Western Surety Company	100,000
Randy Hammon	Councilman	Western Surety Company	100,000
Curt Goldacker	Chief Administrative Officer	Western Surety Company	50,000
Ed Skipper	City Clerk/CFO	Western Surety Company	50,000
Leigh Barber	Assistant Director, Finance & Records/Deputy Clerk	Ohio Casualty Insurance Company	50,000
James Lee	Police Chief	Western Surety Company	50,000
Blanket Policy	All city employees	Travelers	50,000

\* Bond coverage for the City's Mayor represents coverage under the blanket bond for all City employees. The City Chief Administrative Officer and Clerk/Treasurer are covered under special fidelity bonds for \$50,000.

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**CITY OF MERIDIAN, MISSISSIPPI**  
 Schedule of Changes in Long-Term Debt  
 For the Fiscal Year Ended September 30, 2013

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance September 30, 2012</u>	<u>Principal Payments</u>	<u>New Issues</u>	<u>Balance September 30, 2013</u>
<b>Governmental activities:</b>							
Public Improvement of 1998	03/01/1998	4.20-6.00%	\$ 4,500,000	420,000	420,000	-	-
Public Improvement of 1999	04/01/1999	4.10-5.70%	1,150,000	205,000	100,000	-	105,000
Public Improvement of 2006	06/01/2006	4.00-5.50%	10,000,000	7,875,000	410,000	-	7,465,000
Water and Sewer Improvement of 2007	04/01/2007	3.75-5.25%	3,600,000	2,975,000	145,000	-	2,830,000
Public Improvement of 2008	04/22/2008	2.60-3.65%	1,000,000	790,000	60,000	-	730,000
Public Improvement of 2009	06/01/2009	3.00-4.00%	10,000,000	9,025,000	355,000	-	8,670,000
Refunding Bonds of 2011	07/01/2011	2.00-2.50%	3,960,000	3,375,000	605,000	-	2,770,000
Public Improvement of 2011	03/01/2011	3.10-4.40%	4,500,000	4,355,000	155,000	-	4,200,000
Public Improvement of 2012	04/12/2012	1.90-2.70%	4,500,000	4,500,000	-	-	4,500,000
Total general obligations bonds			<u>43,210,000</u>	<u>33,520,000</u>	<u>2,250,000</u>	-	<u>31,270,000</u>
Special Obligation Bonds 2003A	07/01/2003	2.75-4.50%	5,500,000	3,640,000	260,000	-	3,380,000
Special Obligation Bonds 2003B	07/01/2003	3.30-5.375%	1,500,000	1,030,000	70,000	-	960,000
Total special obligation bonds			<u>7,000,000</u>	<u>4,670,000</u>	<u>330,000</u>	-	<u>4,340,000</u>
Limited Obligation Tax Increment Bonds	09/01/2000	9.00%	2,200,000	340,000	340,000	-	-
Limited Obligation Tax Increment Bonds	12/01/2000	9.00%	1,100,000	155,000	155,000	-	-
Limited Obligation Tax Increment Bonds	12/17/2009	8.75%	4,000,000	3,720,000	160,000	-	3,560,000
Limited Obligation Tax Increment Bonds	03/01/2010	5.00%	300,000	260,000	20,000	-	240,000
Total tax increment bonds			<u>7,600,000</u>	<u>4,475,000</u>	<u>675,000</u>	-	<u>3,800,000</u>
Capital improvements loan	06/01/2001	3.00%	1,000,000	286,238	75,465	-	210,773
Energy Conservation Loan	03/01/2011	0.25%	210,000	180,224	29,850	-	150,374
Total promissory loans			<u>1,210,000</u>	<u>466,462</u>	<u>105,315</u>	-	<u>361,147</u>
Taxable Negotiable Notes	02/18/2010	2.71%	1,100,000	660,000	220,000	-	440,000
Total taxable negotiable notes			<u>1,100,000</u>	<u>660,000</u>	<u>220,000</u>	-	<u>440,000</u>
Special Assessment Public Improvement	06/01/1996	4.70-6.70%	2,000,000	605,000	140,000	-	465,000
Special Assessment Public Improvement	06/01/2000	5.20-6.25%	1,125,000	610,000	60,000	-	550,000
Special Assessment Public Imp 2001	08/01/2001	4.50-6.00%	500,000	290,000	25,000	-	265,000
Total special assessment			<u>3,625,000</u>	<u>1,505,000</u>	<u>225,000</u>	-	<u>1,280,000</u>
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	709,066	271,940	57,043	-	214,897
Oshkosh Capital lease - pumper truck	12/21/12	2.43%	475,614	-	157,938	475,614	317,676
Total capital leases			<u>1,184,680</u>	<u>271,940</u>	<u>214,981</u>	<u>475,614</u>	<u>532,573</u>
<b>Total governmental activities</b>			<b>\$ <u>64,929,680</u></b>	<b><u>45,568,402</u></b>	<b><u>4,020,296</u></b>	<b><u>475,614</u></b>	<b><u>42,023,720</u></b>
<b>Business-type activities:</b>							
Water and Sewer Revenue	12/01/1995	4.60-6.50%	\$ 5,000,000	1,510,000	1,510,000	-	-
Water and Sewer Revenue	10/01/1997	4.50-6.375%	5,000,000	2,090,000	2,090,000	-	-
Water and Sewer Revenue	06/01/2000	5.00-6.25%	2,000,000	1,105,000	1,105,000	-	-
Total revenue bonds			<u>12,000,000</u>	<u>4,705,000</u>	<u>4,705,000</u>	-	-
Water and sewer promissory loan	12/01/1998	4.70-6.125%	5,300,000	3,510,000	3,510,000	-	-
Water and sewer promissory loan	11/29/2001	2.30-5.125%	3,100,000	2,165,000	2,165,000	-	-
Water and sewer promissory loan	07/01/2003	2.60-3.25%	7,590,000	1,590,000	780,000	-	810,000
Water and sewer promissory loan	03/24/2004	1.00-5.00%	2,900,000	2,040,000	2,040,000	-	-
Water and sewer promissory loan	01/31/13	.50-.40%	12,415,000	-	670,000	12,415,000	11,745,000
EPA Clean Water State Revolving Fund Loan	10/01/2010	1.75%	8,411,225	1,608,323	-	-	1,608,323
Total promissory loans			<u>39,716,225</u>	<u>10,913,323</u>	<u>9,165,000</u>	<u>12,415,000</u>	<u>14,163,323</u>
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	1,053,181	397,031	84,726	-	312,305
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	3,460	1,304	278	-	1,026
Total capital leases			<u>1,056,641</u>	<u>398,335</u>	<u>85,004</u>	-	<u>313,331</u>
<b>Total business-type activities</b>			<b>\$ <u>52,772,866</u></b>	<b><u>16,016,658</u></b>	<b><u>13,955,004</u></b>	<b><u>12,415,000</u></b>	<b><u>14,476,654</u></b>

**CITY OF MERIDIAN, MISSISSIPPI**  
Schedule of Long-Term Debt Maturities  
September 30, 2013

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance September 30, 2013</u>	<u>2014</u>
<b><u>Governmental activities:</u></b>					
Public Improvement of 1999	04/01/1999	4.10-5.70%	\$ 1,150,000	105,000	105,000
Public Improvement of 2006	06/01/2006	4.00-5.50%	10,000,000	7,465,000	430,000
Water and Sewer Improvement of 2007	04/01/2007	3.75-5.25%	3,600,000	2,830,000	150,000
Public Improvement of 2008	04/22/2008	2.60-3.65%	1,000,000	730,000	60,000
Public Improvement of 2009	06/01/2009	3.00-4.00%	10,000,000	8,670,000	375,000
Refunding Bonds of 2011	07/01/2011	2.00-2.50%	3,960,000	2,770,000	620,000
Public Improvement of 2011	03/01/2011	3.10-4.40%	4,500,000	4,200,000	160,000
Public Improvement of 2012	04/12/2012	1.90-2.70%	4,500,000	4,500,000	345,000
Total general obligations bonds			<u>38,710,000</u>	<u>31,270,000</u>	<u>2,245,000</u>
Special Obligation Bonds 2003A	07/01/2003	2.75-4.50%	5,500,000	3,380,000	270,000
Special Obligation Bonds 2003B	07/01/2003	3.30-5.375%	1,500,000	960,000	75,000
Total special obligation bonds			<u>7,000,000</u>	<u>4,340,000</u>	<u>345,000</u>
Limited Obligation Tax Increment Bonds	12/17/2009	8.75%	4,000,000	3,560,000	175,000
Limited Obligation Tax Increment Bonds	03/01/2010	5.00%	300,000	240,000	20,000
Total tax increment bonds			<u>4,300,000</u>	<u>3,800,000</u>	<u>195,000</u>
Capital improvements loan	06/01/2001	3.00%	1,000,000	210,773	77,566
Energy Conservation Loan	03/01/2011	0.25%	210,000	150,374	29,925
Total promissory loans			<u>1,210,000</u>	<u>361,147</u>	<u>107,491</u>
Taxable Negotiable Notes	02/18/2010	2.71%	1,100,000	440,000	220,000
Total taxable negotiable notes			<u>1,100,000</u>	<u>440,000</u>	<u>220,000</u>
Special Assessment Public Improvement	06/01/1996	4.70-6.70%	2,000,000	465,000	145,000
Special Assessment Public Improvement	06/01/2000	5.20-6.25%	1,125,000	550,000	65,000
Special Assessment Public Imp 2001	08/01/2001	4.50-6.00%	500,000	265,000	30,000
Total special assessment			<u>3,625,000</u>	<u>1,280,000</u>	<u>240,000</u>
CitiCapital Lease - energy saving equipment	05/21/2002	5.87%	709,066	214,897	60,486
Oshkosh Capital lease - pumper truck	12/21/12	2.43%	475,614	317,676	156,931
Total capital leases			<u>1,184,680</u>	<u>532,573</u>	<u>217,417</u>
<b>Total governmental activities</b>			<b>\$ <u>57,129,680</u></b>	<b><u>42,023,720</u></b>	<b><u>3,569,908</u></b>
<b><u>Business-type activities:</u></b>					
Water and sewer promissory loan	07/01/2003	2.60-3.25%	\$ 7,590,000	810,000	810,000
Water and sewer promissory loan	01/31/13	.50-.40%	12,415,000	11,745,000	1,385,000
EPA Clean Water State Revolving Fund Loan	10/01/2010	1.75%	8,411,225	1,608,323	-
Total promissory loans			<u>28,416,225</u>	<u>14,163,323</u>	<u>2,195,000</u>
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	1,053,181	312,305	89,840
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	3,460	1,026	295
Total capital leases			<u>1,056,641</u>	<u>313,331</u>	<u>90,135</u>
<b>Total business-type activities</b>			<b>\$ <u>29,472,866</u></b>	<b><u>14,476,654</u></b>	<b><u>2,285,135</u></b>

**SCHEDULE 24**

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

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019- 2023</u>	<u>2024- 2028</u>	<u>2029- 2033</u>	<u>2034- 2038</u>
-	-	-	-	-	-	-	-
450,000	475,000	495,000	515,000	2,970,000	2,130,000	-	-
155,000	165,000	170,000	180,000	1,015,000	995,000	-	-
65,000	65,000	70,000	70,000	400,000	-	-	-
400,000	410,000	425,000	445,000	2,590,000	3,275,000	750,000	-
640,000	490,000	500,000	520,000	-	-	-	-
165,000	175,000	180,000	190,000	1,075,000	1,320,000	935,000	-
355,000	365,000	380,000	395,000	2,175,000	485,000	-	-
<u>2,230,000</u>	<u>2,145,000</u>	<u>2,220,000</u>	<u>2,315,000</u>	<u>10,225,000</u>	<u>8,205,000</u>	<u>1,685,000</u>	-
285,000	300,000	310,000	325,000	1,890,000	-	-	-
75,000	80,000	85,000	90,000	555,000	-	-	-
<u>360,000</u>	<u>380,000</u>	<u>395,000</u>	<u>415,000</u>	<u>2,445,000</u>	-	-	-
190,000	210,000	230,000	250,000	1,625,000	880,000	-	-
25,000	25,000	25,000	25,000	120,000	-	-	-
<u>215,000</u>	<u>235,000</u>	<u>255,000</u>	<u>275,000</u>	<u>1,745,000</u>	<u>880,000</u>	-	-
79,925	53,282	-	-	-	-	-	-
30,000	30,074	30,150	30,225	-	-	-	-
<u>109,925</u>	<u>83,356</u>	<u>30,150</u>	<u>30,225</u>	-	-	-	-
<u>220,000</u>	-	-	-	-	-	-	-
<u>220,000</u>	-	-	-	-	-	-	-
155,000	165,000	-	-	-	-	-	-
70,000	75,000	80,000	80,000	180,000	-	-	-
30,000	30,000	30,000	35,000	110,000	-	-	-
<u>255,000</u>	<u>270,000</u>	<u>110,000</u>	<u>115,000</u>	<u>290,000</u>	-	-	-
64,136	68,007	22,268	-	-	-	-	-
160,745	-	-	-	-	-	-	-
<u>224,881</u>	<u>68,007</u>	<u>22,268</u>	-	-	-	-	-
<u>3,614,806</u>	<u>3,181,363</u>	<u>3,032,418</u>	<u>3,150,225</u>	<u>14,705,000</u>	<u>9,085,000</u>	<u>1,685,000</u>	-
-	-	-	-	-	-	-	-
1,465,000	1,525,000	1,165,000	1,225,000	4,225,000	755,000	-	-
-	51,471	69,687	70,916	373,795	407,950	445,225	189,279
<u>1,465,000</u>	<u>1,576,471</u>	<u>1,234,687</u>	<u>1,295,916</u>	<u>4,598,795</u>	<u>1,162,950</u>	<u>445,225</u>	<u>189,279</u>
95,262	101,011	26,192	-	-	-	-	-
313	332	86	-	-	-	-	-
<u>95,575</u>	<u>101,343</u>	<u>26,278</u>	-	-	-	-	-
<u>1,560,575</u>	<u>1,677,814</u>	<u>1,260,965</u>	<u>1,295,916</u>	<u>4,598,795</u>	<u>1,162,950</u>	<u>445,225</u>	<u>189,279</u>

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## STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial trends information .....	145 - 152
<i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	
Revenue capacity information .....	153 - 156
<i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i>	
Debt capacity information.....	157 - 161
<i>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i>	
Demographic and economic information.....	162 - 163
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	
Operating information.....	164 - 166
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	

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**SCHEDULE 25**

**CITY OF MERIDIAN, MISSISSIPPI**

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 45,586	\$ 45,997	\$ 48,025	\$ 48,799	\$ 50,692	\$ 75,492	\$ 72,823	\$ 74,694	\$ 75,049	\$ 69,358
Restricted	1,561	4,009	5,626	6,881	5,810	6,429	6,985	6,519	5,755	3,538
Unrestricted	6,156	5,635	7,197	3,920	4,076	3,700	4,198	2,324	3,721	5,118
<b>Total governmental activities net position</b>	<u>\$ 53,303</u>	<u>\$ 55,641</u>	<u>\$ 60,848</u>	<u>\$ 59,600</u>	<u>\$ 60,578</u>	<u>\$ 85,621</u>	<u>\$ 84,006</u>	<u>\$ 83,537</u>	<u>\$ 84,525</u>	<u>\$ 78,014</u>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 20,624	\$ 19,003	\$ 19,534	\$ 18,938	\$ 17,684	\$ 19,326	\$ 19,767	\$ 19,795	\$ 20,841	\$ 18,824
Restricted	3,949	4,467	4,021	7,509	7,717	5,441	4,354	5,151	5,657	6,619
Unrestricted	1,454	3,779	3,440	3,354	3,167	2,253	2,682	3,825	4,179	6,528
<b>Total business-type activities net position</b>	<u>\$ 26,027</u>	<u>\$ 27,249</u>	<u>\$ 26,995</u>	<u>\$ 29,801</u>	<u>\$ 28,568</u>	<u>\$ 27,020</u>	<u>\$ 26,803</u>	<u>\$ 28,771</u>	<u>\$ 30,677</u>	<u>\$ 31,971</u>
<b>Primary government:</b>										
Net investment in capital assets	\$ 66,210	\$ 65,000	\$ 67,559	\$ 67,737	\$ 68,376	\$ 94,818	\$ 92,590	\$ 94,489	\$ 95,890	\$ 88,182
Restricted	5,510	8,476	9,647	14,390	13,527	11,870	11,339	11,670	11,412	10,157
Unrestricted	7,610	9,414	10,637	7,274	7,243	5,953	6,880	6,149	7,900	11,646
<b>Total primary government net position</b>	<u>\$ 79,330</u>	<u>\$ 82,890</u>	<u>\$ 87,843</u>	<u>\$ 89,401</u>	<u>\$ 89,146</u>	<u>\$112,641</u>	<u>\$110,809</u>	<u>\$112,308</u>	<u>\$115,202</u>	<u>\$109,985</u>

Source: Audit Reports - Statement of Net Position

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

CITY OF MERIDIAN, MISSISSIPPI

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
General government	\$ 5,721	\$ 5,778	\$ 6,209	\$ 6,526	\$ 7,211	\$ 7,017	\$ 8,825	\$ 6,907	\$ 6,852	\$ 7,385
Public safety	11,981	14,875	16,074	14,976	15,017	16,010	16,238	15,528	15,584	16,486
Public works	6,770	6,650	6,738	6,893	6,567	7,440	8,187	7,877	7,671	11,999
Culture and recreation	1,968	1,975	2,008	2,156	2,390	2,307	2,284	3,223	2,051	2,250
Economic development	169	121	105	98	134	22	2,976	124	169	2,115
Other	101	127	82	64	6	42	11	19	24	23
Interest on long-term debt	1,685	1,443	1,333	1,918	1,772	1,615	2,071	2,061	1,908	1,835
<b>Total governmental activities expenses</b>	<b>28,395</b>	<b>30,969</b>	<b>32,549</b>	<b>32,631</b>	<b>33,097</b>	<b>34,453</b>	<b>40,592</b>	<b>35,739</b>	<b>34,259</b>	<b>42,093</b>
Business-type activities:										
Water and sewer	10,381	10,879	11,577	12,218	12,078	12,557	12,161	11,742	11,765	11,788
Waste collection and disposal	2,739	2,234	2,332	2,380	2,401	2,526	2,466	1,825	1,876	1,905
Golf course	423	407	394	400	419	418	397	446	466	423
Union Station	284	307	335	323	331	388	352	364	353	366
Concessions	39	41	37	26	32	29	29	28	27	27
<b>Total business-type activities expenses</b>	<b>13,866</b>	<b>13,868</b>	<b>14,675</b>	<b>15,347</b>	<b>15,261</b>	<b>15,918</b>	<b>15,405</b>	<b>14,405</b>	<b>14,487</b>	<b>14,509</b>
<b>Total primary government expenses</b>	<b>\$ 42,261</b>	<b>\$ 44,837</b>	<b>\$ 47,224</b>	<b>\$ 47,978</b>	<b>\$ 48,358</b>	<b>\$ 50,371</b>	<b>\$ 55,997</b>	<b>\$ 50,144</b>	<b>\$ 48,746</b>	<b>\$ 56,602</b>
<b>Program revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 681	\$ 788	\$ 1,063	\$ 587	\$ 640	\$ 581	\$ 355	\$ 501	\$ 412	\$ 705
Public safety	1,148	2,164	2,484	2,856	1,730	1,590	1,220	1,037	1,039	950
Culture and recreation	144	135	162	164	180	173	376	182	327	136
Operating grants and contributions	1,168	3,257	3,229	2,194	1,379	1,572	1,645	608	515	1,261
Capital grants and contributions	603	581	2,169	250	500	1,497	3,699	1,654	1,786	265
<b>Total governmental activities program revenues</b>	<b>3,744</b>	<b>6,925</b>	<b>9,107</b>	<b>6,051</b>	<b>4,429</b>	<b>5,413</b>	<b>7,295</b>	<b>3,982</b>	<b>4,079</b>	<b>3,317</b>
Business-type activities:										
Charges for services:										
Water and sewer	9,798	10,902	11,036	10,907	11,125	11,715	12,145	12,404	13,187	13,553
Waste collection and disposal	1,580	1,569	1,564	1,560	1,570	1,611	1,870	1,828	1,871	1,838
Golf course	346	310	343	324	318	284	271	249	296	271
Union Station	103	97	117	114	103	80	84	81	64	42
Concessions	41	43	36	35	43	44	46	42	35	38
Operating grants and contributions	253	8	-	-	-	-	-	-	-	-
Capital grants and contributions	-	1,644	494	740	87	65	-	328	1,314	148
<b>Total business-type activities program revenues</b>	<b>12,121</b>	<b>14,573</b>	<b>13,590</b>	<b>13,680</b>	<b>13,246</b>	<b>13,799</b>	<b>14,416</b>	<b>14,932</b>	<b>16,767</b>	<b>15,890</b>
<b>Total primary government program revenues</b>	<b>\$ 15,865</b>	<b>\$ 21,498</b>	<b>\$ 22,697</b>	<b>\$ 19,731</b>	<b>\$ 17,675</b>	<b>\$ 19,212</b>	<b>\$ 21,711</b>	<b>\$ 18,914</b>	<b>\$ 20,846</b>	<b>\$ 19,207</b>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (24,651)	\$ (24,044)	\$ (23,442)	\$ (26,580)	\$ (28,668)	\$ (29,040)	\$ (33,297)	\$ (31,757)	\$ (30,180)	\$ (38,776)
Business-type activities	(1,745)	705	(1,085)	(1,667)	(2,015)	(2,119)	(989)	527	2,280	1,381
<b>Total primary government net (expense)/revenue</b>	<b>\$ (26,396)</b>	<b>\$ (23,339)</b>	<b>\$ (24,527)</b>	<b>\$ (28,247)</b>	<b>\$ (30,683)</b>	<b>\$ (31,159)</b>	<b>\$ (34,286)</b>	<b>\$ (31,230)</b>	<b>\$ (27,900)</b>	<b>\$ (37,395)</b>
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 10,107	\$ 10,162	\$ 10,121	\$ 10,098	\$ 10,826	\$ 12,085	\$ 14,173	\$ 14,722	\$ 14,439	\$ 13,767
Sales taxes	12,179	12,715	14,170	13,574	14,166	13,744	13,502	13,708	14,082	14,682
Franchise taxes	1,845	1,990	2,381	2,587	2,568	2,744	2,647	2,529	2,462	2,643
County road taxes	815	798	971	1,040	1,042	1,194	1,224	982	781	752
Motor fuel taxes	19	19	19	19	19	19	19	19	20	20
Unrestricted grants and contributions	65	64	69	65	70	74	73	70	75	77
Unrestricted investment earnings	176	259	564	1,131	628	146	196	194	123	79
Special item - annexed property	-	-	-	-	-	23,549	-	-	-	-
Transfers	395	375	353	(3,182)	327	528	(152)	(936)	66	245
<b>Total governmental activities general revenues and other changes in net position</b>	<b>25,601</b>	<b>26,382</b>	<b>28,648</b>	<b>25,332</b>	<b>29,646</b>	<b>54,083</b>	<b>31,682</b>	<b>31,288</b>	<b>32,048</b>	<b>32,265</b>
Business-type activities:										
Property taxes	882	740	975	811	810	999	506	400	40	71
Unrestricted investment earnings	113	152	210	480	299	100	114	105	103	86
Transfers	(395)	(375)	(353)	3,182	(327)	(528)	152	936	(66)	(245)
<b>Total business-type activities general revenues and other changes in net position</b>	<b>600</b>	<b>517</b>	<b>832</b>	<b>4,473</b>	<b>782</b>	<b>571</b>	<b>772</b>	<b>1,441</b>	<b>77</b>	<b>(88)</b>
<b>Total primary government general revenues and other changes in net position</b>	<b>\$ 26,201</b>	<b>\$ 26,899</b>	<b>\$ 29,480</b>	<b>\$ 29,805</b>	<b>\$ 30,428</b>	<b>\$ 54,654</b>	<b>\$ 32,454</b>	<b>\$ 32,729</b>	<b>\$ 32,125</b>	<b>\$ 32,177</b>
<b>Change in net position</b>										
Governmental activities	\$ 950	\$ 2,338	\$ 5,206	\$ (1,248)	\$ 978	\$ 25,043	\$ (1,615)	\$ (469)	\$ 1,868	\$ (6,511)
Business-type activities	(1,145)	1,222	(253)	2,806	(1,233)	(1,548)	(217)	1,968	2,357	1,293
<b>Total primary government change in net position</b>	<b>\$ (195)</b>	<b>\$ 3,560</b>	<b>\$ 4,953</b>	<b>\$ 1,558</b>	<b>\$ (255)</b>	<b>\$ 23,495</b>	<b>\$ (1,832)</b>	<b>\$ 1,499</b>	<b>\$ 4,225</b>	<b>\$ (5,218)</b>

Source: Audit Reports - Statement of Activities

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

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

<b><u>Fiscal Year</u></b>	<b><u>Property Tax</u></b>	<b><u>Sales Tax</u></b>	<b><u>Franchise Tax</u></b>	<b><u>County Road Tax</u></b>	<b><u>Motor Fuel Tax</u></b>	<b><u>Total</u></b>
2004	\$ 10,107	\$ 12,179	\$ 1,845	\$ 815	\$ 19	\$ 24,965
2005	10,162	12,715	1,990	798	19	25,684
2006	10,121	14,170	2,381	971	19	27,662
2007	10,098	13,574	2,587	1,040	19	27,318
2008	10,826	14,166	2,568	1,042	19	28,621
2009	12,085	13,744	2,744	1,194	19	29,786
2010	14,173	13,502	2,647	1,224	19	31,565
2011	14,722	13,708	2,529	982	19	31,960
2012	14,439	14,082	2,462	781	20	31,784
2013	13,767	14,682	2,643	752	20	31,864

**Source:** Audit Reports - Statement of Activities

SCHEDULE 28

**CITY OF MERIDIAN, MISSISSIPPI**

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>General fund:</b>										
Nonspendable	\$ 86	\$ 90	\$ 99	\$ 1,297	\$ 1,297	\$ 1,469	\$ 1,454	\$ 1,571	\$ 1,594	\$ 1,678
Committed	-	100	-	486	515	339	220	151	2	12
Assigned	795	655	1,069	141	742	677	1,011	1,204	1,931	1,889
Unassigned	<u>6,210</u>	<u>5,638</u>	<u>6,301</u>	<u>6,753</u>	<u>5,618</u>	<u>4,275</u>	<u>5,684</u>	<u>6,433</u>	<u>7,582</u>	<u>8,341</u>
<b>Total general fund</b>	<u>\$ 7,091</u>	<u>\$ 6,483</u>	<u>\$ 7,469</u>	<u>\$ 8,677</u>	<u>\$ 8,172</u>	<u>\$ 6,760</u>	<u>\$ 8,369</u>	<u>\$ 9,359</u>	<u>\$ 11,109</u>	<u>\$ 11,920</u>
<b>All other governmental funds:</b>										
Nonspendable	\$ -	\$ -	\$ 1,198	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	7,269	5,842	15,278	14,947	11,544	16,857	12,992	11,194	13,457	6,875
Committed	-	-	-	-	-	-	347	344	345	345
Assigned	<u>16</u>	<u>16</u>	<u>16</u>	<u>17</u>	<u>16</u>	<u>12</u>	<u>24</u>	<u>16</u>	<u>30</u>	<u>21</u>
<b>Total all other governmental funds</b>	<u>\$ 7,285</u>	<u>\$ 5,858</u>	<u>\$ 16,492</u>	<u>\$ 14,964</u>	<u>\$ 11,560</u>	<u>\$ 16,869</u>	<u>\$ 13,363</u>	<u>\$ 11,554</u>	<u>\$ 13,832</u>	<u>\$ 7,241</u>

**Source:** Audit Reports - Governmental Funds Balance Sheet

**Note:** Fiscal years 2004 through 2010 have been reclassified with the implementation of GASB Statement 54 in fiscal year 2011.

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Revenues:</b>										
Taxes	\$ 22,944	\$ 23,534	\$ 25,121	\$ 24,562	\$ 25,889	\$ 26,859	\$ 28,716	\$ 29,113	\$ 29,196	\$ 28,999
Franchise	1,845	1,990	2,381	2,587	2,568	2,744	2,647	2,529	2,462	2,644
Licenses and permits	298	302	305	373	386	256	301	271	251	251
Intergovernmental	1,613	3,746	4,913	2,203	1,514	1,951	3,888	2,257	1,513	1,588
Charges for services	144	135	162	164	180	173	375	182	157	136
Fines and forfeitures	1,148	2,164	2,484	2,855	1,730	1,580	1,219	1,037	1,039	950
Special assessments	132	96	79	75	86	67	74	72	74	69
Payments in lieu of taxes	86	83	80	77	66	67	68	152	156	100
Local contributions	223	155	555	307	434	98	461	55	-	7
Investment earnings	176	259	564	1,131	628	146	196	193	123	79
Interest costs and damages	94	95	91	92	99	117	132	169	141	126
Miscellaneous	471	499	758	234	302	389	85	268	301	573
<b>Total revenues</b>	<u>29,174</u>	<u>33,058</u>	<u>37,493</u>	<u>34,660</u>	<u>33,882</u>	<u>34,447</u>	<u>38,162</u>	<u>36,298</u>	<u>35,413</u>	<u>35,522</u>
<b>Expenditures:</b>										
General government	5,342	5,440	5,843	6,033	6,760	6,836	7,634	6,711	6,200	6,407
Public safety	11,500	14,767	16,420	15,684	14,731	16,117	14,732	15,144	15,352	16,811
Public works	3,827	3,956	4,223	4,425	4,146	4,671	4,441	4,422	4,195	4,206
Culture and recreation	1,884	1,963	2,027	2,065	2,484	2,639	3,406	2,673	2,186	2,175
Economic development	169	411	105	98	134	118	3,201	158	231	2,127
Other	102	127	268	150	56	42	11	19	23	23
Capital outlay	8,855	4,529	4,647	2,772	5,868	5,860	6,071	5,657	2,221	4,357
Debt service:										
Principal	3,440	3,059	2,356	3,019	3,467	3,062	3,498	3,687	3,682	4,020
Interest	1,705	1,506	1,354	1,736	1,790	1,555	1,982	2,043	1,995	1,885
Bond issuance costs	-	-	186	86	36	165	304	240	110	-
<b>Total expenditures</b>	<u>36,824</u>	<u>35,758</u>	<u>37,429</u>	<u>36,068</u>	<u>39,472</u>	<u>41,065</u>	<u>45,280</u>	<u>40,754</u>	<u>36,195</u>	<u>42,011</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(7,650)</u>	<u>(2,700)</u>	<u>64</u>	<u>(1,408)</u>	<u>(5,590)</u>	<u>(6,618)</u>	<u>(7,118)</u>	<u>(4,456)</u>	<u>(782)</u>	<u>(6,489)</u>

(Continued)

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Other financing sources (uses):</b>										
Transfers in	\$ 2,634	\$ 1,929	\$ 2,960	\$ 4,531	\$ 9,599	\$ 10,304	\$ 6,017	\$ 2,448	\$ 2,236	\$ 3,583
Transfers out	(2,264)	(1,576)	(2,629)	(7,733)	(9,283)	(9,789)	(6,197)	(3,447)	(2,234)	(3,350)
Bonds issued	-	-	10,000	3,600	1,000	10,000	4,300	8,460	4,500	-
Negotiable notes issued	-	-	1,225	-	-	-	1,100	-	210	-
Capital leases	67	312	-	690	365	-	-	-	-	476
Premium on refunding bonds issued	-	-	-	-	-	-	-	71	-	-
Principal payments on refunded bonds	-	-	-	-	-	-	-	(3,895)	-	-
<b>Total other financing source (uses)</b>	<u>437</u>	<u>665</u>	<u>11,556</u>	<u>1,088</u>	<u>1,681</u>	<u>10,515</u>	<u>5,220</u>	<u>3,637</u>	<u>4,712</u>	<u>709</u>
<b>Net change in fund balance</b>	<u>\$ (7,213)</u>	<u>\$ (2,035)</u>	<u>\$ 11,620</u>	<u>\$ (320)</u>	<u>\$ (3,909)</u>	<u>\$ 3,897</u>	<u>\$ (1,898)</u>	<u>\$ (819)</u>	<u>\$ 3,930</u>	<u>\$ (5,780)</u>
<b>Debt service as a percentage of noncapital expenditures</b>	<u>18.2%</u>	<u>14.8%</u>	<u>11.6%</u>	<u>15.0%</u>	<u>16.0%</u>	<u>13.7%</u>	<u>14.5%</u>	<u>16.5%</u>	<u>17.2%</u>	<u>14.4%</u>

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

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

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

<b><u>Fiscal</u></b> <b><u>Year</u></b>	<b><u>Property</u></b> <b><u>Tax</u></b>	<b><u>Sales</u></b> <b><u>Tax<sup>1</sup></u></b>	<b><u>Franchise</u></b> <b><u>Tax</u></b>	<b><u>County</u></b> <b><u>Road</u></b> <b><u>Tax</u></b>	<b><u>Motor</u></b> <b><u>Fuel</u></b> <b><u>Tax</u></b>	<b><u>Total</u></b>
2004	\$ 9,930	\$ 12,180	\$ 1,845	\$ 815	\$ 19	\$ 24,789
2005	10,002	12,715	1,990	798	19	25,524
2006	9,961	14,170	2,381	971	19	27,502
2007	9,929	13,574	2,587	1,040	19	27,149
2008	10,662	14,166	2,568	1,042	19	28,457
2009	11,902	13,744	2,744	1,194	19	29,603
2010	13,971	13,502	2,647	1,224	19	31,363
2011	14,404	13,708	2,529	982	19	31,642
2012	14,313	14,082	2,462	781	20	31,658
2013	13,545	14,682	2,644	752	20	31,643

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

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

**SCHEDULE 31**

**CITY OF MERIDIAN, MISSISSIPPI**

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(amounts expressed in thousands)

<u>Fiscal Year Ended September 30,</u>	<u>Real Property</u>		<u>Personal Property</u>		<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Motor Vehicles</u>	<u>Other</u>					
2004	\$ 58,359	\$ 122,919	\$ 34,883	\$ 40,798	\$ 2,719	\$ 254,240	50.08	\$ 1,629,911	15.60%
2005	58,138	125,003	34,466	40,651	2,911	255,347	50.08	1,645,053	15.52%
2006	58,094	122,836	36,032	44,443	2,530	258,875	50.08	1,657,502	15.62%
2007	59,190	124,049	34,299	43,847	2,527	258,858	50.08	1,662,921	15.57%
2008	60,176	123,601	32,352	44,701	3,139	257,691	53.08	1,657,190	15.55%
2009	76,714	154,532	32,355	49,060	5,131	307,530	50.84	2,002,797	15.36%
2010	87,063	170,953	31,722	56,584	4,120	342,202	50.84	2,234,043	15.32%
2011	87,731	171,111	30,877	53,247	3,973	338,993	50.84	2,221,081	15.26%
2012	86,209	171,700	31,118	53,388	6,845	335,570	50.84	2,195,722	15.28%
2013	83,798	169,181	31,818	52,750	6,725	330,822	50.84	2,161,650	15.30%

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

**Note:** During 2008, all property in Lauderdale County was reappraised and resulted in an increase in assessed values. During 2009, the City annexed approximately 9 square miles into the City which resulted in an increase in assessed values.

**SCHEDULE 32**

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

Fiscal Year	City of Meridian				Lauderdale County				Overlapping Rates				Total Millage
	Special				Meridian Separate School District				Total				
	Operating Millage	Debt Service Millage	Revenue Pension Millage	Solid Waste Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	School District Millage	Meridian Community College	
2004	26.39	12.20	7.49	4.00	50.08	35.80	6.70	42.50	54.38	0.92	55.30	7.00	154.88
2005	26.19	12.10	7.79	4.00	50.08	38.08	6.71	44.79	54.38	2.99	57.37	7.00	159.24
2006	25.56	12.47	8.05	4.00	50.08	38.36	7.09	45.45	53.30	3.35	56.65	7.00	159.18
2007	26.51	11.17	8.40	4.00	50.08	39.27	8.40	47.67	54.00	1.87	55.87	7.00	160.62
2008	29.23	11.19	8.66	4.00	53.08	40.66	7.78	48.44	54.40	6.68	61.08	7.00	169.60
2009	25.71	12.38	8.75	4.00	50.84	39.66	10.95	50.61	49.89	6.09	55.98	7.00	164.43
2010	29.92	11.88	7.44	1.60	50.84	39.36	7.47	46.83	51.42	5.81	57.23	7.00	161.90
2011	29.65	12.41	7.48	1.30	50.84	41.66	9.12	50.78	54.84	5.67	60.51	7.00	169.13
2012	28.72	13.24	7.93	0.95	50.84	41.66	9.12	50.78	54.84	5.47	60.31	7.00	168.93
2013	29.34	13.12	7.92	0.46	50.84	41.66	9.12	50.78	54.84	6.31	61.15	7.00	169.77

**Source:** Office of the City Clerk.

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

**CITY OF MERIDIAN, MISSISSIPPI**

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

<u>Taxpayer</u>	<u>2013</u>			<u>2004</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Mississippi Power Company	\$ 13,889	1	4.20%	\$ 20,032	1	7.90%
Bonita Lakes Mall/Bonita Properties, Inc./CBL	8,090	2	2.45%	7,830	3	3.09%
Wal-Mart Supercenters	7,805	3	2.36%	4,052	5	1.60%
AT&T	5,086	4	1.54%	8,870	2	3.50%
Anderson Regional Medical Center	4,451	5	1.35%	2,647	6	1.04%
Avery Dennison Corporation	3,379	6	1.02%	---	---	---
Meridian Crossroads	3,289	7	0.99%	---	---	---
Norfolk Southern Railway Company	2,533	8	0.77%	1,951	8	0.77%
Atmos Energy Corporation	2,366	9	0.72%	1,821	9	0.72%
Rush Health Systems	2,016	10	0.61%	---	---	---
Meridian HMA/Riley Hospital	---	---	---	4,200	4	1.66%
Peavey Electronics Corporation	---	---	---	1,961	7	0.77%
Plantation Pipeline Company	---	---	---	<u>1,655</u>	10	<u>0.65%</u>
<b>Totals</b>	<u>\$ 52,904</u>		<u>16.01%</u>	<u>\$ 55,019</u>		<u>21.70%</u>

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

**SCHEDULE 34**

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

<b>Fiscal Year Ended September 30,</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the</b>		<b>Collections (Refunds) in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Fiscal Year of the Levy Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2004	\$ 12,569	\$ 12,393	98.60%	\$ 167	\$ 12,560	99.93%
2005	12,613	12,482	98.96%	70	12,552	99.52%
2006	12,962	12,835	99.02%	42	12,877	99.34%
2007	12,850	12,745	99.18%	30	12,775	99.42%
2008	13,570	13,505	99.52%	54	13,559	99.92%
2009	15,634	15,462	98.90%	76	15,538	99.39%
2010	16,960	16,824	99.20%	(13)	16,811	99.12%
2011	16,956	16,766	98.88%	9	16,775	98.93%
2012	16,938	16,540	97.65%	(57)	16,483	97.31%
2013	16,132	15,986	99.09%	-	15,986	99.09%

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

**SCHEDULE 35**

**CITY OF MERIDIAN, MISSISSIPPI**

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

Fiscal Year	Governmental Activities							Business-Type Activities							Percentage of Personal Income <sup>2</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Special Assessment Bonds	Limited Obligation Bonds	Special Obligation Bonds	Promissory Loans	Taxable Negotiable Notes	Capital Leases	Water & Sewer Revenue Bonds	Sewer Promissory Loans	Capital Leases	Unamortized Premiums (Discounts) <sup>1</sup>	Total Primary Government				
2004	\$ 11,770	\$ 4,240	\$ 5,230	\$ 6,790	\$ 815	\$ -	\$ 688	\$ 14,750	\$ 18,045	\$ 986	\$ (843)	\$ 62,471	6.28%	\$ 1,560		
2005	9,955	4,020	4,545	6,565	756	-	945	13,655	17,084	913	(750)	57,688	5.56%	1,450		
2006	19,070	3,780	3,765	6,335	694	1,225	785	12,490	16,088	837	(667)	64,402	5.88%	1,629		
2007	21,415	3,520	2,960	6,085	631	1,005	1,309	11,260	15,051	896	(587)	63,545	5.66%	1,605		
2008	20,985	3,245	2,135	5,835	566	774	1,283	9,955	13,973	785	(507)	59,029	4.93%	1,492		
2009	29,555	2,955	1,770	5,565	500	529	887	8,575	12,858	673	(426)	63,441	5.42%	1,598		
2010	27,750	2,650	5,680	5,280	431	1,372	500	6,090	11,697	554	(346)	61,658	5.04%	1,498		
2011	31,170	1,720	5,100	4,985	359	880	326	5,420	10,520	479	(406)	60,553	4.76%	1,473		
2012	33,520	1,505	4,475	4,670	467	660	272	4,705	10,913	398	(81)	61,504	4.55%	1,506		
2013	31,270	1,280	3,800	4,340	361	440	533	-	14,163	313	607	57,107	4.22%	1,399		

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

<sup>1</sup>For fiscal years 2004 to 2011, prior to implementation of GASB 65 unamortized bond issuance costs on refunding debt are included in this amount.

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

**SCHEDULE 36**

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts</b>			<b>Percentage of Estimated Actual Taxable Value<sup>2</sup> of Property</b>	<b>Per Capita<sup>3</sup></b>
		<b>Unamortized Premiums (Discounts)<sup>2</sup></b>	<b>Available in Debt Service Fund</b>	<b>Total</b>		
2004	\$ 11,770	\$ -	\$ 957	\$ 10,813	0.66%	\$ 270
2005	9,955	-	345	9,610	0.58%	241
2006	19,070	-	473	18,597	1.12%	470
2007	21,415	-	554	20,861	1.25%	527
2008	20,985	-	589	20,396	1.23%	515
2009	29,555	-	720	28,835	1.44%	726
2010	27,750	-	695	27,055	1.21%	658
2011	31,170	(140)	855	30,175	1.36%	734
2012	33,520	(62)	899	32,559	1.48%	797
2013	31,270	(58)	852	30,360	1.40%	744

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

<sup>1</sup>For fiscal years 2004 to 2011, prior to implementation of GASB 65 unamortized bond issuance costs on refunding debt are included in this amount.

<sup>2</sup>See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

<sup>3</sup>See the Schedule of Demographic and Economic Statistics for population data.

**CITY OF MERIDIAN, MISSISSIPPI**  
Direct and Overlapping Governmental Activities Debt  
As of September 30, 2013  
(amounts expressed in thousands)

<b><u>Governmental Unit</u></b>	<b><u>Debt Outstanding</u></b>	<b><u>Estimated Percentage Applicable<sup>1</sup></u></b>	<b><u>Estimated Share of Overlapping Debt</u></b>
Debt repaid with property taxes: County	\$ 41,855	49.52%	\$ 20,727
Debt repaid with property taxes: School	<u>17,980</u>	91.96%	<u>16,534</u>
<b>Subtotal, overlapping debt</b>	59,835		37,261
City of Meridian direct debt	<u>41,966</u>	100.00%	<u>41,966</u>
<b>Total direct and overlapping debt</b>	<u>\$ 101,801</u>		<u>\$ 79,227</u>

**Source:** City Clerk, Meridian Separate School District and Chancery Clerk.

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

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

**SCHEDULE 38**

**CITY OF MERIDIAN, MISSISSIPPI**

Legal Debt Margin Information

Last Ten Fiscal Years

(amounts expressed in thousands)

	<b>Fiscal year</b>									
	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
Debt Limit	\$ 38,544	\$ 38,739	\$ 39,211	\$ 39,208	\$ 39,125	\$ 46,899	\$ 51,948	\$ 51,445	\$ 51,362	\$ 50,632
Total net debt applicable to limit	<u>10,813</u>	<u>9,610</u>	<u>18,597</u>	<u>20,861</u>	<u>20,396</u>	<u>28,835</u>	<u>27,055</u>	<u>30,315</u>	<u>32,621</u>	<u>30,418</u>
Legal debt margin	<u>\$ 27,731</u>	<u>\$ 29,129</u>	<u>\$ 20,614</u>	<u>\$ 18,347</u>	<u>\$ 18,729</u>	<u>\$ 18,064</u>	<u>\$ 24,893</u>	<u>\$ 21,130</u>	<u>\$ 18,741</u>	<u>\$ 20,214</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>28.05%</u>	<u>24.81%</u>	<u>47.43%</u>	<u>53.21%</u>	<u>52.13%</u>	<u>61.48%</u>	<u>52.08%</u>	<u>58.93%</u>	<u>63.51%</u>	<u>60.08%</u>

**Legal Debt Margin Calculation for Fiscal Year 2012:**

Assessed value	\$ 330,822
Add back: exempt real property	<u>6,725</u>
<b>Total assessed value</b>	<b><u>\$ 337,547</u></b>
Debt limit (15% of total assessed value)	\$ 50,632
Debt applicable to limit:	
General obligation bonds	31,270
Less: Amount set aside for repayment of general obligation debt	<u>(852)</u>
<b>Total net debt applicable to limit</b>	<b><u>30,418</u></b>
<b>Legal debt margin</b>	<b><u>\$ 20,214</u></b>

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

**SCHEDULE 39**

**CITY OF MERIDIAN, MISSISSIPPI**

Pledged-Revenue Bond Coverage

Last Ten Fiscal Years

(amounts expressed in thousands)

<b>Fiscal Year</b>	<b>Water &amp; Sewer Charges and Other</b>	<b>Less: Operating Expenses<sup>1</sup></b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>	
				<b>Principal</b>	<b>Interest</b>		<b>Total</b>
2004	\$ 9,798	\$ 5,269	\$ 4,529	\$ 1,845	\$ 1,495	\$ 3,340	135.60%
2005	10,902	5,690	5,212	2,020	1,516	3,536	147.40%
2006	11,036	6,416	4,620	2,125	1,399	3,524	131.10%
2007	10,907	7,016	3,891	2,230	1,298	3,528	110.29%
2008	11,125	6,976	4,149	2,345	1,193	3,538	117.27%
2009	11,715	7,510	4,205	2,455	1,072	3,527	119.22%
2010	12,145	7,239	4,906	3,605	963	4,568	107.40%
2011	12,404	7,017	5,387	1,840	789	2,629	204.91%
2012	13,187	7,544	5,643	1,930	706	2,636	214.07%
2013	13,553	7,569	5,984	2,042	652	2,694	222.12%

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

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

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

**SCHEDULE 40**

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

<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income (amounts expressed in thousands)<sup>2</sup></b>	<b>Per Capita Personal Income<sup>2</sup></b>	<b>Median Age<sup>3</sup></b>	<b>School Enrollment<sup>4</sup></b>	<b>Unemployment Rate<sup>5</sup></b>
2004	40,057	\$ 2,627,862	\$ 24,830	35.5	6,305	8.1%
2005	39,795	2,750,412	26,061	35.6	6,449	8.6%
2006	39,541	2,923,942	27,696	35.9	6,722	7.8%
2007	39,596	3,010,760	28,367	36.5	6,630	8.6%
2008	39,572	3,230,905	30,244	36.6	6,612	9.1%
2009	39,695	3,167,342	29,471	36.2	6,461	12.7%
2010	41,148	3,197,336	29,747	35.7	6,418	14.7%
2011	41,096	3,325,326	30,928	34.9	6,250	14.9%
2012	40,832	3,547,668	33,121	34.8	6,209	12.6%
2013	40,832	3,547,668	33,121	34.4	6,168	12.2%

**Sources:**

- <sup>1</sup>U.S. Census Bureau, Population Division website at [www.census.gov](http://www.census.gov).
- <sup>2</sup>U.S. Department of Commerce, Bureau of Economic Analysis website at [www.bea.gov](http://www.bea.gov).  
Per capita personal income estimates reflect population estimates available as of November, 2013.
- <sup>3</sup>U.S. Census Bureau, 2009-2011 American Community Survey 3-Year Estimates at [www.census.gov](http://www.census.gov).
- <sup>4</sup>Meridian Separate School District.
- <sup>5</sup>Mississippi Department of Employment Security "Annual Labor Force Report" at [www.mdes.ms.gov](http://www.mdes.ms.gov).

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

**SCHEDULE 41****CITY OF MERIDIAN, MISSISSIPPI**Principal Employers  
Current and Nine Years Ago

<u>Taxpayer</u>	<u>2013</u>			<u>2004</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Rush Foundation Hospital	2,610	1	17.69%	1,123	3	7.79%
East Mississippi State Hospital	1,500	2	10.17%	1,150	2	7.98%
Anderson Regional Medical Center	1,275	3	8.64%	1,065	4	7.39%
Meridian Public Schools	1,050	4	7.12%	987	5	6.85%
Walmart Supercenters	698	5	4.73%	---	---	---
Peavey Electronics Corporation	600	6	4.07%	1,700	1	11.80%
City of Meridian	570	7	3.86%	508	8	3.53%
Mississippi Air National Guard	420	8	2.85%	389	10	2.70%
Alliance Health Center	385	9	2.61%	---	---	---
Meridian Community College	327	10	2.22%	471	9	3.27%
Meridian HMA/Riley Hospital	---	---	---	700	6	4.86%
Winn Dixie Food Stores	---	---	---	<u>589</u>	7	<u>4.09%</u>
<b>Totals</b>	<u>9,435</u>		<u>63.96%</u>	<u>8,682</u>		<u>60.26%</u>

**Source:** East Mississippi Business Development Corporation

**SCHEDULE 42**

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

<u>Function</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government	47	46	47	49	54	49	50	46	59	47
Public safety:										
Police:										
Officers	96	104	106	112	105	111	108	109	108	100
Civilians	17	18	18	14	18	19	15	15	19	17
Fire:										
Firefighters and officers	106	103	104	106	98	101	108	112	114	106
Civilians	10	9	10	8	9	9	11	10	11	9
Highways and streets	68	70	75	70	72	72	60	65	57	56
Sanitation	2	1	1	1	1	1	1	1	1	1
Culture and recreation	45	52	45	49	49	49	56	42	42	40
Water	51	52	50	44	50	48	47	48	48	45
Sewer	45	44	44	45	45	46	44	42	39	36
Golf course	5	3	3	3	3	3	5	7	8	8
Union Station	2	2	2	2	2	2	2	2	2	2
Municipal Garage	15	15	14	11	14	14	13	11	11	11
Homeland Security	2	6	7	6	5	5	5	4	5	4
Community Development	21	20	21	20	19	19	19	16	16	18
<b>Totals</b>	<u>532</u>	<u>545</u>	<u>547</u>	<u>540</u>	<u>544</u>	<u>548</u>	<u>544</u>	<u>530</u>	<u>540</u>	<u>500</u>

**Source:** City's payroll department.

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

<b>Function</b>	<b>Fiscal Year</b>									
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Police:</b>										
Physical arrests	4,322	4,568	4,376	4,289	4,785	4,967	4,952	5,089	6,254	5,847
Parking violations	7,045	7,544	7,717	6,481	5,565	6,088	5,329	4,347	3,699	3,186
Traffic violations	11,564	13,049	14,766	10,763	12,663	10,816	8,676	12,089	9,533	9,163
<b>Fire:</b>										
Number calls answered	2,752	2,743	3,273	3,209	3,357	1,666	1,636	2,070	1,550	1,621
Inspections	2,844	3,051	3,734	3,673	2,907	2,814	1,375	1,810	2,053	1,414
<b>Highways and streets:</b>										
Street resurfacing (miles)	10	35	-	1	-	-	-	-	4	19
Potholes repaired <sup>1</sup>	348	355	260	277	351	352	271	394	1,003	936
<b>Culture and recreation:</b>										
Meridian Activity Center/Velma Young Park/Highland Park classes	912	1,075	1,096	1,175	1,194	1,215	1,290	1,255	1,248	1,594
<b>Water:</b>										
New connections	74	71	112	93	88	45	30	50	28	46
Water leak repairs	1,193	1,286	948	1,130	823	1,190	1,291	1,344	1,196	644
Average daily consumption (millions of gallons)	5.916	4.802	4.495	5.079	5.221	4.447	4.211	5.033	5.066	5.236
<b>Wastewater:</b>										
Average daily sewerage treatment (millions of gallons)	9.560	11.570	10.800	6.350	9.230	5.730	7.100	6.390	7.060	8.380

**Source:** Various City departments.

<sup>1</sup>For fiscal year 2012, the City calculated the number of potholes repaired based on an average number of potholes repaired in a week. The number of potholes repaired for fiscal years 2004 through 2011 is based on the number of service orders issued for pothole repair.

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

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Public safety:</b>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	37	43	71	67	77	73	84	84	88	86
Fire stations	7	7	7	7	8	8	8	7	8	8
<b>Highways and streets:</b>										
Streets (miles)	306.15	306.83	306.83	306.83	307.50	330.35	330.35	330.35	330.35	330.35
Streetlights	6,287	6,298	6,351	6,400	6,411	6,570	6,589	6,603	6,639	6,693
Traffic signals	118	120	121	121	120	120	120	117	117	117
<b>Culture and recreation:</b>										
Parks acreage	443	443	443	443	443	443	443	443	443	443
Parks	17	17	17	17	17	17	17	17	17	17
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	18	18	18	18	18	18	18	18	16	16
Community centers	3	3	3	3	3	3	3	3	3	3
Softball/Baseball fields	18	18	18	18	18	18	18	18	18	18
Soccer fields	12	12	12	12	12	14	14	14	14	14
Golf course	1	1	1	1	1	1	1	1	1	1
<b>Water:</b>										
Water mains (miles)	426	428	428	428	428	429	429	430	430	430
Fire hydrants	3,802	3,820	3,832	2,105	2,113	2,131	2,136	2,141	2,180	2,180
Maximum daily capacity (thousands of gallons)	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	13,952	13,952
<b>Sewer:</b>										
Sanitary sewers (miles)	442	442	442	444	444	445	445	445	445	445
Storm sewers (miles)	200	200	200	200	225	225	225	225	225	225
Maximum daily treatment capacity (thousands of gallons)	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000

**Source:** Various City departments.

## **SINGLE AUDIT SECTION**

The single audit section contains audit reports on internal control and compliance matters resulting from the single audit procedures conducted in accordance with the Single Audit Act and Office of Management and Budget Circular A-133. An additional report on compliance with state law required by the Office of State Auditor is also presented.

**CITY OF MERIDIAN, MISSISSIPPI**  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended September 30, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number/ Federal Contract	Program or Award Amount	Accrued (Deferred) Revenue 9/30/2012	Federal Receipts	Federal Share Disbursements/Expenditures	Accrued (Deferred) Revenue 9/30/2013	Cumulative Federal Receipts	Cumulative Federal Share Disbursements/Expenditures	Fund Type
<b>U. S. Department of Agriculture</b>										
Direct program -										
NRCS Gallagher Creek Gabion Repair at Highland Park	10.923	68-4423-12-2319	\$ 102,000	\$ -	\$ 102,000	\$ 102,000	-	\$ 102,000	\$ 102,000	Capital project
<b>U. S. Department of Housing &amp; Urban Development</b>										
Pass-through Mississippi Development Authority:										
Katrina CDBG Bonita Lakes Dam Rehab	14.228	R-110-258-01-GZ	1,786,000	142,753	142,753	-	-	1,786,000	1,786,000	Special revenue
Katrina CDBG Downtown Drainage Improvements	14.228	R-110-258-02-GZ	2,700,000	-	-	147,750	147,750	-	147,750	Enterprise fund
CDBG Sanitary Sewer Rehabilitation	14.228	1127-10-258-PF-01	600,000	69,252	69,252	-	-	600,000	600,000	Enterprise fund
<b>Total U.S. Department of Housing &amp; Urban Development</b>										
				212,005	212,005	147,750	147,750	2,386,000	2,533,750	
<b>U. S. Department of Justice</b>										
Direct program -										
ARRA-COPS Hiring Recovery Program	16.710	2009RKWX0503	581,680	48,866	142,143	186,887	93,610	231,622	325,232	Special revenue
Pass-through Mississippi Department of Public Safety:										
MS Stop Violence Against Women Program	16.588	11SL2221	33,940	7,477	32,772	25,295	-	32,772	32,772	Special revenue
MS Stop Violence Against Women Program	16.588	12SL2221	32,347	-	2,204	6,997	4,793	2,204	6,997	Special revenue
Bulletproof Vests Partnership	16.607	BA-2000S-HP01	13,175	2,339	13,175	10,836	-	13,175	13,175	Special revenue
Bulletproof Vests Partnership	16.607	BA-2000S-XT01	8,450	-	-	-	-	-	-	Special revenue
<b>Total pass-through programs</b>				9,816	48,151	43,128	4,793	48,151	52,944	
JAG Program cluster:										
Direct programs:										
Edward Byrne Memorial Justice Assistance	16.738	2009-DJ-BX-0058	53,020	28,256	30,417	-	(2,161)	53,020	50,859	Special revenue
Edward Byrne Memorial Justice Assistance	16.738	2010-DJ-BX-0589	47,613	-	8,078	6,692	(1,386)	47,435	46,049	Special revenue
Edward Byrne Memorial Justice Assistance	16.738	2012-DJ-BX-0964	33,867	-	13,547	13,547	-	13,547	13,547	Special revenue
<b>Total JAG Program cluster</b>				28,256	52,042	20,239	(3,547)	114,002	110,455	
<b>Total U.S. Department of Justice</b>				86,938	242,336	250,254	94,856	393,775	488,631	
<b>U. S. Department of Transportation</b>										
Pass-through Mississippi Department of Public Safety:										
Occupant Protection Seatbelt Enforcement	20.600	12-OP-222-1	15,000	2,611	12,719	-	(10,108)	12,719	2,611	Special revenue
Occupant Protection Seatbelt Enforcement	20.600	13-OP-222-1	25,000	-	6,640	19,674	13,034	6,640	19,674	Special revenue
Meridian DUI Enforcement Program	20.607	12-TA-222-1	95,000	(21,395)	23,195	-	(44,590)	75,534	30,944	Special revenue
DUI Enforcement	20.601	13-K8-222-1	101,372	-	45,099	90,175	45,076	45,099	90,175	Special revenue
Pass-through MS Department of Transportation:										
Safe Routes to School Project	20.205	SRSP-0320-00(024)	800,626	21,504	-	16,963	38,467	-	38,467	Capital project
Replacement of Bridges on 35th Ave. and 40th St.	20.205	STP-0320-00(025)	549,600	-	-	-	-	-	-	Capital project
Milling, Leveling, and Overlay of Various City Routes	20.205	STP-0320-00(026)	1,084,560	733,122	950,022	259,895	42,995	992,526	1,035,521	Capital project
Widening US Hwy 11/80 at Malone Ranch Road	20.205	STP-9457-00(002)	250,000	-	-	-	-	-	-	Capital project
Downtown (5th Street) Streetscape	20.205	STP-7234-00(001)	1,000,000	-	-	5,520	5,520	-	5,520	Capital project
<b>Total U.S. Department of Transportation</b>				735,842	1,037,675	392,227	90,394	1,132,518	1,222,912	

(continued)

**CITY OF MERIDIAN, MISSISSIPPI**  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended September 30, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number/ Federal Contract	Program or Award Amount	Accrued (Deferred) Revenue 9/30/2012	Federal Receipts	Federal Share Disbursements/Expenditures	Accrued (Deferred) Revenue 9/30/2013	Cumulative Federal Receipts	Cumulative Federal Share Disbursements/Expenditures	Fund Type	
<b>U. S. Environmental Protection Agency</b>											
Direct programs:											
South Industrial Park Study	66.202	XP-964020041-4	1,349,400	95,596	95,596	-	-	1,349,400	1,349,400	Enterprise fund	
Water Pollution Control Revolving Loan Fund	66.458	SRF-C280818-01-0	8,411,225	-	-	-	-	1,608,323	1,608,323	Enterprise fund	
<b>Total U.S. Environmental Protection Agency</b>				<b>95,596</b>	<b>95,596</b>	<b>-</b>	<b>-</b>	<b>2,957,723</b>	<b>2,957,723</b>		
<b>U. S. Department of Homeland Security</b>											
Direct program -											
Assistance to Firefighters											
Pass-through Mississippi Department of Public Safety:	97.044	EMW-2012-FO-03117	163,350	-	-	-	-	-	-	Special revenue	
Hurricane Ivan Clean Up	97.036	FEMA-1550-MS-DR	661,805	157,631	-	-	157,631	504,174	661,805	Special revenue	
Hurricane Katrina	97.036	FEMA-1604-MS-DR	2,933,340	33,535	-	-	33,535	2,899,805	2,933,340	Special revenue	
Hurricane Isaac	97.036	FEMA-4081-DR-MS	16,065	12,849	16,065	3,216	-	16,065	16,065	Special revenue	
Hazard Mitigation Grant - Fire Station No. 9 Warning Siren	97.039	FEMA-1972-0011	16,679	-	-	-	-	-	-	Special revenue	
Homeland Security - Citizen Corps	97.053	10CC258	6,998	6,998	-	-	6,998	-	6,998	Special revenue	
Interoperable Emergency Communication	97.055	8IC258T	103,637	(707)	-	-	(707)	97,563	96,856	Special revenue	
Interoperable Emergency Communication	97.055	10IC258T	31,500	-	31,284	31,284	-	31,284	31,284	Special revenue	
Homeland Security - Regional Response Team	97.067	7HS258T	141,300	(729)	-	729	-	140,581	140,581	Special revenue	
Homeland Security - Adv. Executive Protection Training	97.067	M10HS258T	30,000	-	29,920	29,920	-	29,920	29,920	Special revenue	
Homeland Security - Materials for Exec. Protection Trainin	97.067	E10HS258T	9,000	-	9,000	9,000	-	9,000	9,000	Special revenue	
Homeland Security - Overland Search & Rescue Training	97.067	P10HS258T	15,000	-	7,914	7,914	-	7,914	7,914	Special revenue	
Homeland Security - Regional Response Funds	97.073	10HS258T2	8,200	2,723	-	-	2,723	-	2,723	Special revenue	
Homeland Security - Regional Response Funds	97.067	S11HS258T	26,500	-	3,048	3,048	-	3,048	3,048	Special revenue	
Homeland Security - Salaries	97.073	E9HS258T	52,000	-	30,204	30,204	-	52,000	52,000	Special revenue	
Homeland Security - Salaries	97.073	A10HS258T	52,000	46,047	52,000	5,953	-	52,000	52,000	Special revenue	
Homeland Security - Task Force Funds	97.073	S8HS258T	253,633	(126)	-	-	(126)	149,367	149,241	Special revenue	
Homeland Security - Task Force Funds	97.073	09HS258T	61,900	(1,484)	-	-	(1,484)	53,726	52,242	Special revenue	
Homeland Security - Task Force Funds	97.073	10HS258T	60,080	1,262	1,262	-	-	1,973	1,973	Special revenue	
Homeland Security - Training	97.067	11HS258T	6,833	-	2,738	2,691	(47)	2,738	2,691	Special revenue	
Homeland Security - Training	97.073	10HS258	100,000	-	-	-	-	100,000	100,000	Special revenue	
Homeland Security - Training	97.067	11HS258	100,000	12,426	-	-	-	86,698	86,698	Special revenue	
Homeland Security - Training	97.067	12HS258	75,000	-	5,497	5,497	5,497	-	5,497	Special revenue	
Homeland Security - Training, S&R Kits	97.067	M9HS258T	27,991	24,268	27,991	3,723	-	27,991	27,991	Special revenue	
Homeland Security - Force Protection LRAD System	97.067	10LE258	10,000	-	9,949	9,949	-	9,949	9,949	Special revenue	
Homeland Security - Canine Training	97.067	S10HS258T	6,000	-	5,800	5,800	-	5,800	5,800	Special revenue	
Homeland Security - Training Equip. Response Equip. PPE	97.067	R10HS258T	66,000	-	64,987	64,987	-	64,987	64,987	Special revenue	
Homeland Security - Executive Protection Training/MDWF	97.067	Z10HS258T	19,000	-	15,535	15,535	-	15,535	15,535	Special revenue	
Homeland Security - TACSAR Training & Equipment	97.067	B10HS258T	58,000	-	46,976	46,976	-	46,976	46,976	Special revenue	
Homeland Security - Overland SAR Class, PPE & Supplies	97.067	S10HS258	13,268	-	12,695	12,695	-	12,695	12,695	Special revenue	
<b>Total U.S. Department of Homeland Security</b>				<b>294,693</b>	<b>438,453</b>	<b>347,780</b>	<b>204,020</b>	<b>4,421,789</b>	<b>4,625,809</b>		
<b>Total federal financial assistance</b>				<b>\$ 1,425,074</b>	<b>\$ 2,128,065</b>	<b>\$ 1,240,011</b>	<b>\$ 537,020</b>	<b>\$ 11,393,805</b>	<b>\$ 11,930,825</b>		

<sup>1</sup> This grant project is funded as expenditures are approved by the funding agency. The program or award amount, beginning accrued revenue and cumulative Federal share disbursements/expenditures for this grant have been adjusted to reflect the amount of disbursements subsequently approved.

<sup>2</sup> The beginning accrued (deferred) revenue and cumulative Federal share disbursements/expenditures for this grant have been adjusted to reflect that all grant-related expenditures have been requested and received for reimbursement.

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to the Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended September 30, 2013

**(1) Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Meridian, Mississippi (“City”) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**(2) Loan**

During fiscal year 2012, the City entered into an \$8,411,225 loan agreement with the Mississippi Department of Environmental Quality through the EPA Clean Water State Revolving Fund Program (CFDA 66.458). The proceeds from this note are to be used for the rehabilitation of the South Wastewater Treatment Plant. The City drew \$1,608,323 against these loan funds during fiscal year 2012. No funds were drawn during fiscal year 2013. The loan payments are scheduled to begin upon the construction completion date. The outstanding loan balance at September 30, 2013 is \$1,608,323.

**CITY OF MERIDIAN, MISSISSIPPI**  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended September 30, 2013

There were no prior year findings or questioned costs.

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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Meridian, Mississippi ("City") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 28, 2014. Our report includes a reference to other auditors who audited the financial statements of the Meridian Airport Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of the City in a separate letter dated March 28, 2014.

**Purpose of this Report**

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



Jackson, Mississippi  
March 28, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited City of Meridian, Mississippi's ("City") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2013. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The City's financial statements include the operations of the Meridian Airport Authority ("MAA"), which expended \$1,349,695 in federal awards which are not included in the schedule during the year ended September 30, 2013. Our audit described below did not include the operations of MAA because they engaged other auditors to perform an audit in accordance with OMB Circular A-133.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements

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

referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

**Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Jackson, Mississippi  
March 28, 2014

**CITY OF MERIDIAN, MISSISSIPPI**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended September 30, 2013

**Section I - Summary of Audit Results**

***Financial Statements***

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

***Federal Awards***

Internal control over major programs:	
• Material weaknesses identified?	<b>No</b>
• Reportable conditions identified that are not considered to be material weaknesses?	<b>None reported</b>
Type of auditors' report issued on compliance for major programs:	<b>Unqualified</b>
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	<b>No</b>

Identification of major program tested:

<b><u>CFDA Number</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between type A and type B programs:	<b>\$ 300,000</b>
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Auditee determined to be a low-risk auditee?	<b>Yes</b>
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*Continued*

**CITY OF MERIDIAN, MISSISSIPPI**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended September 30, 2013

**Section II - Findings - Financial Statement Audit**

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

**Section III - Findings and Questioned Costs - Federal Award Programs**

No audit findings required to be reported by section 510(a) of Circular A-133 were reported.

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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Meridian, Mississippi ("City") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 28, 2014. Our report includes a reference to other auditors who audited the financial statements of the Meridian Airport Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

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

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



Jackson, Mississippi  
March 28, 2014



CITY OF MERIDIAN  
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