

CITY OF MERIDIAN, MISSISSIPPI

Comprehensive Annual Financial Report
For the Year Ended September 30, 2002

Prepared by:
Department of Finance and Records
L. E. Skipper, Director

CITY OF MERIDIAN, MISSISSIPPI
September 30, 2002

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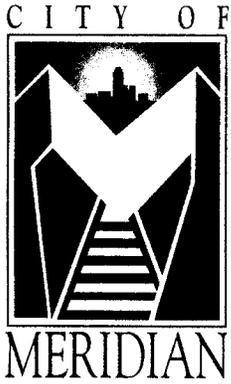
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September 30, 2002

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INTRODUCTORY SECTION

The introductory section is intended to familiarize the reader with the organizational structure of the City of Meridian, Mississippi, the nature and scope of the services it provides and the specifics of its legal operating environment.



March 10, 2003

The Honorable Members of the City Council
City of Meridian

Dear Councilmembers:

Mayor:

JOHN ROBERT SMITH
(601) 485-1927
FAX: (601) 485-1911

Council members :

GEORGE M THOMAS
Ward 1

MARY A. B. PERRY
Ward 2

BARBARA HENSON
Ward 3

JESSE E. PALMER, SR.
Ward 4

BOBBY R. SMITH
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) 485-1911

Finance and Records:

(601) 485-1946
FAX: (601) 485-1911

Fire:

(601) 485-1822
FAX: (601) 485-1878

Parks and Recreation:

(601) 485-1802
FAX: (601) 485-1851

Police:

(601) 485-1841
FAX: (601) 485-1960

Public Works:

(601) 485-1920
FAX: (601) 485-1864

The Comprehensive Annual Financial Report (CAFR) of the City of Meridian, Mississippi, for the fiscal year ended September 30, 2002 is submitted herewith. The report was prepared by the Department of Finance & Records. The city is responsible for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures necessary to enable the reader to gain an adequate understanding of the financial activities of the city. We believe the data to be accurate in all material respects and to present fairly the financial position and results of operation of the various funds and account groups of the city.

The CAFR consists of four parts: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes the letter of transmittal, list of city officials and an organizational chart. The Financial Section includes the general-purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the independent auditors' report on the financial statements and schedules. The Statistical Section includes several tables of data describing the financial history of the city as well as other miscellaneous statistics generally presented on a multi-year basis.

The City of Meridian is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditors' reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in the Single Audit Section of this report.

The financial reporting entity (the government) includes all the funds and account groups of the primary government (i.e., the City of Meridian as legally defined), as well as all its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services including police and fire protection; sanitation services; the construction and maintenance of streets and infrastructure; recreational activities and cultural events.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and included as part of the primary government. Accordingly, the Meridian Public Improvement Corporation is reported as a special service fund of the primary government. 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 Redevelopment Authority and the Meridian and Bonita Lakes Development Authority are reported as discretely presented component units.

THE GOVERNMENTAL STRUCTURE AND SERVICES PROVIDED

Incorporated in 1860, Meridian is located in east central Mississippi and is the county seat of Lauderdale County. Meridian operates under the Mayor-Council form of government, having five council members elected by wards, and a full-time mayor elected at-large. The mayor and council serve concurrent, four-year terms. Having an official 2000 population of 39,968, the city covers an area of approximately 46 square miles.

ECONOMIC CONDITION AND OUTLOOK

Investments in downtown continue the revitalization of the center of the city through conversion of vacant buildings to new purposes, both residential and commercial. The number of downtown restaurants has jumped a dramatic 400 percent and more than 50 new downtown businesses opened during the year, representing more than \$18 million in investment. Retail growth continues with strong sales at Bonita Lakes Mall and growth in the vicinity of the mall with the Wal-Mart Super Center and completion of the Lowe's home improvement center as well as smaller stores. The total value of building permits issued for the year was in excess of \$28.3 million. Construction is well under way of the sewer plant and lines to Naval Air Station (NAS) Meridian which will help secure retention of the base. Sales tax revenue grew by 6%, evidence of the return of Meridian as a regional retail center.

ACCOMPLISHMENTS

The development of the Marks Rothenberg building and Grand Opera House of Mississippi as an arts education and conference center by a joint public and private partnership is on schedule. Architects have been selected to design the renovations and architects have also been selected and design work completed to construct a companion \$7 million dollar parking garage to be built by the city in the spring of 2003.

The Public Safety Training Center continues to grow as both a municipal and regional training center. Safety has also been enhanced with the addition to the Fire Department of a second K-9 with bomb detecting capabilities.

Meridian continues to be the safest city in Mississippi with a population over 30,000. The Police Department continues to enhance its capabilities with the addition of a computer and software to assist with information on missing or endangered children. Another new system was added to allow notification to local media of situations that warrant public awareness.

Recreation continues to play a significant role in the community with classes, sports programs and special events. New events were added this year including a "Moonlight" 5k run and a "Night Golf Tournament" in conjunction with the Meridian Symphony League.

Major projects completed included a new 10-million-gallon water tank, lime silo, renovations to the sewer plant, connection of 10th Avenue and Windmill Drive to spur subdivision development, continued construction of sewer infrastructure to Naval Air Station Meridian and the start of design work for water and sewer improvements to the new county industrial park.

Various grants were received for a survey of properties within the Urban Center and Union Station historic districts, improvements to city hall, and preservation of historic photo collections. The zoning ordinance was amended to be more responsive to development.

Retiree recruitment efforts continued, with over 1500 inquiries processed.

FUTURE INITIATIVES

Downtown revitalization continues with support of private development through provision of public infrastructure.

Development of Bonita Lakes as a recreational center will continue with additional grants and trail development. Bonita Lakes will also be the site of the Mississippi Arts & Entertainment Center, a \$50 million complex including a Hall of Fame, outdoor amphitheatre and other venues for education and entertainment.

FINANCIAL INFORMATION

The city's management is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft or misuse; to ensure that transactions are executed in accordance with proper management authorization and compiled to allow for preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, and that such transactions are in compliance with applicable laws and regulations.

Internal controls are designed to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that the financial records for preparing financial statements and maintaining accountability for assets are reliable. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the

benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and sound judgment on the part of management.

In addition to financial controls, the city maintains budgetary controls. The city prepares an annual budget on a non-GAAP basis, as required by state law. 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 & Expenses, Capital Outlay, and Transfers & Other Charges. Budgets are prepared and presented in accordance with applicable state law and state auditor guidelines.

The city maintains an encumbrance accounting system. For governmental type funds, encumbrances outstanding at year-end are reported as reservations of fund balances, and are reappropriated in the next year's budget.

Budgetary compliance is monitored by the Department of Finance & Records and coordinated with the other department directors and the chief administrative officer.

GENERAL GOVERNMENT FUNCTIONS

The following schedules reflect activities within the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds, which represent Governmental Fund Types:

<u>Revenue Source (in 000s)</u>	<u>2002 Amount</u>	<u>Percent of Total</u>	<u>2001 Amount</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
General Property Tax	\$ 10,179	39.55%	\$ 9,419	760	8.07%
Sales Tax	11,450	44.48	10,765	685	6.36
Intergovernmental Revenue	864	3.35	2,174	(1,310)	(60.26)
Franchise Fees	1,747	6.79	1,748	(1)	(0.06)
Fines, Fees, Permits	948	3.68	978	(30)	(3.07)
Interest	174	0.68	538	(364)	(67.66)
Other Revenues	329	1.28	239	90	37.66
Local Contributions	<u>49</u>	<u>0.19</u>	<u>81</u>	<u>(32)</u>	<u>(39.51)</u>
Total	\$ <u>25,740</u>	<u>100.00</u>	\$ <u>25,942</u>	<u>(202)</u>	(0.78)

Revenues for general governmental function totaled \$25,739,815 for FY2002, a decrease of (0.78%) compared to FY2001.

General property taxes increased by \$760,000 when compared with FY2001 due to increased assessed value with new property being added to the tax roll. Sales tax represents the majority of revenue for the general fund and increased 6.36% from FY2001.

Expenditures for Governmental Fund Types are shown in the following tabulation:

<u>Expenditures by Function (in 000s)</u>	<u>2002 Amount</u>	<u>Percent of Total</u>	<u>2001 Amount</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
General Government	\$ 5,116	17.00%	\$ 4,842	274	5.66%
Public Safety	9,999	33.23	9,956	43	.43
Public Works	2,876	9.56	2,966	(90)	(3.03)
Culture & Recreation	1,535	5.10	1,527	8	0.52
Economic Development and Other	226	0.75	218	8	3.67
Capital Outlay	4,644	15.43	4,366	278	6.37
Debt Service	<u>5,698</u>	<u>18.93</u>	<u>5,579</u>	<u>119</u>	2.13
Total	\$ <u>30,094</u>	<u>100.00</u>	\$ <u>29,454</u>	<u>640</u>	2.17

Expenditures for general government purposes totaled \$30,094,462 an increase of 2.17% over 2001.

GENERAL FUND BALANCE

The General Fund balance for 2002 was \$5,219,659 as compared to \$3,623,094 for 2001.

ENTERPRISE AND OTHER OPERATIONS

The City of Meridian operates five enterprise operations, the largest being the Water and Sewer Fund. The city also operates a municipal golf course, a concession fund for various park concessions, a multi-modal facility and a waste collection and disposal fund.

The Water and Sewer Fund provides for traditional water and sewer services on a fee-based revenue structure.

In Fiscal year 2002 the City of Meridian continued an expansion of the water and sewer system into a recently annexed area. This area contains the multi-purpose agriculture center and the proposed new industrial park. This is a continuation of the long-term development of the City of Meridian.

Comparative data for the enterprise funds is presented as follows:

	<u>FY2002</u>	<u>FY2001</u>
Operating Revenue	\$ <u>12,428,325</u>	<u>11,399,737</u>
Operating Expenses	\$ <u>9,705,983</u>	<u>9,731,413</u>
Operating Income	\$ <u>2,722,342</u>	<u>1,668,324</u>

EMPLOYEES' RETIREMENT PLANS

The City of Meridian participates in two, separately administered retirement systems administered by the Public Employees' Retirement System of Mississippi (PERS).

Certain municipal employees hired prior to June 1, 1976 participated in one of two local systems as provided by state statute. Those systems and similar systems in other municipalities are now administered by PERS. State law mandates local millage increases at the maximum rate of 1/2 mill per year until the fund is actuarially sound based on declared benefits. A state-funded actuarial study is conducted annually. As of fiscal year 2002, the city has levied 7.79 mills (3 mills for general employees and 4.79 mills for police and fire) for funding the system. Employees participating in this plan contribute from 7% (general employees) to 10% (police and fire employees) of their annual salary. For fiscal year September 30, 2002, employer contributions were \$1,772,464 and employee contributions were \$29,236.

All of the city's full-time employees hired on or subsequent to June 1, 1976 and those full-time employees hired prior to June 1, 1976 who did not opt to remain in the old retirement system, participate in the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit public employee retirement system. The covered payroll for employees covered by PERS (statewide) for the state fiscal year ending June 30, 2002 was \$4,220,539,000; the city's total payroll for PERS coverage being \$12,446,719. Covered employees were required to contribute 7.25% of their salary to PERS. The employer rate was 9.75%. The contribution requirement for the state fiscal year ended June 30, 2002 was \$1,202,559 from the city and \$894,241 from employees.

DEBT ADMINISTRATION

Bonds outstanding as of September 30, 2002 were as follows:

General Obligation	\$ 9,735,000
Special Assessment	\$ 4,655,000
Water & Sewer Revenue	\$ 24,160,000
Tax Increment Financing	\$ 6,420,000

Other debts outstanding at September 30, 2002 were as follows:

Certificates of Participation	\$ 340,000
Capital Leases	\$ 2,311,646
Water & Sewer Promissory Note	\$ 8,290,000
Capital Loans	\$ 1,237,273

General Obligation Bonds are a direct, tax-supported debt funded by a statutorily unlimited millage levy as required. For FY2002, the millage levy for general debt was 15.01 mills as compared with 15.00 for FY2001.

Special Assessment Bonds represent street improvements, primarily curbs, gutters and overlays that are petitioned for by citizens. A portion of the cost is assessed to the property owners benefited and the balance is paid through general taxation.

Water & Sewer Revenue Bonds are obligations of the Water & Sewer Fund and are paid for from water and sewer revenues. The city borrowed \$3,100,000 through the State of Mississippi Development Bank for provision of sewer lines to NAS Meridian and water and sewer lines to the new industrial park.

Prior to 1987, Separate School District bonds were issued in accordance with state statutes by the city on behalf of the schools. Subsequent to 1987, school bonds are issued by the school district.

The city has maintained an "A+" rating from Standard and Poors on recent General Obligation Bonds.

The ratio of net bonded debt to assessed value and bonded debt per capita for the City of Meridian at the end of September 30, 2002 fiscal year are as follows:

<u>Population</u>	<u>Assessed Value</u>	<u>Net Bonded Debt</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Bonded Debt Per Capita</u>
39,968	\$ 230,142,544	\$ 12,195,633	5.30%	\$ 305

GENERAL FIXED ASSETS

The General Fixed Assets of the city are those fixed assets used in the performance of general governmental functions and exclude the fixed assets of the Enterprise Funds. As of September 30, 2002, the General Fixed Assets of the city totaled \$35,526,244. These assets are valued at historical cost or estimated historical cost.

CASH MANAGEMENT

The city utilizes a cash management policy to analyze cash flow and project immediate cash needs in order to maximize investment earnings. As allowed by state statute, idle funds are invested in certificates of deposit with municipal depositories and direct obligations of the U. S. Treasury. Also, all remaining cash is placed in interest-bearing checking accounts.

RISK MANAGEMENT

Risk management efforts are coordinated through the office of the risk manager. The city maintains various forms of insurance, including but not limited to workers compensation, property, various liability policies and employee health insurance. Various training and safety programs are conducted and the city has implemented an Employee Assistance Program, designed to assist employees with problems and to retain employees if possible, and a health-screening program providing preventive health care. All new employees are tested for drugs and a random drug-screening program is conducted monthly from a pool of all employees.

INDEPENDENT AUDITORS

The laws of the State of Mississippi require that an annual audit of the books of account, financial records and transactions of the city be performed by a certified public accountant. For fiscal year 2002, this audit was performed by Breazeale, Saunders & O'Neil, Ltd. The city is also required to have an audit performed in compliance with The Single Audit Act Amendments of 1996 regarding grants received from the federal government. The required reports are herein included.

AWARDS

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 of Meridian for its comprehensive annual financial report for the fiscal year ended September 30, 2001. This was the sixth consecutive year that the city has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report 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.

ACKNOWLEDGEMENTS

The administration appreciates the efforts of staff in the preparation of this report. We also thank the city council for its interest and support.

Sincerely,



John Robert Smith

Mayor



L. E. Skipper

City Clerk

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, 2001

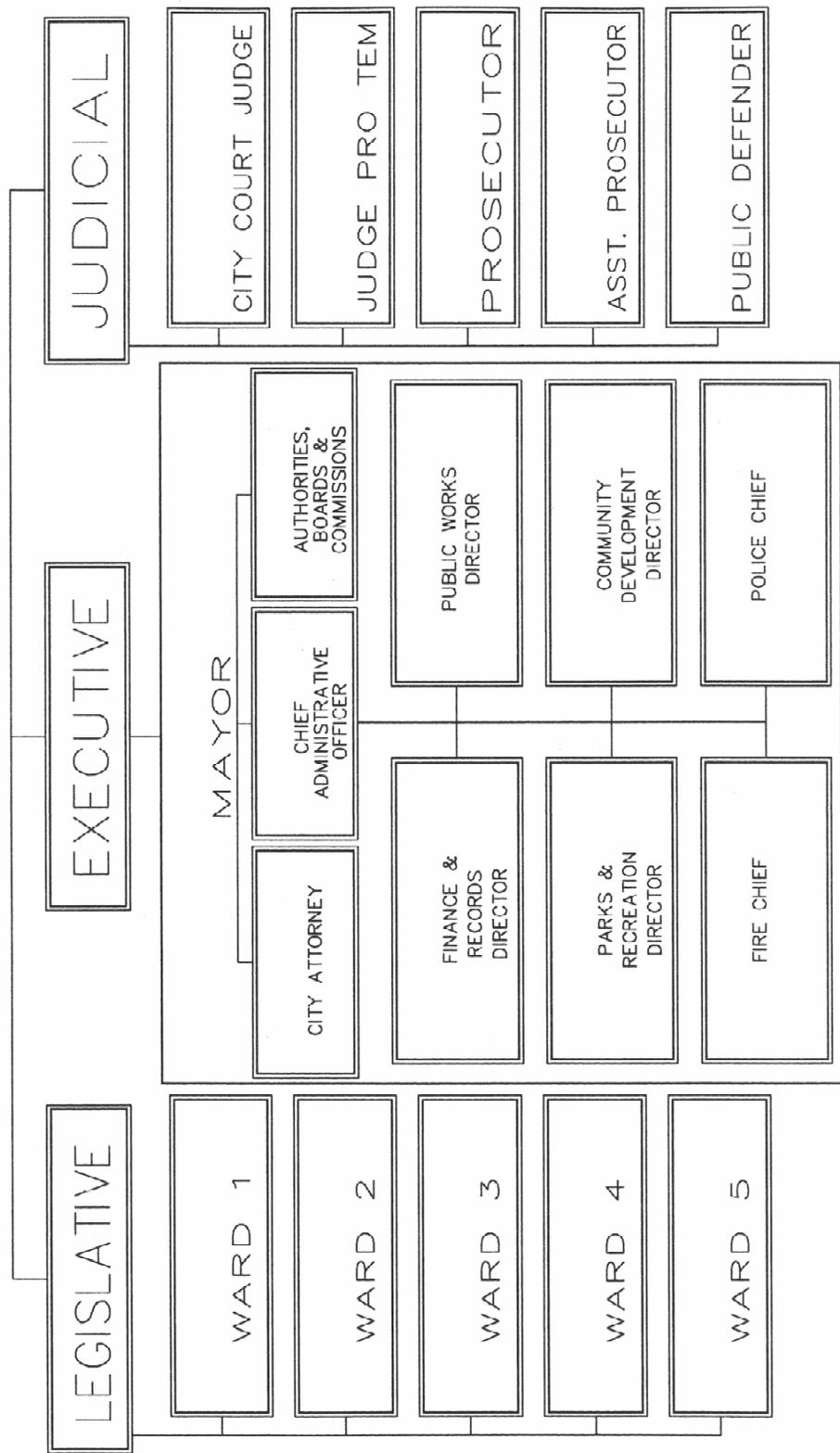
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



William Paton Tate
President

Jeffrey L. Essler
Executive Director

CITY OF MERIDIAN ORGANIZATIONAL STRUCTURE



CITY OF MERIDIAN, MISSISSIPPI
Listing of City Officials
September 30, 2002

Elected Officials

Mayor	John Robert Smith
Council Member - Ward 1	George M Thomas
Council Member - Ward 2	Mary A. B. Perry
Council Member - Ward 3	Barbara Henson
Council Member - Ward 4	Jesse E. Palmer, Sr.
Council Member - Ward 5	Bobby R. Smith

Appointed Officials

Chief Administrative Officer	Kenneth Storms
Finance & Records Director/City Clerk	Ed Skipper
Public Works Director	Monty Jackson
Parks & Recreation Director	Mark Naylor
Community Development Director	Don Farrar
Fire Chief	H. C. Partridge, Jr.
Police Chief	Benny Dubose
City Attorney	Bill Hammack

FINANCIAL SECTION

The financial section contains the financial statements of the City's various funds and account groups prepared in conformity with accounting principles generally accepted in the United States of America. The financial section is organized into a financial reporting pyramid. The pyramid is an organizational plan for presenting basic financial statements in governmental financial reports in an optimally efficient manner. Under the pyramid approach, financial statements of the City are presented on three distinct reporting levels:

- ◆ Combined financial statements
- ◆ Combining statements of fund types
- ◆ Supplemental data containing physically separate fund statement information and more detailed financial data

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the City of Meridian, Mississippi (City) as of and for the year ended September 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Meridian Transportation Commission or the Meridian Airport Authority, which represent 99.7% of the assets and 100% of the operating revenues of the component units column. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for these component units, is based solely on the reports 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of September 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**The Honorable Mayor John Robert Smith and
Honorable Members of the City Council
City of Meridian, Mississippi:
Page two**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2003, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group statements and schedules and the supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the general purpose financial statements of the City. These financial statements and schedules and the supplementary information are also the responsibility of City's management. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general purpose financial statements taken as a whole.

The statistical information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements of the City and, accordingly, we express no opinion on it.

February 25, 2003

Brigade, Sanders & O'Neil, Ltd

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GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF MERIDIAN, MISSISSIPPI
 Combined Balance Sheet - All Fund Types, Account Groups
 And Discretely Presented Component Units
 September 30, 2002
 (With Comparative Totals for September 30, 2001)

	<u>Governmental Fund Types</u>			<u>Proprietary Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Internal Service</u>
<u>ASSETS AND OTHER DEBITS</u>						
Assets:						
Cash and cash equivalents	\$ 4,146,094	329,386	2,103,701	1,135,970	2,002,538	137,790
Investments	500,000	-	-	250,000	100,000	-
Receivables, net:						
Taxes	1,036,885	-	37,511	-	-	-
Accounts	503,508	-	-	-	966,195	-
Less allowance for bad debts	-	-	-	-	(92,695)	-
Special assessments	-	-	1,670,827	-	-	-
Intergovernmental	48,653	-	-	-	-	-
Grant	-	121,259	-	-	37,603	-
Interest	13,195	-	-	300	456	-
Miscellaneous	8,499	4,849	-	-	3,545	-
Due from other funds	274,945	-	53,155	-	8,435	53,794
Due from component units	66,437	-	-	-	-	24,424
Prepaid items	86,113	-	-	-	22,013	-
Inventory	-	-	-	-	411,080	51,102
Restricted assets-cash and investments	-	-	-	-	8,024,386	-
Deferred charges	-	-	-	-	558,921	-
Fixed assets, net (where applicable) of accumulated depreciation	-	-	-	-	54,247,367	-
Other debits:						
Amount available in Debt Service Fund	-	-	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-
Total assets and other debits	\$ <u>6,684,329</u>	<u>455,494</u>	<u>3,865,194</u>	<u>1,386,270</u>	<u>66,289,844</u>	<u>267,110</u>

See accompanying notes to financial statements.

Fiduciary Fund Types	Account Groups		Total - Primary Government (Memorandum Only)	Component Units	Totals - Reporting Entity (Memorandum Only)		
	General Fixed Assets	General Long- Term Debt			2002	2001	Increase (Decrease)
Agency							
719,914	-	-	10,575,393	152,958	10,728,351	14,098,177	(3,369,826)
-	-	-	850,000	236,730	1,086,730	1,105,978	(19,248)
-	-	-	1,074,396	-	1,074,396	1,013,676	60,720
-	-	-	1,469,703	12,695	1,482,398	1,261,878	220,520
-	-	-	(92,695)	-	(92,695)	(92,695)	-
-	-	-	1,670,827	-	1,670,827	1,795,002	(124,175)
186,582	-	-	235,235	161,322	396,557	337,695	58,862
-	-	-	158,862	-	158,862	1,031,890	(873,028)
-	-	-	13,951	-	13,951	6,733	7,218
-	-	-	16,893	6,131	23,024	31,869	(8,845)
-	-	-	390,329	-	390,329	141,784	248,545
-	-	-	90,861	-	90,861	65,822	25,039
-	-	-	108,126	13,387	121,513	100,590	20,923
-	-	-	462,182	-	462,182	530,610	(68,428)
-	-	-	8,024,386	188,765	8,213,151	8,138,464	74,687
-	-	-	558,921	-	558,921	538,076	20,845
-	35,526,244	-	89,773,611	12,142,597	101,916,208	94,888,419	7,027,789
-	-	2,194,367	2,194,367	-	2,194,367	2,098,854	95,513
-	-	<u>24,208,119</u>	<u>24,208,119</u>	-	<u>24,208,119</u>	<u>27,709,115</u>	<u>(3,500,996)</u>
<u>906,496</u>	<u>35,526,244</u>	<u>26,402,486</u>	<u>141,783,467</u>	<u>12,914,585</u>	<u>154,698,052</u>	<u>154,801,937</u>	<u>(103,885)</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
 Combined Balance Sheet - All Fund Types, Account Groups
 And Discretely Presented Component Units
 September 30, 2002
 (With Comparative Totals for September 30, 2001)

	<u>Governmental Fund Types</u>				<u>Proprietary Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Internal Service</u>
<u>LIABILITIES, EQUITY AND OTHER CREDITS</u>						
Liabilities:						
Accounts payable	\$ 620,703	88,218	-	514,134	486,674	42,947
Accounts payable - escheated funds	-	-	-	-	-	-
Accrued liabilities	603,440	-	-	-	131,412	-
Performance bond deposit	138,006	-	-	-	-	-
Liabilities payable from restricted assets	-	-	-	-	2,877,181	-
Deposits payable	8,069	-	-	-	603,416	-
Intergovernmental	-	-	-	-	-	-
Due to other funds	94,452	97,493	-	105,243	93,141	-
Deferred revenue	-	40,250	1,670,827	-	781,619	-
Employee insurance withheld	-	-	-	-	-	-
Compensated absences and pension obligation	-	-	-	-	253,989	-
General obligation bonds payable	-	-	-	-	-	-
Limited obligation bonds payable	-	-	-	-	-	-
Revenue bonds payable (net of refunding costs)	-	-	-	-	22,499,716	-
Promissory loan	-	-	-	-	8,406,497	-
Special assessment debt with City commitment	-	-	-	-	-	-
Certificates of participation	-	-	-	-	-	-
Capital leases payable	-	-	-	-	1,135,776	-
Total liabilities	<u>1,464,670</u>	<u>225,961</u>	<u>1,670,827</u>	<u>619,377</u>	<u>37,269,421</u>	<u>42,947</u>
Equity and Other Credits:						
Contributed capital	-	-	-	-	25,560,695	-
Investments in general fixed assets	-	-	-	-	-	-
Retained earnings (deficit):						
Reserved for revenue bond debt service	-	-	-	-	3,961,252	-
Reserved for operations and maintenance	-	-	-	-	741,250	-
Reserved for contingencies	-	-	-	-	76,000	-
Reserved for depreciation	-	-	-	-	76,000	-
Reserved for passenger facility charge	-	-	-	-	-	-
Unreserved	-	-	-	-	(1,394,774)	224,163
Fund balances:						
Reserved:						
Encumbrances	262,665	1,193	-	200,072	-	-
Prepaid items	86,113	-	-	-	-	-
Debt service	-	-	2,194,367	-	-	-
Unreserved:						
Designated for capital projects	-	-	-	566,821	-	-
Undesignated	4,870,881	228,340	-	-	-	-
Total equity and other credits	<u>5,219,659</u>	<u>229,533</u>	<u>2,194,367</u>	<u>766,893</u>	<u>29,020,423</u>	<u>224,163</u>
Total liabilities, equity and other credits	<u>\$ 6,684,329</u>	<u>455,494</u>	<u>3,865,194</u>	<u>1,386,270</u>	<u>66,289,844</u>	<u>267,110</u>

See accompanying notes to financial statements.

Fiduciary Fund Types	Account Groups		Totals - Primary Government (Memorandum Only)	Component Units	Totals - Reporting Entity (Memorandum Only)		
	General Fixed Assets	General Long- Term Debt			2002	2001	Increase (Decrease)
-	-	-	1,752,676	55,353	1,808,029	1,918,524	(110,495)
-	-	-	-	-	-	17,388	(17,388)
-	-	-	734,852	32,266	767,118	697,991	69,127
-	-	-	138,006	-	138,006	132,433	5,573
-	-	-	2,877,181	-	2,877,181	3,200,840	(323,659)
-	-	-	611,485	-	611,485	573,562	37,923
859,615	-	-	859,615	-	859,615	941,952	(82,337)
-	-	-	390,329	-	390,329	141,784	248,545
46,881	-	-	2,492,696	12,891	2,505,587	2,709,795	(204,208)
-	-	-	46,881	-	46,881	105,463	(58,582)
-	-	3,143,870	3,397,859	-	3,397,859	3,464,028	(66,169)
-	-	9,735,000	9,735,000	-	9,735,000	12,440,000	(2,705,000)
-	-	6,420,000	6,420,000	-	6,420,000	6,940,000	(520,000)
-	-	-	22,499,716	-	22,499,716	23,870,075	(1,370,359)
-	-	932,746	9,339,243	-	9,339,243	6,476,838	2,862,405
-	-	4,655,000	4,655,000	-	4,655,000	4,850,000	(195,000)
-	-	340,000	340,000	-	340,000	545,000	(205,000)
-	-	1,175,870	2,311,646	-	2,311,646	918,766	1,392,880
906,496	-	26,402,486	68,602,185	100,510	68,702,695	69,944,439	(1,241,744)
-	-	-	25,560,695	9,701,038	35,261,733	35,712,408	(450,675)
-	35,526,244	-	35,526,244	-	35,526,244	35,391,661	134,583
-	-	-	3,961,252	-	3,961,252	3,890,265	70,987
-	-	-	741,250	-	741,250	754,167	(12,917)
-	-	-	76,000	-	76,000	76,000	-
-	-	-	76,000	-	76,000	76,000	-
-	-	-	-	188,765	188,765	145,289	43,476
-	-	-	(1,170,611)	2,924,272	1,753,661	(2,763,915)	4,517,576
-	-	-	463,930	-	463,930	563,617	(99,687)
-	-	-	86,113	-	86,113	72,814	13,299
-	-	-	2,194,367	-	2,194,367	2,098,854	95,513
-	-	-	566,821	-	566,821	5,301,887	(4,735,066)
-	-	-	5,099,221	-	5,099,221	3,538,451	1,560,770
-	35,526,244	-	73,181,282	12,814,075	85,995,357	84,857,498	1,137,859
906,496	35,526,244	26,402,486	141,783,467	12,914,585	154,698,052	154,801,937	(103,885)

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CITY OF MERIDIAN, MISSISSIPPI
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances
 All Governmental Fund Types
 For the Fiscal Year Ended September 30, 2002
 (With Comparative Totals for the Fiscal Year Ended September 30, 2001)

	Governmental Fund Types				Totals (Memorandum Only)		
	General	Special Revenue	Debt Service	Capital Projects	2002	2001	Increase (Decrease)
Revenues:							
Taxes	\$ 17,711,229	-	3,610,358	-	21,321,587	19,874,081	1,447,506
Franchise	1,746,832	-	-	-	1,746,832	1,748,021	(1,189)
Payments in lieu of taxes	111,829	-	-	-	111,829	106,737	5,092
Intergovernmental revenues	230,911	572,671	-	60,160	863,742	2,173,404	(1,309,662)
Fines and forfeitures	605,080	434	-	-	605,514	637,577	(32,063)
Licenses and permits	233,115	-	-	-	233,115	232,203	912
Charges for services	110,018	-	-	-	110,018	108,575	1,443
Special assessments	-	-	126,730	-	126,730	119,293	7,437
Local contributions	-	48,851	-	-	48,851	80,970	(32,119)
Interest on investments	103,469	1,262	18,853	49,990	173,574	528,535	(354,961)
Interest costs and damages	69,046	-	-	-	69,046	83,229	(14,183)
Miscellaneous	310,470	1,119	17,389	-	328,978	249,348	79,630
Total revenues	<u>21,231,999</u>	<u>624,337</u>	<u>3,773,330</u>	<u>110,150</u>	<u>25,739,816</u>	<u>25,941,973</u>	<u>(202,157)</u>
Expenditures:							
Current:							
General government	5,115,537	-	-	-	5,115,537	4,842,690	272,847
Public safety	9,538,547	459,960	-	-	9,998,507	9,956,292	42,215
Public works	2,876,315	-	-	-	2,876,315	2,965,928	(89,613)
Culture and recreation	1,530,652	4,598	-	-	1,535,250	1,526,795	8,455
Economic development	-	155,631	-	-	155,631	152,725	2,906
Other	46,580	-	24,370	-	70,950	65,128	5,822
Capital outlay	763,178	-	-	3,880,772	4,643,950	4,365,749	278,201
Debt service:							
Principal retirement	385,190	-	3,679,140	-	4,064,330	3,893,359	170,971
Interest and fiscal charges	34,274	-	1,599,718	-	1,633,992	1,685,249	(51,257)
Total expenditures	<u>20,290,273</u>	<u>620,189</u>	<u>5,303,228</u>	<u>3,880,772</u>	<u>30,094,462</u>	<u>29,453,915</u>	<u>640,547</u>
Excess of revenues over (under) expenditures	<u>941,726</u>	<u>4,148</u>	<u>(1,529,898)</u>	<u>(3,770,622)</u>	<u>(4,354,646)</u>	<u>(3,511,942)</u>	<u>(842,704)</u>
Other financing sources (uses):							
Operating transfers in	944,500	41,550	1,625,411	-	2,611,461	2,332,293	279,168
Operating transfers out	(873,489)	-	-	(951,672)	(1,825,161)	(1,656,942)	(168,219)
Operating transfers out - component unit	(143,100)	-	-	-	(143,100)	(144,100)	1,000
Proceeds of capital leases	709,066	-	-	-	709,066	-	709,066
Proceeds from issuance of debt	-	-	-	-	-	2,609,847	(2,609,847)
Total other financing sources (uses)	<u>636,977</u>	<u>41,550</u>	<u>1,625,411</u>	<u>(951,672)</u>	<u>1,352,266</u>	<u>3,141,098</u>	<u>(1,788,832)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>1,578,703</u>	<u>45,698</u>	<u>95,513</u>	<u>(4,722,294)</u>	<u>(3,002,380)</u>	<u>(370,844)</u>	<u>(2,631,536)</u>
Fund balances, October 1	<u>3,623,094</u>	<u>201,697</u>	<u>2,098,854</u>	<u>5,489,187</u>	<u>11,412,832</u>	<u>11,783,676</u>	<u>(370,844)</u>
Residual equity transfers	<u>17,862</u>	<u>(17,862)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,219,659</u>	<u>229,533</u>	<u>2,194,367</u>	<u>766,893</u>	<u>8,410,452</u>	<u>11,412,832</u>	<u>(3,002,380)</u>

See accompanying notes to financial statements.

CITY OF MERIDIAN, MISSISSIPPI
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - All Governmental Fund Types (Budgetary Basis)
 For the Fiscal Year Ended September 30, 2002

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes:						
Ad valorem	\$ 6,477,300	6,358,436	(118,864)	-	-	-
Sales	10,450,000	10,724,487	274,487	-	-	-
County road	567,500	649,493	81,993	-	-	-
Gasoline	20,000	19,374	(626)	-	-	-
Payment in lieu of taxes	150,000	101,940	(48,060)	-	-	-
Intergovernmental:						
Alcoholic beverage	36,000	38,925	2,925	-	-	-
State Fire Insurance Fund	200,000	170,253	(29,747)	-	-	-
Municipal aid	23,000	20,833	(2,167)	-	-	-
Franchise:						
Mississippi Power Co.	1,230,000	1,296,865	66,865	-	-	-
Mississippi Valley Gas Co.	160,000	144,917	(15,083)	-	-	-
Comcast Cable Co.	270,000	271,614	1,614	-	-	-
Fines and forfeitures	750,000	605,080	(144,920)	-	-	-
Licenses and permits:						
Privilege license	140,000	145,760	5,760	-	-	-
Building and allied payments	100,000	87,355	(12,645)	-	-	-
Charges for services:						
Garbage collection	1,545,000	1,509,518	(35,482)	-	-	-
Recreation fees	95,000	110,018	15,018	-	-	-
Enterprise funds	801,000	801,500	500	-	-	-
Out-of-county tonnage	-	89,058	89,058	-	-	-
Miscellaneous	145,000	275,158	130,158	-	-	-
Interest on investments	215,000	95,336	(119,664)	-	-	-
Interest costs and damages	55,000	68,494	13,494	-	-	-
Transfers in	100,000	160,861	60,861	-	-	-
Special revenues	-	-	-	615,000	673,146	58,146
Capital projects	-	-	-	-	-	-
Total revenues	<u>23,529,800</u>	<u>23,745,275</u>	<u>215,475</u>	<u>615,000</u>	<u>673,146</u>	<u>58,146</u>
Expenditures:						
General government:						
Personnel services	964,150	934,615	29,535	-	-	-
Supplies	423,730	407,999	15,731	-	-	-
Capital outlay	17,400	17,323	77	-	-	-
Transfers and other charges	333,900	316,886	17,014	-	-	-
Total general government	<u>1,739,180</u>	<u>1,676,823</u>	<u>62,357</u>	<u>-</u>	<u>-</u>	<u>-</u>
Finance and records:						
Personnel services	1,082,470	1,034,666	47,804	-	-	-
Supplies	1,152,460	1,111,414	41,046	-	-	-
Capital outlay	25,780	25,527	253	-	-	-
Transfers and other charges	35,000	35,000	-	-	-	-
Total finance and records	<u>2,295,710</u>	<u>2,206,607</u>	<u>89,103</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes to financial statements.

CITY OF MERIDIAN, MISSISSIPPI
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - All Governmental Fund Types (Budgetary Basis)
For the Fiscal Year Ended September 30, 2002

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued):						
Community development:						
Personnel services	\$ 1,230,710	1,140,751	89,959	-	-	-
Supplies	187,990	153,266	34,724	-	-	-
Capital outlay	18,250	17,885	365	-	-	-
Transfers and other charges	227,500	217,888	9,612	-	-	-
Total community development	<u>1,664,450</u>	<u>1,529,790</u>	<u>134,660</u>	<u>-</u>	<u>-</u>	<u>-</u>
Parks and recreation:						
Personnel services	1,176,840	1,035,439	141,401	-	-	-
Supplies	505,275	476,174	29,101	-	-	-
Capital outlay	4,050	4,006	44	-	-	-
Transfers and other charges	20,000	19,495	505	-	-	-
Total parks and recreation	<u>1,706,165</u>	<u>1,535,114</u>	<u>171,051</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public works:						
Personnel services	2,346,900	2,151,614	195,286	-	-	-
Supplies	799,590	739,070	60,520	-	-	-
Capital outlay	143,050	141,602	1,448	-	-	-
Transfers and other charges	2,430,000	2,429,990	10	-	-	-
Total public works	<u>5,719,540</u>	<u>5,462,276</u>	<u>257,264</u>	<u>-</u>	<u>-</u>	<u>-</u>
Police:						
Personnel services	4,355,700	3,825,946	529,754	-	-	-
Supplies	1,322,560	1,222,237	100,323	-	-	-
Capital outlay	159,500	158,888	612	-	-	-
Transfers and other charges	185,000	184,962	38	-	-	-
Total police	<u>6,022,760</u>	<u>5,392,033</u>	<u>630,727</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fire:						
Personnel services	4,101,060	3,996,782	104,278	-	-	-
Supplies	520,935	477,232	43,703	-	-	-
Capital outlay	101,000	95,323	5,677	-	-	-
Total fire	<u>4,722,995</u>	<u>4,569,337</u>	<u>153,658</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt service	-	-	-	-	-	-
Construction and project costs	-	-	-	-	-	-
Project costs	-	-	-	675,000	437,247	237,753
Total expenditures	<u>23,870,800</u>	<u>22,371,980</u>	<u>1,498,820</u>	<u>675,000</u>	<u>437,247</u>	<u>237,753</u>
Excess of revenues over (under) expenditures	(341,000)	1,373,295	1,714,295	(60,000)	235,899	295,899
Fund balance, October 1	<u>1,091,000</u>	<u>1,780,168</u>	<u>689,168</u>	<u>285,000</u>	<u>111,606</u>	<u>(173,394)</u>
Fund balance, September 30	\$ <u>750,000</u>	<u>3,153,463</u>	<u>2,403,463</u>	<u>225,000</u>	<u>347,505</u>	<u>122,505</u>

See accompanying notes to financial statements.

CITY OF MERIDIAN, MISSISSIPPI
 Combined Statement of Revenues, Expenses and Changes in Equity
 All Proprietary Fund Types and Discretely Presented Component Units
 For the Fiscal Year Ended September 30, 2002
 (With Comparative Totals for the Fiscal Year Ended September 30, 2001)

	<u>Proprietary Fund Types</u>				<u>Totals - Reporting Entity (Memorandum Only)</u>		
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total - Primary Government (Memorandum Only)</u>	<u>Component Units</u>	<u>2002</u>	<u>2001</u>	<u>Increase (Decrease)</u>
Operating revenues:							
Charges for goods and services	\$ 11,338,264	356,643	11,694,907	613,878	12,308,785	11,403,668	905,117
Ad valorem taxes	823,024	-	823,024	-	823,024	859,906	(36,882)
Miscellaneous	267,037	-	267,037	3,390	270,427	214,912	55,515
Total operating revenues	<u>12,428,325</u>	<u>356,643</u>	<u>12,784,968</u>	<u>617,268</u>	<u>13,402,236</u>	<u>12,478,486</u>	<u>923,750</u>
Operating expenses:							
Personnel services	2,938,320	-	2,938,320	515,372	3,453,692	3,284,936	168,756
Supplies	275,319	352,507	627,826	7,411	635,237	750,420	(115,183)
Materials	225,654	-	225,654	-	225,654	206,769	18,885
Rent and utilities	838,875	-	838,875	125,969	964,844	928,117	36,727
Operation, maintenance, and repairs	637,284	-	637,284	121,280	758,564	666,870	91,694
Garbage disposal services	2,094,360	-	2,094,360	-	2,094,360	2,132,263	(37,903)
Depreciation and amortization	2,047,383	-	2,047,383	648,135	2,695,518	2,693,780	1,738
Claims paid	-	19,638	19,638	-	19,638	19,914	(276)
Miscellaneous	648,788	-	648,788	53,848	702,636	978,876	(276,240)
Total operating expenses	<u>9,705,983</u>	<u>372,145</u>	<u>10,078,128</u>	<u>1,472,015</u>	<u>11,550,143</u>	<u>11,661,945</u>	<u>(111,802)</u>
Operating income (loss)	<u>2,722,342</u>	<u>(15,502)</u>	<u>2,706,840</u>	<u>(854,747)</u>	<u>1,852,093</u>	<u>816,541</u>	<u>1,035,552</u>
Nonoperating revenues (expenses):							
Operating grants	2,823,187	-	2,823,187	1,279,440	4,102,627	2,546,561	1,556,066
Interest income	200,858	-	200,858	11,689	212,547	489,104	(276,557)
Interest expense	(1,518,411)	-	(1,518,411)	-	(1,518,411)	(1,724,689)	206,278
Gain on sale of equipment	-	-	-	-	-	13,376	(13,376)
Total nonoperating revenues (expenses)	<u>1,505,634</u>	<u>-</u>	<u>1,505,634</u>	<u>1,291,129</u>	<u>2,796,763</u>	<u>1,324,352</u>	<u>1,472,411</u>
Income (loss) before operating transfers	4,227,976	(15,502)	4,212,474	436,382	4,648,856	2,140,893	2,507,963
Operating transfers in (out):							
Operating transfers in - component units	-	-	-	143,100	143,100	144,100	(1,000)
Operating transfers in	144,500	13,700	158,200	-	158,200	168,899	(10,699)
Operating transfers out	(844,500)	(100,000)	(944,500)	-	(944,500)	(844,250)	(100,250)
Total operating transfers	<u>(700,000)</u>	<u>(86,300)</u>	<u>(786,300)</u>	<u>143,100</u>	<u>(643,200)</u>	<u>(531,251)</u>	<u>(111,949)</u>
Net income (loss)	3,527,976	(101,802)	3,426,174	579,482	4,005,656	1,609,642	2,396,014
Add: depreciation on assets acquired with contributed capital	-	-	-	450,675	450,675	462,170	(11,495)
Add: cancellation of liability	-	-	-	-	-	61,212	(61,212)
Increase (decrease) in retained earnings	3,527,976	(101,802)	3,426,174	1,030,157	4,456,331	2,133,024	2,323,307
Retained earnings (deficit), October 1	(68,248)	325,965	257,717	2,082,880	2,340,597	207,573	2,133,024
Retained earnings (deficit), September 30	<u>3,459,728</u>	<u>224,163</u>	<u>3,683,891</u>	<u>3,113,037</u>	<u>6,796,928</u>	<u>2,340,597</u>	<u>4,456,331</u>
Contributed capital, October 1	25,560,695	-	25,560,695	10,151,713	35,712,408	36,174,578	(462,170)
Less: current year depreciation transferred to fund balance	-	-	-	(450,675)	(450,675)	(462,170)	11,495
Contributed capital, September 30	<u>25,560,695</u>	<u>-</u>	<u>25,560,695</u>	<u>9,701,038</u>	<u>35,261,733</u>	<u>35,712,408</u>	<u>(450,675)</u>
Total equity, September, 30	<u>\$ 29,020,423</u>	<u>224,163</u>	<u>29,244,586</u>	<u>12,814,075</u>	<u>42,058,661</u>	<u>38,053,005</u>	<u>4,005,656</u>

See accompanying notes to financial statements.

CITY OF MERIDIAN, MISSISSIPPI
Combined Statement of Cash Flows
All Proprietary Fund Types and Discretely Presented Component Units
For the Fiscal Year Ended September 30, 2002
(With Comparative Totals for the Fiscal Year Ended September 30, 2001)

	<u>Proprietary Fund Types</u>				<u>Totals - Reporting Entity</u> <u>(Memorandum Only)</u>		
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total - Primary Government (Memorandum only)</u>	<u>Component Units</u>	<u>2002</u>	<u>2001</u>	<u>Increase (Decrease)</u>
Cash flows from operating activities:							
Operating income (loss)	\$ 2,722,342	(15,502)	2,706,840	(854,747)	1,852,093	816,541	1,035,552
Adjustments to reconcile of operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	2,047,383	-	2,047,383	648,135	2,695,518	2,693,780	1,738
(Increase) decrease in current assets:							
Receivables	425,689	-	425,689	(43,250)	382,439	(926,703)	1,309,142
Due from other funds	(8,435)	2,694	(5,741)	-	(5,741)	18,095	(23,836)
Due from component units	-	211	211	-	211	(925)	1,136
Prepaid items	(856)	-	(856)	(6,768)	(7,624)	4,635	(12,259)
Inventory	59,796	8,632	68,428	-	68,428	21,209	47,219
Increase (decrease) in current liabilities:							
Accounts payable	(799,790)	11,269	(788,521)	(80,524)	(869,045)	1,671,008	(2,540,053)
Accrued liabilities	(3,773)	-	(3,773)	(1,293)	(5,066)	(9,289)	4,223
Customer deposits	37,477	-	37,477	-	37,477	24,941	12,536
Due to other funds	76,825	-	76,825	-	76,825	(2,326)	79,151
Deferred revenues	(87,010)	-	(87,010)	(684)	(87,694)	(105,102)	17,408
Total adjustments	1,747,306	22,806	1,770,112	515,616	2,285,728	3,389,323	(1,103,595)
Net cash provided by (used in) operating activities	4,469,648	7,304	4,476,952	(339,131)	4,137,821	4,205,864	(68,043)
Cash flows from investing activities:							
Sales of investments	300,000	-	300,000	19,248	319,248	1,930,491	(1,611,243)
Interest received	201,349	-	201,349	11,689	213,038	523,178	(310,140)
Net cash provided by (used in) investing activities	501,349	-	501,349	30,937	532,286	2,453,669	(1,921,383)
Cash flows from noncapital financing activities:							
Intergovernmental	2,823,187	-	2,823,187	1,279,440	4,102,627	2,546,561	1,556,066
Operating transfers in - component unit	-	-	-	143,100	143,100	144,100	(1,000)
Operating transfers out	(844,500)	(100,000)	(944,500)	-	(944,500)	(844,250)	(100,250)
Operating transfers in	144,500	13,700	158,200	-	158,200	168,899	(10,699)
Net cash provided by (used in) noncapital financing activities	2,123,187	(86,300)	2,036,887	1,422,540	3,459,427	2,015,310	1,444,117
Cash flows from capital and related financing activities:							
Proceeds from issuance of debt	2,933,020	-	2,933,020	-	2,933,020	360,000	2,573,020
Acquisition and construction of capital assets	(7,240,704)	-	(7,240,704)	(1,042,672)	(8,283,376)	(5,341,790)	(2,941,586)
Proceeds from sale of capital assets	-	-	-	-	-	13,376	(13,376)
Payments on long-term debt	(1,481,623)	-	(1,481,623)	-	(1,481,623)	(1,341,288)	(140,335)
Interest paid on revenue bonds and other debt	(1,508,581)	-	(1,508,581)	-	(1,508,581)	(1,732,517)	223,936
Net cash provided by (used in) capital and related activities	(7,297,888)	-	(7,297,888)	(1,042,672)	(8,340,560)	(8,042,219)	(298,341)
Net increase (decrease) in cash and cash equivalents	(203,704)	(78,996)	(282,700)	71,674	(211,026)	632,624	(843,650)
Cash and cash equivalents, October 1	7,443,856	216,786	7,660,642	470,049	8,130,691	7,498,067	632,624
Cash and cash equivalents, September 30	7,240,152	137,790	7,377,942	541,723	7,919,665	8,130,691	(211,026)
Cash and cash equivalents	2,002,538	137,790	2,140,328	152,958	2,293,286	2,878,999	(585,713)
Investments	-	-	-	200,000	200,000	-	200,000
Restricted assets - cash and cash equivalents	5,237,614	-	5,237,614	188,765	5,426,379	5,251,692	174,687
Total cash and cash equivalents	\$ 7,240,152	137,790	7,377,942	541,723	7,919,665	8,130,691	(211,026)
Noncash investing, capital and financing activities:							
Capital lease transactions	\$ 1,139,574	-	1,139,574	-	1,139,574	-	1,139,574
Bond issue costs	\$ 166,980	-	166,980	-	166,980	-	166,980

See accompanying notes to financial statements.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(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-recreation, public improvements, planning and zoning, and general administrative services.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component units. Government Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", defines the governmental financial reporting entity as the primary government, organizations for which the primary government is "financially accountable", and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

"Financial accountability" is the benchmark for determining which organizations are component units of a primary government. Financial accountability exists 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. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the combined 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.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(1) Summary of Significant Accounting Policies (Continued)

(a) Reporting Entity (Continued)

Blended Component Unit -

Meridian Public Improvement Corporation

Meridian Public Improvement Corporation (MPIC) was incorporated by the City on April 20, 1992, to serve as a financing authority exclusively for the City. The members of MPIC's governing Board of Directors are appointed by the City Council and the City's Mayor. MPIC has issued debt to provide financing for the construction of certain major capital projects and has entered into capital leases with the City, whereby MPIC will transfer title to the City upon the City's exercising a bargain purchase option at the end of the leases. The City has included all related debt and assets of MPIC in its general long-term debt and general fixed assets account groups. Additionally, the debt service activity of MPIC has been included in the debt service activity of the City.

Discretely Presented Component Units:

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.

Meridian Transportation Commission

Meridian Transportation Commission (MTC) was created by the City on November 7, 1972, in accordance with Title 21, Chapter 27, Article I 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.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(1) Summary of Significant Accounting Policies (Continued)

(a) Reporting Entity (Continued)

Discretely Presented Component Units (Continued):

Meridian Redevelopment Authority

Meridian Redevelopment Authority (MRA) was created by the City on August 3, 1982, in accordance with Title 43, Chapter 35, Article I of the Mississippi Code of 1972 to manage and account for the City's local urban renewal activities. MRA has a five-member board appointed by the City's Mayor and approved by the City Council. The Community Development Department of the City provides staff support to MRA and funds for the continued operation of MRA as needed.

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

MPIC, MAA and MTC have September 30 year ends, whereas MRA and MBLDA have December 31 year ends. Complete financial statements for each of the individual component units may be obtained at the entities' administrative offices.

Meridian Airport Authority
2811 Highway 11 South
Meridian, Mississippi

Meridian Transportation Commission
1901 Front Street
Meridian, Mississippi

Meridian Redevelopment Authority
601 24th Avenue
Meridian, Mississippi

Meridian Public Improvement Corporation
601 24th Avenue
Meridian, Mississippi

Meridian and Bonita Lakes Development Authority
601 24th Avenue
Meridian, Mississippi

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(1) Summary of Significant Accounting Policies (Continued)

(a) Reporting Entity (Continued)

Related Organizations -

With approval of the City Council, the City's Mayor is responsible for appointing a voting majority of members to the boards of both the Meridian Municipal Separate School District and the Housing Authority of the City of Meridian. 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.

(b) Measurement Focus, Basis of Accounting and Basis of Presentation

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accounts of the City are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a financial reporting device to account for certain assets and liabilities of the government funds not recorded directly in those funds because they do not directly affect net expendable available resources.

The City has the following fund types and account groups:

Governmental Funds

Governmental funds types use the flow of current financial resources as a measurement focus and, therefore, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, that is, when they are "measurable and available".

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(1) Summary of Significant Accounting Policies (Continued)

(b) Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Governmental Funds (Continued)

“Measurable” means the amount of the transactions can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 30 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Entitlements and shared revenues are recorded at the time of receipt or earlier if accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Property taxes, franchise taxes, licenses, interest and special assessments are susceptible to accrual. Sales taxes collected and held by the State at year-end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when the cash is received by the City and are recognized as revenue at that time.

Governmental funds are used to account for the City’s general government activities and include the following fund types:

General Fund

This fund is the primary operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in other funds.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(1) Summary of Significant Accounting Policies (Continued)

(b) Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Governmental Funds (Continued)

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund

This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs not being financed by proprietary funds or nonexpendable trust funds.

Capital Projects Funds

These funds are used to account for financial resources to be used for the acquisition of fixed assets or construction of major capital facilities not being financed by proprietary funds or nonexpendable trust funds.

Proprietary Funds

Proprietary funds use the flow of economic resources as a measurement focus and, therefore, use the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. The City applies all applicable GASB and Financial Accounting Standards Board (FASB) pronouncements in accounting and reporting for its proprietary operations. Proprietary funds include the following fund types:

Enterprise Funds

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises or where the City Council has decided that periodic determination of revenues earned, costs incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

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

(b) **Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

Proprietary Funds (Continued)

Internal Service Funds

These funds are used to account for goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary funds account for assets held by the City as an agent on behalf of others. These funds are custodial in nature and do not represent results of operations or have a measurement focus. The fiduciary funds include the following:

Agency Funds

Agency funds are used to account for assets that the City holds for others in an agency capacity. These funds use the modified accrual basis of accounting.

Account Groups

Account groups are accounting entities used to establish control over and accountability for the City's general fixed assets and the outstanding principal on its general long-term obligations.

General Fixed Assets

This account group is used to account for all fixed assets acquired or constructed for use by the City, other than those accounted for in the proprietary funds.

General Long-Term Debt

This account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary funds.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(1) Summary of Significant Accounting Policies (Continued)

(c) 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.

(d) 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.

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. Treasury Bills, some of which are subject to repurchase agreements.

(e) Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “interfund receivables/payables” (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”.

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.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(1) Summary of Significant Accounting Policies (Continued)

(e) Receivables and Payables (Continued)

Property taxes attach as an enforcement lien on property as of January 1. Taxes were 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 60 days after February 1, at which time the applicable property is subject to penalties and interest. Property with delinquent assessments is sold at a public sale each August.

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

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

The tax rate of the City is expressed in terms of mills (ten mills equal one cent). For the year ended September 30, 2002, the City's 2002 combined tax rate for general governmental services and other municipal purposes was 115.87 or \$115.87 per \$1,000 of assessed valuation, expressed as follows:

	<u>Mills</u>		<u>Increase</u>
	<u>2002</u>	<u>2001</u>	<u>(Decrease)</u>
General	24.69	21.86	2.83
Solid Waste Fund	4.00	4.00	-
Fire and Policy Disability Retirement Fund (closed)	4.79	5.28	(.49)
General Municipal Retirement Fund (closed)	3.00	3.00	-
Debt service (general bonds and interest)	15.01	15.00	.01
Meridian Separate School District	<u>64.38</u>	<u>63.25</u>	<u>1.13</u>
Total mills	<u>115.87</u>	<u>112.39</u>	<u>3.48</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(1) Summary of Significant Accounting Policies (Continued)

(f) Inventories and Prepaid Items

Inventories are valued at the lower of cost or market using the first-in/first-out (FIFO) method. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

(g) 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 balance sheet 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. The "revenue bond operations and maintenance" account receives sufficient amounts to provide for the payment of current expenses to be paid each month, plus any prior month deficiencies. The "revenue bond construction" accounts are used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next 12 months. The "revenue bond cushion" account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account. 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 fund" account is used to report resources set aside to pay for replacing such parts of the system as may need replacement in order to keep the system operating in an economical and efficient manner, upon written certification of the engineers. Any surplus remaining after all deposits and transfers required and allowed by the bond resolution are to be used solely for purposes pertaining to the system. As of September 30, 2002, all accounts required under the bond resolution were fully funded as required.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(1) Summary of Significant Accounting Policies (Continued)

(h) Fixed Assets

Fixed assets used in governmental fund types of the City are recorded in the general fixed assets account group at historical cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Transfers of fixed assets to the general fixed assets account group from proprietary funds are recorded at net depreciated value. Assets in the general fixed assets account group are not depreciated.

Interest incurred during construction of general fixed assets is not capitalized. Public domain general fixed assets (infrastructure assets such as roads, bridges and sidewalks) are also not capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not included in the general fixed assets account group or capitalized in the proprietary funds. The City maintains a capitalization policy in accordance with state law requiring all items in excess of \$500 to be capitalized.

Property, plant and equipment in the proprietary funds of the City are recorded at cost. Property, plant and equipment donated to these proprietary fund type operations are recorded at their estimated fair value at the date of donation.

Transfers of fixed assets from the general fixed assets account group are valued as if the fixed asset had originally been acquired by that fund and subsequently depreciated.

Major outlays for capital assets and improvements are capitalized in proprietary funds as construction in progress (including capitalized interest) during the construction phase and are transferred to a depreciable fixed asset account upon completion.

Property, plant and equipment are depreciated in the proprietary funds of the City using the straight-line method over the following estimated useful lives:

<u>Property Class</u>	<u>Years</u>
Buildings	10 - 20
Improvements	5 - 40
Machinery and equipment	3 - 25

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(1) Summary of Significant Accounting Policies (Continued)

(i) Compensated Absences

Annual and eligible sick leave are accrued when incurred in proprietary funds and reported as a fund liability. All amounts for annual and eligible sick leave relating to the general fund are not expected to be liquidated with “expendable available resources” and are reported in the general long-term debt account group. At September 30, 2002, estimated general fund liabilities were approximately \$855,000 and \$545,000 for annual and sick leave, respectively. No expenditure is reported for these amounts.

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

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

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(1) Summary of Significant Accounting Policies (Continued)

(j) Long-term Obligations/Deferred Charges

The City reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary fund.

For governmental fund types, bond premiums or discounts and issuance costs are recognized during the accounting period incurred. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds, are reported as debt service expenditures. For proprietary fund types, bond premiums or discounts, issuance costs and intangible assets relating to advance refundings are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Unamortized issuance costs are reported as deferred charges. Unamortized amounts related to advance bond refundings are reported as a reduction of the related refunding bond liability.

(k) Other Post Employment Benefits

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

(l) Fund Equity

Reservations of fund balance represent amounts that are appropriated or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change. Contributed capital of the proprietary fund represents equity acquired through capital grants and capital contributions from other governments and transfers from other funds.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(1) Summary of Significant Accounting Policies (Continued)

(m) Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned as “memorandum only” because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not represent information that reflects financial position, results of operations or cash flows in accordance with accounting principles generally accepted in the United States of America. Interfund eliminations have not been made in the aggregation of this data.

(n) Accounting Standard to be Adopted in the Future

The GASB has issued Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments”. This Statement establishes accounting and financial reporting standards for external financial reporting, and also establishes specific standards for the basic financial statements, management discussion and analysis and certain other required supplementary information. The Statement will apply to all fiscal years of the City ending after October 1, 2002. The City has not determined what effect, if any, the adoption of Statement 34 will have on its financial position or results of operations.

(o) 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 2001 financial statement amounts have been reclassified to conform with the 2002 financial statement presentation. Such reclassifications had no material effect on the City’s financial position, results of operations, 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, results of operations 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, 2002

(2) Stewardship, Compliance and Accountability

(a) Budgetary Information

The City adopts annual budgets for all governmental, proprietary and fiduciary fund types on a basis consistent with state law, the more significant of which is discussed below. For 2002, the original total budgeted expenditures were \$75,089,300 and were increased by amendment to \$77,919,100.

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 received (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, other services and charges, and capital outlay) is the minimum legal level determined by the State Auditor where expenditures may not exceed appropriations. The City adopts budgets for special revenue and capital project 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 fund type funds do not require board approval to make disbursements.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(2) Stewardship, Compliance and Accountability (Continued)

(a) Budgetary Information (Continued)

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

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

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

(b) **Budget/GAAP Reconciliation**

The following schedule reconciles the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual to the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balance:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Excess of revenues over (under) expenditures – budgetary basis	\$ 1,373,295	235,899	97,491	(1,425,701)
Basis differences:				
Net accrued revenues and related receivables	(841,849)	(7,259)	22,392	(134,575)
Net accrued expenditures and related liabilities	<u>1,065,119</u>	<u>(182,942)</u>	<u>(24,370)</u>	<u>(3,162,018)</u>
Excess of revenues and other financing sources over (under) expendi- tures and other financing uses – GAAP basis	\$ <u>1,596,565</u>	<u>45,698</u>	<u>95,513</u>	<u>(4,722,294)</u>

(c) **Deficit Fund Equity**

The DECD Bonita Lakes Mall Road Project Special Revenue Fund had a deficit fund balance of \$29,775 as of September 30, 2002. This deficit will be provided for from future contributions from other governments.

As of September 30, 2002, the Urban Renewal Parking Garage Bonds Capital Projects Fund had deficit fund balance of \$574,918 and the 2002 Special Street Improvements Capital Projects Fund had a deficit fund balance of \$322. These deficits will be provided for from future bond issues.

The I20/I59 Interchange Capital Projects Fund had a deficit fund balance of \$93 as of September 30, 2002. This deficit will be provided for from future grant contributions.

The Golf Course Enterprise fund had an accumulated deficit of \$1,637 as of September 30, 2002. Fees will be adjusted as necessary to maintain the fund.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(2) Stewardship, Compliance and Accountability (Continued)

(d) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration of the General Fund, Special Revenue Funds and Capital Projects Fund. Encumbrances outstanding at year end are reported as reservations of fund balances, since they do not constitute expenditure or liabilities. These encumbrances lapse 30 days after year end, if not paid in accordance with the state budgeting requirements discussed in the above "Budgetary Information" section.

(3) Deposits and Investments

At year end, the primary government's carrying amount of deposits was \$9,059,868. 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 now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the City's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

The carrying amount of deposits for discretely presented component units was \$578,453. The entire amount of the bank balance was covered by federal depository insurance or pledged securities held by the component unit or its agent in the component unit's name.

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

The City's investments are categorized to give an indication of the risk level assumed by the City at year end into these three categories of credit risk:

Category 1 - Insured or registered, or securities held by the City or its agent in the City's name.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(3) Deposits and Investments (Continued)

Category 2 - Uninsured and unregistered, with securities held by the counter party's trust department or agent in the City's name.

Category 3 - Uninsured and unregistered, with securities held by the counter party or by its trust department or agent but not in the City's name.

At year end, the City's investment balances were as follows:

<u>Description</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Category 1:		
U.S. Government securities	\$ 2,606,913	2,606,913
Repurchase agreements	<u>7,783,000</u>	<u>7,783,000</u>
Total	\$ <u>10,389,913</u>	<u>10,389,913</u>

The City participates in separate overnight repurchase agreements with financial institutions. The agreements provide that the financial institutions may transfer securities to the City against the transfer of cash from the City. The securities are held by the financial institution in the City's name for a period of 24 hours, after which the financial institution repurchases the securities from the City and transfers the cash and any interest earned to the City.

A reconciliation of cash and investments as shown on the combined balance sheet for the primary government follows:

<u>Description</u>	<u>Amount</u>
Cash on hand	\$ 307,346
Carrying amount of deposits	8,752,520
Carrying amount of investments	<u>10,389,913</u>
Total	\$ <u>19,449,779</u>
Cash and cash equivalents	\$ 10,575,393
Cash and investments – restricted	8,024,386
Investments	<u>850,000</u>
Total	\$ <u>19,449,779</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(4) Interfund Receivables and Payables

The composition of interfund balances as of September 30, 2002 is as follows:

<u>Due to:</u>	<u>Due from:</u>	<u>Amount</u>	
General Fund	CLG Supplemental Fund	\$ 1,326	
	Home 2000 DECD Grant Fund	89,730	
	Multi-modal Clearing Fund	6,437	
	DECD Bonita Lakes Mall Road Project Fund	29,775	
	Urban Renewal Parking Garage	75,053	
	2002 Special Street Imp. Fund	322	
	I20/I59 Interchange Project	93	
	Water & Sewer Department Fund	36,431	
	Waste Collection & Disposal Fund	35,658	
	Golf Course Fund	120	
	Debt Service Fund	General Fund	53,155
	Waste Collection & Disposal Fund	General Fund	8,435
Municipal Supply	General Fund	32,513	
	Water & Sewer Department Fund	19,572	
	Waste Collection & Disposal Fund	181	
	Golf Course Fund	1,170	
Municipal Office Supply	General Fund	349	
	Water & Sewer Department Fund	9	
<u>Due to primary government:</u>		<u>Due from component units:</u>	
General Fund	Meridian Transportation Commission	43,189	
	Meridian Airport Authority	23,248	
Municipal Supply Fund	Meridian Transportation Commission	24,424	

The receivables/payables between the City and Meridian Transportation Commission (MTC) do not balance, because of unresolved disputes concerning amounts due for services and supplies provided by the City over five years ago. The City considers the amounts due and payable from MTC.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(5) Fixed Assets

Activity in the general fixed assets account group for the City for the year ended September 30, 2002 follows:

	Balance October 1, <u>2001</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2002</u>
Land	\$ 5,618,701	-	-	5,618,701
Building	17,439,090	-	-	17,439,090
Improvements	714,467	-	-	714,467
Machinery and equipment	11,619,403	430,472	796,529	11,253,346
Construction in progress	<u>-</u>	<u>500,640</u>	<u>-</u>	<u>500,640</u>
Total general fixed assets	\$ <u>35,391,661</u>	<u>931,112</u>	<u>796,529</u>	<u>35,526,244</u>

A summary of proprietary fund type fixed assets for the City and its discretely presented component units at September 30, 2002, follows:

<u>Description</u>	<u>Enterprise Funds</u>	
	<u>Primary Government</u>	<u>Component Units</u>
Land	\$ 271,666	500,000
Building	126,203	2,359,727
Improvements	70,290,601	11,365,551
Machinery and equipment	<u>3,659,574</u>	<u>718,947</u>
Total	74,348,044	14,944,225
Less: accumulated depreciation	(34,631,863)	(4,461,732)
Add: construction in progress	<u>14,531,186</u>	<u>1,660,104</u>
Fixed assets, net	\$ <u>54,247,367</u>	<u>12,142,597</u>

During the fiscal year ended September 30, 2002, the City capitalized approximately \$355,700 of interest costs in its Water and Sewer Fund related to construction in progress.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(6) Capital Leases

The City leases certain computer equipment, fire trucks, pumping trucks, sewer 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 General Fixed Assets Account Group and the Water and Sewer Fund Enterprise Fund.

A summary of leased equipment capitalized in the financial statements at September 30, 2002, follows:

<u>Description</u>	<u>General Fixed Assets Account Group</u>	<u>Enterprise Funds</u>
Machinery and equipment	\$ 2,208,854	1,340,933
Less: accumulated depreciation	<u> -</u>	<u>(114,953)</u>
Total	\$ <u>2,208,854</u>	<u>1,225,980</u>

The future minimum lease obligations and the net present value of minimum lease commitments at September 30, 2002, follows:

<u>Year Ending September 30,</u>	<u>Long-Term Debt</u>	<u>Water & Sewer</u>
2003	\$ 470,293	175,090
2004	188,135	135,471
2005	70,839	106,527
2006	70,839	106,527
2007	70,839	106,527
Thereafter	<u>678,875</u>	<u>1,020,883</u>
Total minimum lease commitments	1,549,820	1,651,025
Less amount representing imputed interest	<u>(373,950)</u>	<u>(515,249)</u>
Present value of minimum lease payments	\$ <u>1,175,870</u>	1,135,776
Current portion of obligations under capital leases		<u>(111,688)</u>
Obligations under capital leases, less current installments		\$ <u>1,024,088</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(7) Long-Term Debt

A summary of revenue bonds, general obligation debt and other debt at September 30, 2002, follows:

	<u>Interest Rates</u>	<u>Amount</u>
General long-term debt account group:		
Outstanding bonds:		
General government	3.8 - 10.5%	\$ 8,280,000
General government – refunding	3.875 - 5.0%	<u>1,455,000</u>
Total general obligation bonds		9,735,000
Limited obligation bonds – tax increment financing	9.0%	6,420,000
Special assessment debt – street improvements	4.7 – 6.75%	4,655,000
Certificates of participations	4.0 - 7.0%	340,000
Other debt:		
Compensated absences and pension obligation		3,143,870
Promissory loans	3.0%	932,746
Capital leases	4.38 – 5.87%	<u>1,175,870</u>
Total general long-term debt account group		\$ <u>26,402,486</u>
Enterprise funds debt:		
Water & sewer revenue bonds:		
Advance refunding of a refunding	6.0 - 6.5%	\$ 6,430,000
Improvements and repairs to water system	5.7 - 6.75%	7,405,000
Improvements and repairs to water system	4.6 - 6.5%	4,055,000
Improvements, repairs and extension to water system	4.5 - 6.375%	4,375,000
Improvements, repairs and extension to water system	5.0 - 6.25%	<u>1,895,000</u>
Total revenue bonds		24,160,000
Water & sewer promissory loans	2.3 - 6.125%	8,594,527
Capital leases	4.06 – 5.87%	1,135,776
Less deferred issues costs on refunding bonds		<u>(260,284)</u>
Total enterprise funds debt		33,630,019
Less current portion payable from restricted assets		<u>(1,588,030)</u>
Enterprise funds debt, net		\$ <u>32,041,989</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(7) Long-Term Debt (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 have been issued for general government operations only. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

Limited Obligation Bonds

The City has issued tax increment limited obligation bonds to provide funds for the costs of constructing certain infrastructure improvements. 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.

Certificates of Participation

As discussed in Note 1(a) the City established the Meridian Public Improvement Corporation (MPIC), a financing authority specifically to issue debt to provide financing for the construction of certain major capital projects. Because the City created MPIC solely for its benefit, it is therefore considered a blended component unit, and the City is required to carry the related debt in its general long-term debt account group.

MPIC has issued \$625,000 of certificates of participation to construct park improvements and \$1,300,000 of certificates of participation to provide for the matching share of funds of a federal grant used in the construction of the new Multi-Modal Transportation Center. These certificates are issued as 10-year certificates, with variable amounts of principal maturing each year.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(7) Long-Term Debt (Continued)

Revenue Bonds

The City also issues bonds whereby the City pledges income derived from user fees of its water and sewer operations. Revenue bonds outstanding as of September 30, 2002 amounted to \$23,899,716, net of \$260,284 of long-term financing costs.

In 1994, the City refunded its 1990 Water and Sewer Refunding Bonds by issuing \$9,710,000 of Special Revenue Advance Refunding Bonds. As a result of the refunding, the 1990 bonds are considered fully defeased in substance, and the liability is not reported in the City's financial statements. As of September 30, 2002, the outstanding balance on the defeased bonds was \$6,180,000.

Promissory Loans

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 \$5,300,000 to the City. The loan was made in 1998 to fund water and sewer line improvements to the west side of Meridian adjacent to the East Mississippi Correctional Facility and toward the most recently annexed area of the City located on the eastern side of the City.

In 2001, the City entered into a \$360,000 capital improvements revolving loan from the Mississippi Development Authority to provide sewer improvements to a recently annexed area of the City.

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

In 2002, 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 \$3,100,000 to the City. The proceeds from this loan were used to provide sewer lines to the Naval Air Station and water and sewer service to the Phase II annexed areas.

In 2002, the City obtained a \$10,000,000 line of credit with the Mississippi Development Authority. This line of credit can be used for interim or permanent financing for various City projects. It is currently being used as interim financing for a new parking garage. As of September 30, 2002, the City had drawn down \$419,397 of this loan. The interest rate on this loan is established weekly based on the Bond Market Association index plus 120 basis points. This loan is recorded as a current liability in the Urban Renewal Parking Garage Bonds Capital Projects Fund. The City intends to issue Urban Renewal Bonds to finance this project and pay off this line of credit in fiscal year 2003.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2002

(7) Long-Term Debt (Continued)

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

Year Ended September 30,	General Long-Term Debt Account Group					Water & Sewer Enterprise Fund	
	General Obligation Bonds	Limited Obligations Bonds	Special Assessment Debt	Certificates of Participation	Promissory Loans	Revenue Bonds	Promissory Loans
2003	\$ 2,422,006	1,149,400	472,008	231,960	82,869	2,765,439	606,108
2004	2,098,083	1,177,475	463,873	139,100	82,869	2,758,268	670,518
2005	1,776,015	1,211,050	462,026	-	82,869	2,756,052	669,690
2006	769,010	1,161,075	469,473	-	82,869	2,763,327	668,038
2007	783,415	1,114,075	475,671	-	82,869	2,765,151	665,754
Thereafter	<u>3,848,061</u>	<u>3,418,975</u>	<u>4,747,815</u>	<u>-</u>	<u>676,774</u>	<u>20,307,182</u>	<u>11,015,670</u>
Total	\$ <u>11,696,590</u>	<u>9,232,050</u>	<u>7,090,866</u>	<u>371,060</u>	<u>1,091,119</u>	<u>34,115,419</u>	<u>14,295,778</u>
Interest included in above totals	\$ <u>1,961,590</u>	<u>2,812,050</u>	<u>2,435,866</u>	<u>31,060</u>	<u>158,373</u>	<u>9,955,419</u>	<u>5,701,252</u>

A summary of changes in the General Long-Term Debt Account Group during the year ended September 30, 2002 follows:

<u>Description</u>	<u>October 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30, 2002</u>
Compensated absences	\$ 1,379,720	1,149,972	1,129,405	1,400,287
Pension obligation	1,827,074	1,688,974	1,772,465	1,743,583
Claims and judgments	868	42,284	43,152	-
General obligation debt	12,440,000	-	2,705,000	9,735,000
Limited obligation bonds	6,940,000	-	520,000	6,420,000
Special assessment	4,850,000	-	195,000	4,655,000
Certificates of participation	545,000	-	205,000	340,000
Promissory loans	982,311	-	49,565	932,746
Capital leases	<u>842,996</u>	<u>709,066</u>	<u>376,192</u>	<u>1,175,870</u>
Total	\$ <u>29,807,969</u>	<u>3,590,296</u>	<u>6,995,779</u>	<u>26,402,486</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(8) Contributed Capital

Proprietary fund contributed capital of \$25,560,695 is comprised of \$25,295,195 in the Water & Sewer Fund and \$265,500 in the Lakeview Golf Course Fund.

All contributed capital in the discretely presented component units relates to the Meridian Airport Authority. The changes in the component unit contributed capital accounts follows:

Balance, October 1, 2001	\$ 10,151,713
Less: current year depreciation transferred to fund balance	(450,675)
Balance, September 30, 2002	\$ <u>9,701,038</u>

(9) Reserved Retained Earnings and Restricted Asset Accounts

The City's bond covenants require certain reservations of the Water & Sewer Fund's retained earnings. The reserved portions are as follows:

Retained earnings reserved for:	<u>Amount</u>
Revenue bond current debt services	\$ 1,174,479
Revenue bond future cushion amount	2,786,773
Operations and maintenance	741,250
Contingencies	76,000
Depreciation	<u>76,000</u>
Total reserved retained earnings	\$ <u>4,854,502</u>

The balances of the Water & Sewer Fund's restricted asset accounts follow:

Restricted assets for:	<u>Amount</u>
Revenue Bond Current Debt Service Account	\$ 1,546,015
Revenue Bond Future Cushion Account	2,606,913
Revenue Bond Contingent Account	121,489
Revenue Bond Depreciation Account	<u>152,881</u>
Total restricted assets – bond covenant reserves	4,427,298
Revenue Bond Construction Funds	2,972,501
Other Construction Funds	<u>624,587</u>
Total restricted assets	\$ <u>8,024,386</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(9) Reserved Retained Earnings and Restricted Asset Accounts (Continued)

The Meridian Airport Authority (MAA) collects passenger facility charges from airlines. MAA can use these funds to make certain types of improvements and purchases, subject to certain restrictions. The reserved portion of retained earnings applicable to the passenger facility charges is \$188,765 at September 30, 2002.

(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; and natural disasters for which the City carries commercial insurance to protect against these and other types of risks. 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 & Sewer Fund, Lakeview 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 2002 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. Liabilities for claims and judgments are normally reported in the General Long-Term Debt Account Group, because they are not expected to be liquidated with expendable available financial resources. Changes in the balances of claims liabilities during the fiscal years ended September 30, 2002 and 2001 follows:

<u>Description</u>	<u>2002</u>	<u>2001</u>
Unpaid claims, beginning of year	\$ 868	2,927
Incurred claims (including IBNR's)	42,284	54,487
Claim payments	<u>(43,152)</u>	<u>(56,546)</u>
Unpaid claims, end of year	\$ <u> -</u>	<u> 868</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(11) Lessor Operating Leases

The Meridian Airport Authority leases space to others under various lease agreements. A summary of minimum future rental income on these leases as of September 30, 2002, and for each of the next five years and in aggregate, follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Amount</u>
2003	\$ 134,536
2004	66,656
2005	63,282
2006	58,520
2007	<u>21,351</u>
Total minimum future rentals	\$ <u>344,345</u>

(12) Contingent Liabilities

Litigation

The City is 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 grant 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, 2002

(13) Construction and Commitments

The City has committed to contracts in connection with the extension of sewer lines to the Naval Air Station. Estimated balances on these contracts total \$900,000 as of September 30, 2002. Future expenditures related to these contracts will be funded from bond funds already available and grants that have been committed to be provided by state agencies.

The City has committed to contracts in connection with extending water and sewer service to the annexed area. Estimated balances on these contracts total \$250,000 as of September 30, 2002. Future expenditures related to these contracts will be funded from bond funds already available.

The City has committed to contracts in connection with building a new water tower in North Meridian. Estimated balances on these contracts total \$400,000 as of September 30, 2002. Future expenditures related to these contracts will be funded from bond funds already available.

The City has committed to contracts in connection with the I20/I59 interchange that will provide access to a new industrial park. The balances on these contracts total \$990,000 as of September 30, 2002, which will be funded from grants that have been committed to be provided by the federal government.

The City has committed to contracts in connection with engineering fees for a downtown parking garage. The balances on these contracts total \$175,000 as of September 30, 2002. Future commitments have been made for the construction of this parking garage. These costs will be funded with the proceeds from the sale of urban renewal bonds not to exceed \$7,000,000.

(14) Solid Waste Management Services Accounting

The City contracts its solid waste 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 Waste Collection & Disposal Enterprise Fund.

(15) Segment Information – Enterprise Funds

The City maintains five enterprise funds. The Water and Sewer Fund accounts for the provision of basic water and sewer utility services to all citizens. The Waste Collection & Disposal Fund accounts for the solid waste management service to all citizens. The Lakeview Golf Course Fund accounts for services provided to citizens utilizing the municipal golf course. The Union Station Fund reflects the operating results of the multi-modal facility, located in the downtown area of Meridian. The Concessions Fund is used to account for concessions sold at all of the City's parks.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(15) Segment Information - Enterprise Funds (Continued)

A summary of selected segment information for the year ended September 30, 2002, follows:

	<u>Water & Sewer</u>	<u>Waste Collection & Disposal</u>	<u>Golf Course</u>	<u>Union Station</u>	<u>Concessions</u>	<u>Total</u>
Operating revenues	\$ 9,441,944	2,430,035	420,536	89,773	46,037	12,428,325
Depreciation and amortization	2,013,270	-	30,594	3,519	-	2,047,383
Operating income (loss)	2,651,907	255,574	(30,771)	(159,672)	5,304	2,722,342
Operating grants	2,785,584	37,603	-	-	-	2,823,187
Operating transfers in (out)	(767,000)	(43,000)	-	110,000	-	(700,000)
Net income	3,343,125	257,423	(28,899)	(48,977)	5,304	3,527,976
Property, plant and equipment - additions	7,240,704	-	-	-	-	7,240,704
Net working capital	1,216,597	420,214	132,971	(4,569)	13,637	1,778,850
Total assets	65,293,011	607,102	325,979	48,304	15,448	66,289,844
Bond payable and other long-term debt	32,708,673	-	3,247	-	-	32,711,920
Total equity	28,311,232	420,214	263,863	11,055	14,059	29,020,423

(16) Condensed Financial Statements - Discretely Presented Component Units

Information regarding the City's discretely presented component units is presented on a condensed basis to provide general understanding of the financial condition and operating results of each of the component units for the fiscal year ended September 30, 2002, except for Meridian Bonita Lakes Development Authority and Meridian Redevelopment Authority which are presented as of their year ended December 31, 2002.

<u>Balance Sheets</u>	<u>Meridian Airport Authority</u>	<u>Meridian Trans- portation Commission</u>	<u>Meridian and Bonita Lakes Development Authority</u>	<u>Meridian Redevelop- ment Authority</u>	<u>Totals</u>
<u>Assets</u>					
Current assets	\$ 682,186	51,983	6,830	30,989	771,988
Property, plant, and equipment, net of accumulated depreciation	12,084,203	58,394	-	-	12,142,597
Total Assets	\$ 12,766,389	110,377	6,830	30,989	12,914,585
<u>Liabilities and Equity</u>					
Current and non-current liabilities	\$ 79,233	21,277	-	-	100,510
Equity	12,687,156	89,100	6,830	30,989	12,814,075
Total liabilities and equity	\$ 12,766,389	110,377	6,830	30,989	12,914,585

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2002

(16) Condensed Financial Statements - Discretely Presented Component Units (Continued)

	<u>Meridian Airport Authority</u>	<u>Meridian Trans- portation Commission</u>	<u>Meridian and Bonita Lakes Development Authority</u>	<u>Meridian Redevelop- ment Authority</u>	<u>Totals</u>
<u>Statements of Revenues, Expenses and Changes in Equity</u>					
Operating revenues	\$ <u>552,302</u>	<u>64,966</u>	<u>-</u>	<u>-</u>	<u>617,268</u>
Operating expenses:					
Depreciation	616,964	31,171	-	-	648,135
Other operating expenses	<u>416,312</u>	<u>399,753</u>	<u>4,699</u>	<u>3,116</u>	<u>823,880</u>
Total operating expenses	<u>1,033,276</u>	<u>430,924</u>	<u>4,699</u>	<u>3,116</u>	<u>1,472,015</u>
Operating loss	(480,974)	(365,958)	(4,699)	(3,116)	(854,747)
Intergovernmental grants	1,096,565	182,875	-	-	1,279,440
Other nonoperating income	10,079	823	140	647	11,689
Transfers from primary government	<u>-</u>	<u>138,300</u>	<u>2,100</u>	<u>2,700</u>	<u>143,100</u>
Net income (loss)	625,670	(43,960)	(2,459)	231	579,482
Equity, beginning	<u>12,061,486</u>	<u>133,060</u>	<u>9,289</u>	<u>30,758</u>	<u>12,234,593</u>
Equity, Ending	\$ <u>12,687,156</u>	<u>89,100</u>	<u>6,830</u>	<u>30,989</u>	<u>12,814,075</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(17) 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, 2002 was \$4,220,539,000. The City's payroll for employees covered by PERS for the year ended September 30, 2002 was \$12,446,719; the City's total payroll was \$13,400,474 for the year ended September 30, 2002.

Participating employees who retire at or after age 60 with four or more years of membership service or those who retire regardless of age with at least 25 years of credited service are entitled, upon application, to an annual retirement allowance, payable monthly for life, in an amount equal to 2 percent of their average compensation for each year of credited service up to and including 25 years and 2 1/2 percent for each year of credited service over 25 years. Average compensation is the average of the employee's earnings during the four highest compensated years of credited service. A member may elect a reduced 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 four years of membership service. 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.

A cost-of-living payment is made to eligible retirees and beneficiaries. The cost of living adjustment is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55, plus 3 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 55. For the year ended June 30, 2002, the total additional annual payments were \$152,477,000.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(17) Pension and Retirement Plans (Continued)

Public Employees Retirement System (Continued):

Funding Policy

Employees covered by PERS are required by statute to contribute 7.25% of their salary to PERS. In the year ended September 30, 2002, City employees contributed \$902,387. If an employee leaves covered employment, accumulated employee contributions plus related investment earnings allocations are refunded to the employee or designated beneficiary upon request. The investment earnings allocation rate was 3.5% in 2002. The City is required by statute to contribute the remaining amounts necessary to finance the coverage of its own employees in PERS. For the years ended September 30, 2002, 2001 and 2000, the City's contribution requirements representing 9.75% of covered payroll were \$1,213,501, \$1,233,204 and \$1,228,246, respectively. The City contributed 100% of its requirements in each of these years.

The Meridian Airport Authority made contributions to PERS in the year ended September 30, 2002 of approximately \$17,000. The component unit's total payroll was approximately \$179,000 and substantially all payroll is covered under the PERS plan.

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, 2002, comprehensive annual financial report.

Municipal Retirement Systems:

Plan Description

The City also participates in the Municipal Retirement System (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, 2002

(17) Pension and Retirement Plans (Continued)

Municipal Retirement Systems (Continued):

Plan Description (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, 2002 was \$361,724; the City's total payroll for all employees was \$13,400,474. At September 30, 2001, the date of the most recent actuarial valuation, there were 12 participating general municipal employees, firefighters and police officers.

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, Accounting Department, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Basis of Accounting

Both PERS and MRS use the accrual basis of accounting and the economic resources measurement focus. Employee and employer contributions are recognized as revenue in the period in which employee services are performed. Investment income is recognized when earned. Expenses, including benefits and refunds paid, are recognized when incurred. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Mortgage securities are valued on the basis of future principal and interest payments and discounted at prevailing interest rates for similar instruments. Short-term investments are reported at market value when published prices are available, or at cost plus accrued interest, which approximates fair value. For individual investments where no readily ascertainable market value exists, PERS, in consultation with its investment advisors and custodial bank, has determined the fair values.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(17) Pension and Retirement Plans (Continued)

Municipal Retirement Systems (Continued):

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. As of September 30, 2002, the City levied 7.79 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 2002, fire and police employees and municipal employees covered by MRS were required to contribute 10% and 7%, respectively, of covered payroll. Any increase in to the base employee contribution rates of 10% and 7% is made in increments not to exceed 1% per year. If an employee leaves covered employment, accumulated employee contributions are refunded to the employee upon request. Employees covered by MRS do not receive an interest earnings allocation to 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.

Annual Pension Cost

The City has recorded a net pension obligation for MRS in accordance with GASB Statement of Standards No. 27, "Accounting for Pensions by State and Local Government Employers".

The required contribution to MRS was determined as part of the actuarial valuation performed as of September 30, 2001 (the most recent available), using the entry age actuarial cost method. Significant actuarial assumptions include (a) a rate of return on the investment of present and future assets at 8% compounded annually, (b) projected salary increases of 4% per year compounded annually attributable to inflation, and (c) additional projected salary increases of 2% per year compounded annually attributable to seniority and/or merit.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2002

(17) Pension and Retirement Plans (Continued)

Municipal Retirement Systems (Continued):

Annual Pension Cost (Continued)

The following provides pension cost and obligation information for MRS:

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Components of annual pension cost:			
Annual required contribution	\$ 1,698,739	1,756,859	1,848,259
Interest cost	146,166	155,192	192,501
Adjustment to required contribution	<u>(155,931)</u>	<u>(165,560)</u>	<u>(205,362)</u>
Total annual pension cost	1,688,974	1,746,491	1,835,398
Less: contributions made	<u>1,772,465</u>	<u>1,859,313</u>	<u>2,301,764</u>
Decrease in net pension obligation	\$ <u><u>(83,491)</u></u>	<u><u>(112,822)</u></u>	<u><u>(466,366)</u></u>
Percentage of annual pension cost contributed	<u>104.94%</u>	<u>106.46%</u>	<u>125.4%</u>
Net pension obligation at year end	\$ <u>1,743,583</u>	<u>1,827,074</u>	<u>1,939,896</u>

Trend Information

Three-year trend information showing progress related to accumulating sufficient assets to pay benefits of the MRS pension plan is presented as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Funded Ratio</u>	<u>Unfunded AAL (UAAL)</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
9/30/01	\$ 12,252	\$ 31,669	38.7%	\$ 19,417	475	4087.8%
9/30/00	12,049	32,156	37.5%	20,107	462	4352.2%
9/30/99	11,023	32,351	34.1%	21,328	448	4760.7%

The UAAL, as a percentage of annual covered payroll, 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.

**COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES**

GENERAL FUND

The general fund is used to account for resources traditionally associated with the City which are not required legally or by sound financial management to be accounted for in another fund.

CITY OF MERIDIAN, MISSISSIPPI
 General Fund
 Comparative Balance Sheets
 September 30, 2002 and 2001

SCHEDULE 1

<u>ASSETS</u>	<u>2002</u>	<u>2001</u>	<u>Increase (Decrease)</u>
Cash and cash equivalents	\$ 4,146,094	2,668,324	1,477,770
Investments	500,000	500,000	-
Receivables, net:			
Property taxes	81,345	70,438	10,907
Sales taxes	955,540	850,594	104,946
Accounts	503,508	598,910	(95,402)
Intergovernmental:			
Housing Authority	46,249	43,860	2,389
State	2,404	2,641	(237)
Interest	13,195	5,063	8,132
Miscellaneous	8,499	6,962	1,537
Due from other funds:			
CLG Supplemental Fund	1,326	-	1,326
Home 2000 DECD Grant Fund	89,730	-	89,730
Multi-modal Clearing Fund	6,437	-	6,437
Meridian Bonita Lakes Trails Fund	-	79,426	(79,426)
DECD Bonita Lakes Mall Road Project Fund	29,775	-	29,775
Urban Renewal Parking Garage Fund	75,053	93	74,960
2002 Special Street Improvements Fund	322	-	322
I20/Hwy 59 Interchange Project Fund	93	-	93
Water and Sewer Department Fund	36,431	-	36,431
Waste Collection and Disposal Fund	35,658	-	35,658
Golf Course Fund	120	-	120
Due from component unit	66,437	41,187	25,250
Prepaid items	86,113	72,814	13,299
Total assets	\$ <u>6,684,329</u>	<u>4,940,312</u>	<u>1,744,017</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 620,703	602,870	17,833
Accrued salaries	603,440	528,750	74,690
Performance bond deposit	138,006	132,433	5,573
Deposits payable	8,069	7,215	854
Due to other funds:			
Debt Service Fund	53,155	-	53,155
Local Law Enforcement Grant Fund	-	5,777	(5,777)
Municipal Supply Fund	32,513	39,603	(7,090)
Municipal Office Supply Fund	349	570	(221)
Waste Collection and Disposal Fund	8,435	-	8,435
Total liabilities	<u>1,464,670</u>	<u>1,317,218</u>	<u>147,452</u>
Fund balances:			
Reserved for encumbrances	262,665	224,404	38,261
Reserved for prepaid items	86,113	72,814	13,299
Unreserved, undesignated	4,870,881	3,325,876	1,545,005
Total fund balances	<u>5,219,659</u>	<u>3,623,094</u>	<u>1,596,565</u>
Total liabilities and fund balances	\$ <u>6,684,329</u>	<u>4,940,312</u>	<u>1,744,017</u>

CITY OF MERIDIAN, MISSISSIPPI

General Fund

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>	<u>Increase (Decrease)</u>
Revenues:			
Taxes:			
Ad valorem	\$ 5,591,233	4,965,433	625,800
Sales	11,450,017	10,764,418	685,599
County road	650,605	582,989	67,616
Gasoline	19,374	19,741	(367)
Franchise:			
Mississippi Power Company	1,326,870	1,243,547	83,323
Mississippi Valley Gas Company	143,979	236,288	(92,309)
Comcast Cable Company	275,983	268,186	7,797
Payments in lieu of taxes	111,829	106,737	5,092
Intergovernmental:			
Alcoholic beverage	39,825	34,425	5,400
State Fire Insurance Fund	170,253	165,466	4,787
Municipal aid	20,833	22,894	(2,061)
Fines and forfeitures	605,080	622,599	(17,519)
Licenses and permits:			
Privilege license	145,760	135,945	9,815
Building and allied payments	87,355	96,258	(8,903)
Charges for services:			
Recreation	110,018	93,802	16,216
Interest on investments	103,469	211,639	(108,170)
Interest costs and damages	69,046	83,229	(14,183)
Miscellaneous	310,470	153,830	156,640
Total revenues	<u>21,231,999</u>	<u>19,807,426</u>	<u>1,424,573</u>
Expenditures:			
Current:			
General government	5,115,537	4,842,690	272,847
Public safety	9,538,547	9,538,463	84
Public works	2,876,315	2,965,928	(89,613)
Culture and recreation	1,530,652	1,466,969	63,683
Other	46,580	42,950	3,630
Capital outlay	763,178	245,730	517,448
Debt Service:			
Principal retirement	385,190	367,389	17,801
Interest and fiscal charges	34,274	27,576	6,698
Total expenditures	<u>20,290,273</u>	<u>19,497,695</u>	<u>792,578</u>
Excess of revenues over (under) expenditures	<u>941,726</u>	<u>309,731</u>	<u>631,995</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI

General Fund

Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>	<u>Increase (Decrease)</u>
Other financing sources (uses):			
Operating transfers in:			
Water and Sewer Department	\$ 801,500	801,500	-
Waste Collection and Disposal Fund	43,000	42,750	250
Special Revenue Funds	-	3,183	(3,183)
Capital Projects Funds	-	4,136	(4,136)
Internal Service Funds	100,000	-	100,000
Operating transfers out:			
MDA Marketing Grant	(5,862)	(5,986)	124
Firefighter EMW 2001 FG Grant	-	(15,570)	15,570
Urban Forestry Grant 2001	(3,503)	-	(3,503)
ASA Tournament	-	(20,000)	20,000
CLG Supplemental Fund	(2,500)	-	(2,500)
Local Law Enforcement Grant	(7,849)	(12,537)	4,688
Multi-Jurisdictional Task Force Grants	(21,836)	(20,997)	(839)
Transportation Enhanced Tree Planting Program	-	(2,500)	2,500
ATB 10 Tree assessment	-	(2,500)	2,500
Debt Service Fund - Incremental sales tax transfers	(673,739)	(771,072)	97,333
Water and Sewer Department	(34,500)	(48,899)	14,399
Union Station	(110,000)	(100,000)	(10,000)
Unemployment Compensation Fund	(13,700)	(20,000)	6,300
Component Unit - Meridian Redevelopment Authority	(2,700)	(2,400)	(300)
Component Unit - Meridian and Bonita			
Lakes Development Authority	(2,100)	-	(2,100)
Component Unit - Meridian Transportation Commission	(138,300)	(141,700)	3,400
Proceeds from capital leases	709,066	-	709,066
Total other financing sources (uses)	<u>636,977</u>	<u>(312,592)</u>	<u>949,569</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	1,578,703	(2,861)	1,581,564
Fund balances, October 1	3,623,094	3,625,955	(2,861)
Residual equity transfers	<u>17,862</u>	<u>-</u>	<u>17,862</u>
Fund balances, September 30	<u>\$ 5,219,659</u>	<u>3,623,094</u>	<u>1,596,565</u>

CITY OF MERIDIAN, MISSISSIPPI
 General Fund
 Schedules of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual (Budgetary Basis)
 For the Fiscal Years Ended September 30, 2002 and 2001

	2002			2001		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:						
Taxes:						
Ad valorem	\$ 6,477,300	6,358,436	(118,864)	5,670,000	5,789,198	119,198
Sales	10,450,000	10,724,487	274,487	10,750,000	10,035,635	(714,365)
County road	567,500	649,493	81,993	550,000	576,053	26,053
Gasoline	20,000	19,374	(626)	20,000	19,741	(259)
Payment in lieu of taxes	150,000	101,940	(48,060)	135,000	153,637	18,637
Intergovernmental:						
Alcoholic beverage	36,000	38,925	2,925	36,000	34,650	(1,350)
State Fire Insurance Fund	200,000	170,253	(29,747)	195,000	165,466	(29,534)
Municipal aid	23,000	20,833	(2,167)	23,000	22,894	(106)
Franchise:						
Mississippi Power Company	1,230,000	1,296,865	66,865	1,100,000	1,243,927	143,927
Mississippi Valley Gas Company	160,000	144,917	(15,083)	120,000	239,326	119,326
Comcast Cable Company	270,000	271,614	1,614	250,000	261,856	11,856
Fines and forfeitures	750,000	605,080	(144,920)	900,000	622,599	(277,401)
Licenses and permits:						
Privilege license	140,000	145,760	5,760	140,000	135,945	(4,055)
Building and allied permits	100,000	87,355	(12,645)	115,000	96,258	(18,742)
Charges for services:						
Garbage collection	1,545,000	1,509,518	(35,482)	1,555,000	1,469,720	(85,280)
Recreation	95,000	110,018	15,018	90,000	93,802	3,802
Enterprise Funds	801,000	801,500	500	801,000	801,500	500
Out-of-county tonnage	-	89,058	89,058	-	85,374	85,374
Sales and refunds	145,000	248,158	103,158	150,000	122,051	(27,949)
Receipts - police training reimbursements	-	21,000	21,000	-	27,328	27,328
Security advisor	-	6,000	6,000	-	-	-
Interest on investments	215,000	95,336	(119,664)	250,000	214,781	(35,219)
Interest costs and damages	55,000	68,494	13,494	150,000	82,181	(67,819)
Transfers in	100,000	160,861	60,861	-	50,061	50,061
Total revenues	<u>23,529,800</u>	<u>23,745,275</u>	<u>215,475</u>	<u>23,000,000</u>	<u>22,343,983</u>	<u>(656,017)</u>
Expenditures:						
General government:						
Personnel services	964,150	934,615	29,535	927,240	893,863	33,377
Supplies	423,730	407,999	15,731	289,050	242,508	46,542
Capital outlay	17,400	17,323	77	43,300	29,799	13,501
Transfers and other charges	333,900	316,886	17,014	352,800	343,499	9,301
Total general government	<u>1,739,180</u>	<u>1,676,823</u>	<u>62,357</u>	<u>1,612,390</u>	<u>1,509,669</u>	<u>102,721</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
 General Fund
 Schedules of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual (Budgetary Basis)
 For the Fiscal Years Ended September 30, 2002 and 2001

	2002			2001		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures (continued):						
Finance and records:						
Personnel services	\$ 1,082,470	1,034,666	47,804	1,069,343	1,025,100	44,243
Supplies	1,152,460	1,111,414	41,046	1,117,260	1,051,824	65,436
Capital outlay	25,780	25,527	253	131,325	111,282	20,043
Transfers and other charges	35,000	35,000	-	110,000	84,528	25,472
Total finance and records	<u>2,295,710</u>	<u>2,206,607</u>	<u>89,103</u>	<u>2,427,928</u>	<u>2,272,734</u>	<u>155,194</u>
Community development:						
Personnel services	1,230,710	1,140,751	89,959	1,217,440	1,159,761	57,679
Supplies	187,990	153,266	34,724	270,365	167,213	103,152
Capital outlay	18,250	17,885	365	20,950	20,087	863
Transfers and other charges	227,500	217,888	9,612	290,775	273,216	17,559
Total community development	<u>1,664,450</u>	<u>1,529,790</u>	<u>134,660</u>	<u>1,799,530</u>	<u>1,620,277</u>	<u>179,253</u>
Parks and recreation:						
Personnel services	1,176,840	1,035,439	141,401	1,194,707	1,022,543	172,164
Supplies	505,275	476,174	29,101	486,325	435,607	50,718
Capital outlay	4,050	4,006	44	52,550	35,391	17,159
Transfers and other charges	20,000	19,495	505	45,000	38,231	6,769
Total parks and recreation	<u>1,706,165</u>	<u>1,535,114</u>	<u>171,051</u>	<u>1,778,582</u>	<u>1,531,772</u>	<u>246,810</u>
Public works:						
Personnel services	2,346,900	2,151,614	195,286	2,387,335	2,268,172	119,163
Supplies	799,590	739,070	60,520	824,575	751,480	73,095
Capital outlay	143,050	141,602	1,448	251,300	194,196	57,104
Transfers and other charges	2,430,000	2,429,990	10	2,372,250	2,145,105	227,145
Total public works	<u>5,719,540</u>	<u>5,462,276</u>	<u>257,264</u>	<u>5,835,460</u>	<u>5,358,953</u>	<u>476,507</u>
Police:						
Personnel services	4,355,700	3,825,946	529,754	4,475,635	4,059,760	415,875
Supplies	1,322,560	1,222,237	100,323	1,253,195	1,084,277	168,918
Capital outlay	159,500	158,888	612	148,070	144,531	3,539
Transfers and other charges	185,000	184,962	38	41,890	41,106	784
Total police	<u>6,022,760</u>	<u>5,392,033</u>	<u>630,727</u>	<u>5,918,790</u>	<u>5,329,674</u>	<u>589,116</u>
Fire:						
Personnel services	4,101,060	3,996,782	104,278	4,008,790	3,950,998	57,792
Supplies	520,935	477,232	43,703	467,455	433,377	34,078
Capital outlay	101,000	95,323	5,677	101,350	101,166	184
Total fire	<u>4,722,995</u>	<u>4,569,337</u>	<u>153,658</u>	<u>4,577,595</u>	<u>4,485,541</u>	<u>92,054</u>
Total expenditures	<u>23,870,800</u>	<u>22,371,980</u>	<u>1,498,820</u>	<u>23,950,275</u>	<u>22,108,620</u>	<u>1,841,655</u>
Excess of revenues over (under) expenditures	(341,000)	1,373,295	1,714,295	(950,275)	235,363	1,185,638
Fund balances, October 1	<u>1,091,000</u>	<u>1,780,168</u>	<u>689,168</u>	<u>1,700,275</u>	<u>1,544,805</u>	<u>(155,470)</u>
Fund balances, September 30	\$ <u>750,000</u>	<u>3,153,463</u>	<u>2,403,463</u>	<u>750,000</u>	<u>1,780,168</u>	<u>1,030,168</u>

CITY OF MERIDIAN, MISSISSIPPI
Schedule of General Fund Expenditures
Departments and Divisions
For the Fiscal Year Ended September 30, 2002
(With Comparative Totals for the Fiscal Year Ended September 30, 2001)

	<u>Executive, Legislative and Judicial</u>	<u>Finance and Records</u>	<u>Community Development</u>	<u>Fire Department</u>	<u>Police Department</u>
Personnel services:					
Salaries - regular	\$ 749,936	804,091	884,429	2,952,567	2,862,299
Salaries - overtime	99	1,789	5,894	210,240	139,331
Salaries - temporaries	-	-	10,856	-	-
Fringe benefits	187,663	234,054	240,938	855,147	840,501
Total personnel services	<u>937,698</u>	<u>1,039,934</u>	<u>1,142,117</u>	<u>4,017,954</u>	<u>3,842,131</u>
Contractual services and supplies:					
Supplies - office	5,378	5,025	2,636	1,717	4,050
Supplies - operating	291	6,522	4,737	5,003	26,749
Supplies - household	-	1,438	-	7,909	2,696
Supplies - uniforms and clothing	-	-	2,223	13,191	44,347
Supplies - materials direct	-	-	3,154	-	-
Materials - small tools	-	411	1,171	4,335	417
Professional services	367,879	80,488	15,426	10,899	211,466
Telephone	3,976	89,513	3,551	7,244	22,579
Postage	3,655	6,544	8,939	677	1,036
Travel	11,656	1,405	8,341	11,577	9,843
Freight	16	-	8,040	-	-
Advertising and publishing	13,813	5,524	6,445	-	58
Printing and binding	983	1,809	1,588	207	3,484
Insurance	44,820	31,971	42,748	172,107	451,400
Utilities	-	735,088	-	67,208	43,659
Operating and maintenance - buildings	4,026	18,480	-	18,278	9,630
Operating and maintenance - grounds	-	3	-	997	-
Operating and maintenance - equipment	2,855	59,471	4,852	7,112	7,240
Operating and maintenance - vehicles	645	262	16,616	37,112	171,291
Operating and maintenance - computer services	10,691	30,237	12,551	63,013	57,077
Rentals	-	1,303	90	-	8,833
Judgments and claims	-	2,282	-	-	21,990
Dues and subscriptions	20,914	2,134	5,730	2,425	1,300
Public relations	1,165	-	-	1,178	160
Refunds	-	1,359	-	-	-
Job training	8,560	460	6,267	13,495	35,805
Safety	-	71	-	19,389	78
Hospital and medical	4,245	-	-	12,827	65,374
Total contractual services & supplies	<u>505,568</u>	<u>1,081,800</u>	<u>155,105</u>	<u>477,900</u>	<u>1,200,562</u>
Capital outlay:					
Machinery and equipment	-	6,450	3,135	30,684	42,536
Vehicles	-	-	-	-	24,443
Total capital outlay	<u>-</u>	<u>6,450</u>	<u>3,135</u>	<u>30,684</u>	<u>66,979</u>
Debt service:					
Principal	10,105	26,100	13,765	77,222	123,245
Interest	695	15,705	984	3,595	6,080
Total debt service	<u>10,800</u>	<u>41,805</u>	<u>14,749</u>	<u>80,817</u>	<u>129,325</u>
Transfers and other charges:					
Transfer to other funds	721,937	-	121,865	-	29,686
Meridian Transportation Commission	138,300	-	-	-	-
Meridian Redevelopment Authority	2,700	-	-	-	-
Meridian and Bonita Lakes	2,100	-	-	-	-
Special projects	3,300	35,000	96,929	-	-
Miscellaneous contributions	118,086	-	-	-	-
Other projects and charges	46,580	-	-	-	-
Total transfers and other charges	<u>1,033,003</u>	<u>35,000</u>	<u>218,794</u>	<u>-</u>	<u>29,686</u>
Total General Fund expenditures - 2002	2,487,069	2,204,989	1,533,900	4,607,355	5,268,683
Total General Fund expenditures - 2001	2,303,679	2,274,937	1,557,712	4,487,382	5,338,075
Increase (decrease)	\$ 183,390	(69,948)	(23,812)	119,973	(69,392)

SCHEDULE 4

<u>Public Works</u>	<u>Parks, Recreation & Cultural Affairs</u>	<u>Totals</u>		<u>Increase (Decrease)</u>
		<u>2002</u>	<u>2001</u>	
1,616,148	662,692	10,532,162	10,957,588	(425,426)
27,562	11,600	396,515	246,166	150,349
-	178,589	189,445	167,192	22,253
506,078	189,432	3,053,813	2,997,311	56,502
<u>2,149,788</u>	<u>1,042,313</u>	<u>14,171,935</u>	<u>14,368,257</u>	<u>(196,322)</u>
2,195	1,384	22,385	27,503	(5,118)
83,882	44,594	171,778	154,050	17,728
3,234	15,685	30,962	32,999	(2,037)
2,278	669	62,708	82,121	(19,413)
68,405	8,618	80,177	87,063	(6,886)
4,762	6,043	17,139	20,952	(3,813)
2,267	41,483	729,908	480,886	249,022
6,797	1,632	135,292	138,976	(3,684)
747	1,619	23,217	27,931	(4,714)
915	111	43,848	33,999	9,849
101	-	8,157	187	7,970
236	2,135	28,211	37,000	(8,789)
700	2,244	11,015	17,330	(6,315)
225,745	62,682	1,031,473	905,115	126,358
35,485	122,631	1,004,071	962,259	41,812
8,916	26,332	85,662	81,490	4,172
84	41,524	42,608	30,857	11,751
40,768	51,290	173,588	174,911	(1,323)
190,272	23,049	439,247	507,275	(68,028)
15,451	12,736	201,756	72,739	
210	840	11,276	21,394	(10,118)
9,530	-	33,802	14,563	19,239
1,172	90	33,765	39,781	(6,016)
-	-	2,503	4,548	(2,045)
-	-	1,359	1,705	(346)
1,506	150	66,243	45,326	20,917
12,479	1,303	33,320	41,703	(8,383)
-	-	82,446	50,714	31,732
<u>718,137</u>	<u>468,844</u>	<u>4,607,916</u>	<u>4,095,377</u>	<u>512,539</u>
626,252	29,678	738,735	245,730	493,005
-	-	24,443	-	24,443
<u>626,252</u>	<u>29,678</u>	<u>763,178</u>	<u>245,730</u>	<u>517,448</u>
130,885	3,868	385,190	367,388	17,802
7,077	138	34,274	27,577	6,697
<u>137,962</u>	<u>4,006</u>	<u>419,464</u>	<u>394,965</u>	<u>24,499</u>
-	-	873,488	1,004,492	(131,004)
-	-	138,300	141,700	(3,400)
-	-	2,700	-	2,700
-	-	2,100	2,400	(300)
8,390	19,495	163,114	203,955	(40,841)
-	-	118,086	146,450	(28,364)
-	-	46,580	58,530	(11,950)
<u>8,390</u>	<u>19,495</u>	<u>1,344,368</u>	<u>1,557,527</u>	<u>(213,159)</u>
3,640,529	1,564,336	21,306,861	20,661,856	645,005
<u>3,168,346</u>	<u>1,531,725</u>	<u>20,661,856</u>		
<u>472,183</u>	<u>32,611</u>	<u>645,005</u>		

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Federal Grant Programs – The following funds are used to account for various federal grant funds, which are the primary source of revenue these funds:

- Urban Forestry Grant 2001
- CLG Supplemental
- Local Law Enforcement Grant 1999
- Occupant Restraint Step Mini Grant 2002
- Local Law Enforcement Grant 2000
- Local Law Enforcement Grant 99-00
- Local Law Enforcement Grant 2001
- Crime Prevention 96-97
- Multi-Jurisdictional Task Force Grant 2001
- Home 2000 DECD Grant
- Multi-Jurisdictional Task Force Grant 2002

Meridian Railroad Museum – This fund is used to account for local contributions to be used in developing the Railroad Museum, which will be part of the Multi-Modal Transportation Center.

Animal Control Contributions – This fund is used to account for local contributions that are restricted in use for providing humane care to animals and to obtain educational materials on pet care and to undertake action to alleviate the pet over population problem.

Narcotics Related Forfeitures – This fund is used to account for the City’s share of drug related forfeited funds which are legally restricted in use for the purpose of fighting drug trafficking.

KAB Training & Education – This fund is used to account for county contributions restricted to use for the Keep America Beautiful Program.

Union Station Patrons – This fund is used to account for local contributions, which are for the purpose of accounting for patron plaques at Union Station Building.

MDA Marketing Grant – This fund is used to account for the receipts and disbursements of funds received from the State of Mississippi for marketing Meridian as a retirement community.

County KAB Donations – This fund is used to account for county contributions restricted to use for the Keep America Beautiful Program.

Meridian Historic Preservation Donations – This fund is used to account for the use of funds donated to the City of Meridian from a dissolved local group. The funds must be used on historic preservation project.

SPECIAL REVENUE FUNDS (CONTINUED)

Union Station Prints – This fund is used to account for local contributions related to the sale of prints of the Union Station.

Firefighter EMW 2001 FG Grant – This fund is used to account for the federal grant funds and local funds used to purchase additional firefighting equipment.

Great American Clean Up – This fund is used to account for receipts and disbursements for the local portion of the Great American Cleanup Program.

Donation from Lauderdale County – This fund is used to account for the receipts and expenditures for funds received from Lauderdale County to defray animal control expenses.

K-9 Contributions – This fund is used to account for local contributions to be used to purchase a new dog.

Burns & Burns Paving – This fund is used to account for a local paving project.

Fire Prevention Program – This fund is used to account for receipts and disbursements for local donations.

Explosive Fire Detection Dog – This fund is used to account for local contributions to be used to set up a K-9 fire detection program.

Riley Special Projects – This fund is used to account for receipts and disbursements for local contributions for business development in the City.

ASA Tournaments – This fund is used to account for the City's contributions designated by City Council for ASA sponsored softball tournaments and the related miscellaneous concession sales at these tournaments.

Riley Community Policing Equipment Grant – This fund is used to account for a grant from a local foundation to purchase specified equipment for the Police Department.

Attorney General Enforcement Award – This fund is used to account for the receipts and disbursements of an award to the Police Department.

Tobacco Enforcement Grant – This fund is used to account for the receipts from the State of Mississippi tobacco settlement fund and used to combat the use and misuse of tobacco products.

Rental Rehabilitation – This fund is used to account for the repayment of a low interest mortgage to a local individual. The mortgage was originally funded by a special federal grant for use in rehabilitating local housing.

SPECIAL REVENUE FUNDS (CONTINUED)

Government Records Management Fund – This fund is used to account for the funds collected by law to be used only on government records management.

Multi-Jurisdictional Task Force Forfeitures – This fund is used to account for receipts and disbursements of drug forfeitures obtained by the multi-jurisdictional task force unit.

Meridian Bonita Lakes Trail Grant – This fund is used to account for the receipts and expenditures relating to the Bonita Lakes Trail.

Friends of the Park – This fund is used to account for local contributions which are dedicated to Highland Park maintenance.

Multi-modal Clearing Fund – This fund is used to account for contributions and costs related to the Union Station project.

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CITY OF MERIDIAN
Special Revenue Funds
Combining Balance Sheet
September 30, 2002
(With Comparative Totals for September 30, 2001)

	<u>Meridian Railroad Museum</u>	<u>Animal Control Contributions</u>	<u>Narcotics Related Forfeitures</u>	<u>KAB Training & Education</u>	<u>Union Station Patrons</u>	<u>MDA Marketing Grant</u>	<u>County KAB Donations</u>	<u>Meridian Historic Preservation Donations</u>	<u>Union Station Prints</u>
<u>ASSETS</u>									
Cash and cash equivalents	\$ 1,228	11,301	5,809	500	12,822	3,897	7,542	9,538	2,660
Grants receivable	-	-	-	-	-	2,329	-	-	-
Due from General Fund	-	-	-	-	-	-	-	-	-
Mortgage receivable	-	-	-	-	-	-	-	-	-
Total assets	\$ <u>1,228</u>	<u>11,301</u>	<u>5,809</u>	<u>500</u>	<u>12,822</u>	<u>6,226</u>	<u>7,542</u>	<u>9,538</u>	<u>2,660</u>
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Accounts payable	\$ -	-	-	-	517	4,657	653	-	-
Due to General Fund	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	<u>517</u>	<u>4,657</u>	<u>653</u>	-	-
Fund balances:									
Reserved for encumbrances	-	-	-	-	98	-	-	-	-
Unreserved	<u>1,228</u>	<u>11,301</u>	<u>5,809</u>	<u>500</u>	<u>12,207</u>	<u>1,569</u>	<u>6,889</u>	<u>9,538</u>	<u>2,660</u>
Total fund balances	<u>1,228</u>	<u>11,301</u>	<u>5,809</u>	<u>500</u>	<u>12,305</u>	<u>1,569</u>	<u>6,889</u>	<u>9,538</u>	<u>2,660</u>
Total liabilities and fund balances	\$ <u>1,228</u>	<u>11,301</u>	<u>5,809</u>	<u>500</u>	<u>12,822</u>	<u>6,226</u>	<u>7,542</u>	<u>9,538</u>	<u>2,660</u>

<u>Firefighter EMW 2001 FG Grant</u>	<u>Great American Clean Up</u>	<u>Donation From Lauderdale County</u>	<u>K-9 Contributions</u>	<u>Burns & Burns Paving</u>	<u>Fire Prevention Program</u>	<u>Explosive Fire Detection Dog</u>	<u>Riley Special Projects</u>	<u>Urban Forestry Grant 2001</u>	<u>ASA Tournaments</u>	<u>CLG Supplemental</u>
-	-	1,782	-	-	-	1,014	-	-	16,066	-
-	-	-	-	-	-	-	5,000	-	-	2,500
-	-	-	-	-	-	-	-	-	-	-
-	-	<u>1,782</u>	-	-	-	<u>1,014</u>	<u>5,000</u>	-	<u>16,066</u>	<u>2,500</u>
-	-	-	-	-	-	-	5,000	-	-	-
-	-	-	-	-	-	-	-	-	-	1,326
-	-	-	-	-	-	-	-	-	-	<u>1,174</u>
-	-	-	-	-	-	-	<u>5,000</u>	-	-	<u>2,500</u>
-	-	-	-	-	-	-	-	-	-	-
-	-	<u>1,782</u>	-	-	-	<u>1,014</u>	-	-	<u>16,066</u>	-
-	-	<u>1,782</u>	-	-	-	<u>1,014</u>	-	-	<u>16,066</u>	-
-	-	<u>1,782</u>	-	-	-	<u>1,014</u>	<u>5,000</u>	-	<u>16,066</u>	<u>2,500</u>

(Continued)

CITY OF MERIDIAN
Special Revenue Funds
Combining Balance Sheet
September 30, 2002
(With Comparative Totals for September 30, 2001)

	Local Law Enforcement Grant 1999	Occupant Restraint Step Mini Grant 2002	Riley Community Policing Equipment Grant	Attorney General Enforcement Award	Local Law Enforcement Grant 2000	Local Law Enforcement Grant 99-00	Local Law Enforcement Grant 2001	Tobacco Enforcement Grant	Rental Rehabilitation
<u>ASSETS</u>									
Cash and cash equivalents	\$ -	-	-	628	586	13,136	53,415	596	44,588
Grants receivable	-	-	-	-	-	-	-	-	-
Due from General Fund	-	-	-	-	-	-	-	-	-
Mortgage receivable	-	-	-	-	-	-	-	-	4,849
Total assets	\$ -	-	-	628	586	13,136	53,415	596	49,437
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Accounts payable	\$ -	-	-	-	-	12,041	15,500	-	-
Due to General Fund	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	586	-	37,915	575	-
Total liabilities	-	-	-	-	586	12,041	53,415	575	-
Fund balances:									
Reserved for encumbrances	-	-	-	-	-	1,095	-	-	-
Unreserved	-	-	-	628	-	-	-	21	49,437
Total fund balances	-	-	-	628	-	1,095	-	21	49,437
Total liabilities and fund balances	\$ -	-	-	628	586	13,136	53,415	596	49,437

Government Records Management Fund	Multi- Jurisdictional Task Force Forfeitures	Crime Prevention 96-97	Meridian Bonita Lakes Trails Grant	Friends of the Park	Multi- Jurisdictional Task Force Grant 2001	Home 2000 DECD Grant	Multi- Jurisdictional Task Force Grant 2002	Multi- Modal Clearing Fund	Totals		
									2002	2001	Increase (Decrease)
5,676	6,688	-	67,656	22,138	-	-	40,120	-	329,386	275,472	53,914
-	-	-	-	-	-	89,730	15,263	6,437	121,259	110,150	11,109
-	-	-	-	-	-	-	-	-	-	5,777	(5,777)
-	-	-	-	-	-	-	-	-	4,849	5,675	(826)
<u>5,676</u>	<u>6,688</u>	<u>-</u>	<u>67,656</u>	<u>22,138</u>	<u>-</u>	<u>89,730</u>	<u>55,383</u>	<u>6,437</u>	<u>455,494</u>	<u>397,074</u>	<u>58,420</u>
81	458	-	-	-	-	-	49,311	-	88,218	80,081	8,137
-	-	-	-	-	-	89,730	-	6,437	97,493	79,426	18,067
-	-	-	-	-	-	-	-	-	40,250	35,870	4,380
<u>81</u>	<u>458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,730</u>	<u>49,311</u>	<u>6,437</u>	<u>225,961</u>	<u>195,377</u>	<u>30,584</u>
-	-	-	-	-	-	-	-	-	1,193	151,913	(150,720)
<u>5,595</u>	<u>6,230</u>	<u>-</u>	<u>67,656</u>	<u>22,138</u>	<u>-</u>	<u>-</u>	<u>6,072</u>	<u>-</u>	<u>228,340</u>	<u>49,784</u>	<u>178,556</u>
<u>5,595</u>	<u>6,230</u>	<u>-</u>	<u>67,656</u>	<u>22,138</u>	<u>-</u>	<u>-</u>	<u>6,072</u>	<u>-</u>	<u>229,533</u>	<u>201,697</u>	<u>27,836</u>
<u>5,676</u>	<u>6,688</u>	<u>-</u>	<u>67,656</u>	<u>22,138</u>	<u>-</u>	<u>89,730</u>	<u>55,383</u>	<u>6,437</u>	<u>455,494</u>	<u>397,074</u>	<u>58,420</u>

CITY OF MERIDIAN, MISSISSIPPI
Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Fiscal Year Ended September 30, 2002
(With Comparative Totals for the Fiscal Year Ended September 30, 2001)

	<u>Meridian Railroad Museum</u>	<u>Animal Control Contributions</u>	<u>Narcotics Related Forfeitures</u>	<u>KAB Training & Education</u>	<u>Union Station Patrons</u>	<u>MDA Marketing Grant</u>	<u>County KAB Donations</u>	<u>Meridian Historic Preservation Donations</u>	<u>Union Station Prints</u>
Revenues:									
Intergovernmental:									
State	\$ -	-	-	-	-	9,041	-	-	-
Federal	-	-	-	-	-	-	-	-	-
County	-	-	-	1,000	-	-	7,000	-	-
Forfeitures	-	-	-	-	-	-	-	-	-
Gate and souvenir receipts	-	-	-	-	-	-	-	-	-
Local contributions	-	156	-	-	1,615	-	-	170	25
Interest	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	-	156	-	1,000	1,615	9,041	7,000	170	25
Expenditures:									
Public safety	-	469	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	567	-	-	1,428	-
Economic development	-	-	-	500	-	18,082	11,813	-	-
Total expenditures	-	469	-	500	567	18,082	11,813	1,428	-
Excess of revenues over (under) expenditures	-	(313)	-	500	1,048	(9,041)	(4,813)	(1,258)	25
Other financing sources (uses):									
Operating transfers in	-	-	-	-	-	5,862	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	5,862	-	-	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	(313)	-	500	1,048	(3,179)	(4,813)	(1,258)	25
Fund balances (deficit), October 1	1,228	11,614	5,809	-	11,257	4,748	11,702	10,796	2,635
Residual equity transfer	-	-	-	-	-	-	-	-	-
Fund balances, September 30	\$ 1,228	11,301	5,809	500	12,305	1,569	6,889	9,538	2,660

Firefighter EMW 2001 FG Grant	Great American Clean Up	Donation From Lauderdale County	K-9 Contributions	Burns & Burns Paving	Fire Prevention Program	Explosive Fire Detection Dog	Riley Special Projects	Urban Forestry Grant 2001	ASA Tournament	CLG Supplemental
-	-	-	-	-	-	-	-	-	-	-
124,012	-	-	-	-	-	-	-	3,503	-	2,500
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	1,000	-	-	2,100	23,500	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<u>124,012</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>2,100</u>	<u>23,500</u>	<u>3,503</u>	<u>-</u>	<u>2,500</u>
137,791	-	-	2,684	-	-	1,086	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	23,500	7,006	-	5,000
<u>137,791</u>	<u>-</u>	<u>-</u>	<u>2,684</u>	<u>-</u>	<u>-</u>	<u>1,086</u>	<u>23,500</u>	<u>7,006</u>	<u>-</u>	<u>5,000</u>
<u>(13,779)</u>	<u>-</u>	<u>-</u>	<u>(1,684)</u>	<u>-</u>	<u>-</u>	<u>1,014</u>	<u>-</u>	<u>(3,503)</u>	<u>-</u>	<u>(2,500)</u>
-	-	-	-	-	-	-	-	3,503	-	2,500
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	3,503	-	2,500
(13,779)	-	-	(1,684)	-	-	1,014	-	-	-	-
13,779	69	1,782	2,044	12,467	794	-	-	-	16,066	-
-	(69)	-	(360)	(12,467)	(794)	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>1,782</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,014</u>	<u>-</u>	<u>-</u>	<u>16,066</u>	<u>-</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Fiscal Year Ended September 30, 2002
(With Comparative Totals for the Fiscal Year Ended September 30, 2001)

	Local Law Enforcement <u>Grant 1999</u>	Occupant Restraint Step Mini <u>Grant 2002</u>	Riley Community Policing Equipment <u>Grant</u>	Attorney General Enforcement <u>Award</u>	Local Law Enforcement <u>Grant 2000</u>	Local Law Enforcement <u>Grant 99-00</u>	Local Law Enforcement <u>Grant 2001</u>	Tobacco Enforcement <u>Grant</u>	Rental Rehabilitation
Revenues:									
Intergovernmental:									
State	\$ -	-	-	-	-	-	-	1,570	-
Federal	-	4,020	-	-	9,444	22,542	22,704	-	-
County	-	-	-	-	-	-	-	-	-
Forfeitures	-	-	-	-	-	-	-	-	-
Gate and souvenir receipts	-	-	-	-	-	-	-	-	-
Local contributions	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	764
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>4,020</u>	<u>-</u>	<u>-</u>	<u>9,444</u>	<u>22,542</u>	<u>22,704</u>	<u>1,570</u>	<u>764</u>
Expenditures:									
Public safety	-	4,020	-	-	10,558	23,952	29,439	1,549	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>4,020</u>	<u>-</u>	<u>-</u>	<u>10,558</u>	<u>23,952</u>	<u>29,439</u>	<u>1,549</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,114)</u>	<u>(1,410)</u>	<u>(6,735)</u>	<u>21</u>	<u>764</u>
Other financing sources (uses):									
Operating transfers in	-	-	-	-	1,114	-	6,735	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,114</u>	<u>-</u>	<u>6,735</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-	-	-	(1,410)	-	21	764
Fund balances (deficit), October 1	12	-	1	628	-	2,505	-	-	48,673
Residual equity transfer	(12)	-	(1)	-	-	-	-	-	-
Fund balances, September 30	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>628</u>	<u>-</u>	<u>1,095</u>	<u>-</u>	<u>21</u>	<u>49,437</u>

Government Records Management Fund	Multi- Jurisdictional Task Force Forfeitures	Crime Prevention 96-97	Meridian Bonita Lakes Trails Grant	Friends of the Park	Multi- Jurisdictional Task Force Grant 2001	Home 2000 DECD Grant	Multi- Jurisdictional Task Force Grant 2002	Multi- Modal Clearing Fund	Totals		Increase (Decrease)
									2002	2001	
-	-	-	-	-	-	-	-	-	10,611	6,459	4,152
-	-	-	53,680	-	-	89,730	178,252	-	510,387	367,445	142,942
-	434	-	-	-	-	-	43,673	-	51,673	55,995	(4,322)
-	-	-	-	-	-	-	-	-	434	14,978	(14,544)
-	-	-	20,000	285	-	-	-	-	-	14,773	(14,773)
69	115	-	-	314	-	-	-	-	48,851	80,970	(32,119)
1,119	-	-	-	-	-	-	-	-	1,262	2,465	(1,203)
1,188	549	-	73,680	599	-	89,730	221,925	-	1,119	4,491	(3,372)
-	-	-	-	-	-	-	-	-	624,337	547,576	76,761
-	6,294	-	-	-	4,429	-	237,689	-	459,960	417,829	42,131
-	-	-	-	2,603	-	-	-	-	4,598	59,826	(55,228)
-	-	-	-	-	-	89,730	-	-	155,631	152,725	2,906
-	6,294	-	-	2,603	4,429	89,730	237,689	-	620,189	630,380	(10,191)
1,188	(5,745)	-	73,680	(2,004)	(4,429)	-	(15,764)	-	4,148	(82,804)	86,952
-	-	-	-	-	-	-	21,836	-	41,550	83,384	(41,834)
-	-	-	-	-	-	-	-	-	-	(6,477)	6,477
-	-	-	-	-	-	-	21,836	-	41,550	76,907	(35,357)
1,188	(5,745)	-	73,680	(2,004)	(4,429)	-	6,072	-	45,698	(5,897)	51,595
4,407	11,975	1,945	(6,024)	24,142	6,643	-	-	-	201,697	207,594	(5,897)
-	-	(1,945)	-	-	(2,214)	-	-	-	(17,862)	-	(17,862)
5,595	6,230	-	67,656	22,138	-	-	6,072	-	229,533	201,697	27,836

CITY OF MERIDIAN, MISSISSIPPI
 Special Revenue Funds
 Schedules of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual (Budgetary Basis)
 For the Fiscal Years Ended September 30, 2002 and 2001

	<u>2002</u>			<u>2001</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues	\$ 615,000	673,146	58,146	263,000	567,983	304,983
Expenditures -						
Supplies and capital outlay	<u>675,000</u>	<u>437,247</u>	<u>237,753</u>	<u>473,000</u>	<u>673,794</u>	<u>(200,794)</u>
Excess of revenues over (under) expenditures	(60,000)	235,899	295,899	(210,000)	(105,811)	104,189
Fund balances, October 1	<u>285,000</u>	<u>111,606</u>	<u>(173,394)</u>	<u>280,000</u>	<u>217,417</u>	<u>(62,583)</u>
Fund balances, September 30	\$ <u>225,000</u>	<u>347,505</u>	<u>122,505</u>	<u>70,000</u>	<u>111,606</u>	<u>41,606</u>

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources from tax revenues budgeted for payment of general obligation bond principal and interest and special assessment bond principal and interest when the government is obligated in some manner for the payment.

SCHEDULE 8**CITY OF MERIDIAN, MISSISSIPPI**

Debt Service Fund

Comparative Balance Sheets

September 30, 2002 and 2001

<u>ASSETS</u>	<u>2002</u>	<u>2001</u>	<u>Increase (Decrease)</u>
Cash and cash equivalents	\$ 2,103,701	2,023,598	80,103
Taxes receivable	37,511	92,644	(55,133)
Special assessment taxes receivable	1,670,827	1,795,002	(124,175)
Due from general fund	<u>53,155</u>	<u>-</u>	<u>53,155</u>
Total assets	\$ <u>3,865,194</u>	<u>3,911,244</u>	<u>(46,050)</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Payable - escheated funds	\$ -	17,388	(17,388)
Deferred revenue	<u>1,670,827</u>	<u>1,795,002</u>	<u>(124,175)</u>
Total liabilities	1,670,827	1,812,390	(141,563)
Fund balance -			
Reserved for debt service	<u>2,194,367</u>	<u>2,098,854</u>	<u>95,513</u>
Total liabilities and fund balance	\$ <u>3,865,194</u>	<u>3,911,244</u>	<u>(46,050)</u>

SCHEDULE 9**CITY OF MERIDIAN, MISSISSIPPI**

Debt Service Fund

Comparative Statements of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Years Ended September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>	<u>Increase (Decrease)</u>
Revenues:			
Ad valorem	\$ 3,610,358	3,541,500	68,858
Special assessments	126,730	119,293	7,437
Interest	18,853	70,198	(51,345)
Miscellaneous	17,389	-	17,389
Total revenues	<u>3,773,330</u>	<u>3,730,991</u>	<u>42,339</u>
Debt service expenditures:			
Principal - general obligation	3,279,140	3,090,970	188,170
Principal - special assessments	195,000	235,000	(40,000)
Principal - certificates of participation	205,000	200,000	5,000
Interest and fiscal charges	1,599,718	1,657,673	(57,955)
Tax collector fees	24,370	22,178	2,192
Total expenditures	<u>5,303,228</u>	<u>5,205,821</u>	<u>97,407</u>
Excess of revenues over (under) expenditures	(1,529,898)	(1,474,830)	(55,068)
Other financing sources -			
Operating transfers in	<u>1,625,411</u>	<u>1,397,340</u>	<u>228,071</u>
Excess of revenues and other financing sources over (under) expenditures	95,513	(77,490)	173,003
Fund balance, October 1	<u>2,098,854</u>	<u>2,176,344</u>	<u>(77,490)</u>
Fund balance, September 30	\$ <u>2,194,367</u>	<u>2,098,854</u>	<u>95,513</u>

SCHEDULE 10**CITY OF MERIDIAN, MISSISSIPPI**

Debt Service Fund

Schedules of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Fiscal Years Ended September 30, 2002 and 2001

	2002			2001		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues	\$ 6,100,000	5,376,349	(723,651)	4,940,000	5,368,507	428,507
Expenditures - debt service	<u>6,100,000</u>	<u>5,278,858</u>	<u>821,142</u>	<u>4,940,000</u>	<u>5,154,824</u>	<u>(214,824)</u>
Excess of revenues over (under) expenditures	-	97,491	97,491	-	213,683	213,683
Fund Balance, October 1	<u>-</u>	<u>2,554,061</u>	<u>2,554,061</u>	<u>-</u>	<u>2,340,378</u>	<u>2,340,378</u>
Fund Balance, September 30	\$ <u>-</u>	<u>2,651,552</u>	<u>2,651,552</u>	<u>-</u>	<u>2,554,061</u>	<u>2,554,061</u>

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 is used to account for the construction of water drainage project along the Sowashee Creek in the City’s jurisdiction. The financing for this project was from general obligation bonds, U. S. Army Corp of Engineers and the Pat Harrison Waterway District.

1990 General Obligation Bonds – This fund is used to account for the sale of general obligation bonds used in the construction of Sowashee Creek Project, 29/31 Avenue Project, 22nd Avenue Project, airport terminal renovation, street pavings, other capital improvements and issue costs.

DECD Bonita Lakes Mall Road Project – This fund is used to account for the construction of a frontage and ring road in the proximity of the Bonita Lakes Mall. The Mississippi Department of Transportation approved the plans and funded the project with state money.

10th Avenue Improvements – This fund is used to account for the widening and resurfacing of 10th Avenue from 29th Street to North Hill Street. The Mississippi Department of Transportation approved project plans. Federal funds assist in the funding of this project.

1995 Street Improvement Bonds – This fund is used to account for the sale of bonds for the construction of curbs and gutters and other necessary improvements to the following: Highland Avenue, 35th Street to 37th Street, 32nd Avenue, 21st Street to 23rd Street, Hooper Street, 38th Avenue to 49th Avenue, 48th Avenue, 5th Street to Hooper Street, 52nd Avenue, 5th Street to Arthur Street, 3rd Street, 45th Avenue to 49th Avenue, 47th Avenue, Hooper Street to 2nd Street, 25th Street, 23rd Avenue to 24th Avenue, 17th Street, Old Marion Road to 5th Avenue, 12th Avenue, 21st Street to dead end, 11th Avenue, 20th Street to 22nd Street, 10th Place, and 22nd Street to 23rd Street.

1995 General Obligation Bonds – This fund is used to account for the sale of bonds for the construction of streets, sidewalks, driveways, parkways, walkways or public parking facilities and purchasing land within the City.

1998 General Obligation Bonds – This fund is used to account for the proceeds and disbursements of the 1998 general obligation public improvements bonds.

Training Facility Grant - Riley – This fund is used to account for the proceeds and disbursements of a grant from a local foundation to build a fire and police training facility.

1999 General Obligation Bonds – This fund is used to account for the proceeds and disbursements of the 1999 general obligation bonds.

CAPITAL PROJECTS FUNDS (CONTINUED)

2000 General Obligation Bonds – This fund is used to account for the proceeds and disbursements of the 2000 general obligation public improvement bonds.

2000 Special Street Improvement Bonds – This fund is used to account for the sale of bonds for the construction of curbs and gutters, to properly grade and drain, to construct the necessary bridges and culverts, to lay the necessary sanitation and storm sewers, water mains and connections and to pave with suitable material and to otherwise improve certain streets, avenues or parts thereof.

2000A Tax Increment Financing Bonds – This fund is used to account for the bond proceeds used to fund infrastructure improvements to the Wal-Mart Supercenter and Lowe’s Superstore site.

2000B Tax Increment Financing Bonds – This fund is used to account for the proceeds of tax increment financing bonds used to fund infrastructure improvements to the Wal-Mart Supercenter and Lowe’s Superstore site.

2001 Special Assessment Bonds – This fund is used to account for bond proceeds used for construction of curbs, gutters and other necessary improvements.

Urban Renewal Parking Garage Bonds – This fund is used to account for future bond proceeds to be used for construction of a parking garage.

2002 Special Street Improvement – This fund is used to account for the future sale of bonds for the construction of curbs and gutters, to properly grade and drain, to construct the necessary bridges and culverts, to lay the necessary sanitation and storm sewers, water mains and connections and to pave with suitable material and to otherwise improve certain streets, avenues or parts thereof.

I20/I59 Interchange Project – This fund is used to account for grant revenues to be used for construction of an interchange to provide access to a new industrial park.

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CITY OF MERIDIAN, MISSISSIPPI
 Capital Projects Funds
 Combining Balance Sheet
 September 30, 2002
 (With Comparative Totals for September 30, 2001)

	<u>Sowashee Project</u>	<u>1990 General Obligation Bonds</u>	<u>DECD Bonita Lakes Mall Road Project</u>	<u>10th Avenue Improve- ments</u>	<u>1995 Street Improve- ment Bonds</u>	<u>1995 General Obligation Bonds</u>	<u>1998 General Obligation Bonds</u>	<u>Training Facility Grant - Riley</u>
<u>ASSETS</u>								
Cash and cash equivalents	\$ 407,030	-	-	47,209	-	-	171,363	3,618
Investments	250,000	-	-	-	-	-	-	-
Grant receivable	-	-	-	-	-	-	-	-
Interest receivable	300	-	-	-	-	-	-	-
Total assets	\$ 657,330	-	-	47,209	-	-	171,363	3,618
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable	\$ -	-	-	14,269	-	-	-	-
Due to General Fund	-	-	29,775	-	-	-	-	-
Total liabilities	-	-	29,775	14,269	-	-	-	-
Fund balances (deficit):								
Reserved for encumbrances	2,310	-	-	-	-	-	-	-
Unreserved, designated for capital projects	655,020	-	(29,775)	32,940	-	-	171,363	3,618
Total fund balances (deficit)	657,330	-	(29,775)	32,940	-	-	171,363	3,618
Total liabilities and fund balances	\$ 657,330	-	-	47,209	-	-	171,363	3,618

SCHEDULE 11

1999 General Obligation Bonds	2000 General Obligation Bonds	2000 Special Street Imp. Bonds	2000A Tax Increment Financing Bonds	2000B Tax Increment Financing Bonds	2001 Special Assessment Bonds	Urban Renewal Parking Garage Bonds	2002 Special Street Improve- ments	I20/I59 Interchange Project	Totals		Increase (Decrease)
									2002	2001	
173,850	161,599	-	9,445	2,240	159,616	-	-	-	1,135,970	5,381,792	(4,245,822)
-	-	-	-	-	-	-	-	-	250,000	250,000	-
-	-	-	-	-	-	-	-	-	-	143,419	(143,419)
-	-	-	-	-	-	-	-	-	300	723	(423)
<u>173,850</u>	<u>161,599</u>	<u>-</u>	<u>9,445</u>	<u>2,240</u>	<u>159,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,386,270</u>	<u>5,775,934</u>	<u>(4,389,664)</u>
-	-	-	-	-	-	499,865	-	-	514,134	286,654	227,480
-	-	-	-	-	-	75,053	322	93	105,243	93	105,150
-	-	-	-	-	-	574,918	322	93	619,377	286,747	332,630
165,000	26,512	-	-	-	-	-	6,250	-	200,072	187,300	12,772
<u>8,850</u>	<u>135,087</u>	<u>-</u>	<u>9,445</u>	<u>2,240</u>	<u>159,616</u>	<u>(574,918)</u>	<u>(6,572)</u>	<u>(93)</u>	<u>566,821</u>	<u>5,301,887</u>	<u>(4,735,066)</u>
<u>173,850</u>	<u>161,599</u>	<u>-</u>	<u>9,445</u>	<u>2,240</u>	<u>159,616</u>	<u>(574,918)</u>	<u>(322)</u>	<u>(93)</u>	<u>766,893</u>	<u>5,489,187</u>	<u>(4,722,294)</u>
<u>173,850</u>	<u>161,599</u>	<u>-</u>	<u>9,445</u>	<u>2,240</u>	<u>159,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,386,270</u>	<u>5,775,934</u>	<u>(4,389,664)</u>

CITY OF MERIDIAN, MISSISSIPPI
 Capital Projects Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 For the Fiscal Year Ended September 30, 2002
 (With Comparative Totals for the Fiscal Year Ended September 30, 2001)

	1990 Sowashee Project	1990 General Obligation Bonds	DECD Bonita Lakes Mall Road Project	10th Avenue Improve- ments	1995 Street Improve- ment Bonds	1995 General Obligation Bonds	1998 General Obligation Bonds	Training Facility Grant - Riley
Revenues:								
Intergovernmental:								
State	\$ -	-	60,160	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Interest	10,971	18	-	-	4,837	1,903	2,866	59
Total revenues	<u>10,971</u>	<u>18</u>	<u>60,160</u>	<u>-</u>	<u>4,837</u>	<u>1,903</u>	<u>2,866</u>	<u>59</u>
Expenditures:								
Construction contracts	-	-	89,935	28,684	77	-	-	2,023
Engineering and other	3,465	2,387	-	-	-	3,040	-	-
Street improvements	-	-	-	-	-	-	-	-
Administrative	-	-	-	-	-	-	-	-
Total expenditures	<u>3,465</u>	<u>2,387</u>	<u>89,935</u>	<u>28,684</u>	<u>77</u>	<u>3,040</u>	<u>-</u>	<u>2,023</u>
Excess of revenues over (under) expenditures	7,506	(2,369)	(29,775)	(28,684)	4,760	(1,137)	2,866	(1,964)
Other financing sources (uses):								
Proceeds from issuance of debt	-	-	-	-	-	-	-	-
Operating transfers in (out)	-	(3,892)	-	14,415	(351,770)	(135,631)	(14,415)	-
Total other financing sources (uses)	<u>-</u>	<u>(3,892)</u>	<u>-</u>	<u>14,415</u>	<u>(351,770)</u>	<u>(135,631)</u>	<u>(14,415)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	7,506	(6,261)	(29,775)	(14,269)	(347,010)	(136,768)	(11,549)	(1,964)
Fund balances (deficit), October 1	649,824	6,261	-	47,209	347,010	136,768	182,912	5,582
Fund balances (deficit), September 30	\$ <u>657,330</u>	<u>-</u>	<u>(29,775)</u>	<u>32,940</u>	<u>-</u>	<u>-</u>	<u>171,363</u>	<u>3,618</u>

SCHEDULE 12

1999 General Obligation Bonds	2000 General Obligation Bonds	2000 Special Street Imp. Bonds	2000A Tax Increment Financing Bonds	2000B Tax Increment Financing Bonds	2001 Special Assessment Bonds	Urban Renewal Parking Garage Bonds	2002 Special Street Improve- ments	I20/I59 Interchange Project	Totals		Increase (Decrease)
									2002	2001	
-	-	-	-	-	-	-	-	-	60,160	1,520,720	(1,460,560)
2,839	2,627	6,826	6,876	5,553	4,615	-	-	-	-	91,027	(91,027)
2,839	2,627	6,826	6,876	5,553	4,615	-	-	-	49,990	244,233	(194,243)
									110,150	1,855,980	(1,745,830)
22,300	73,680	-	1,785,343	887,867	322,263	317,466	-	-	3,529,638	3,327,262	202,376
-	-	-	-	-	-	257,359	-	93	266,344	109,940	156,404
-	-	84,468	-	-	-	-	-	-	84,468	613,624	(529,156)
-	-	-	-	-	-	-	322	-	322	69,193	(68,871)
22,300	73,680	84,468	1,785,343	887,867	322,263	574,825	322	93	3,880,772	4,120,019	(239,247)
(19,461)	(71,053)	(77,642)	(1,778,467)	(882,314)	(317,648)	(574,825)	(322)	(93)	(3,770,622)	(2,264,039)	(1,506,583)
-	-	-	-	-	-	-	-	-	-	2,609,847	(2,609,847)
-	-	(460,379)	-	-	-	-	-	-	(951,672)	(630,404)	(321,268)
-	-	(460,379)	-	-	-	-	-	-	(951,672)	1,979,443	(2,931,115)
(19,461)	(71,053)	(538,021)	(1,778,467)	(882,314)	(317,648)	(574,825)	(322)	(93)	(4,722,294)	(284,596)	(4,437,698)
193,311	232,652	538,021	1,787,912	884,554	477,264	(93)	-	-	5,489,187	5,773,783	(284,596)
173,850	161,599	-	9,445	2,240	159,616	(574,918)	(322)	(93)	766,893	5,489,187	(4,722,294)

CITY OF MERIDIAN, MISSISSIPPI
 Capital Projects Funds
 Schedules of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 For the Fiscal Years Ended September 30, 2002 and 2001

	2002			2001		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues	\$ 7,100,000	244,725	(6,855,275)	4,350,000	4,777,857	427,857
Expenditures - capital outlay	<u>4,100,000</u>	<u>1,670,426</u>	<u>2,429,574</u>	<u>4,700,000</u>	<u>3,457,409</u>	<u>1,242,591</u>
Excess of revenues over (under) expenditures	3,000,000	(1,425,701)	(4,425,701)	(350,000)	1,320,448	1,670,448
Fund balance, October 1	<u>2,500,000</u>	<u>1,849,737</u>	<u>(650,263)</u>	<u>3,850,000</u>	<u>529,289</u>	<u>(3,320,711)</u>
Fund balance, September 30	\$ <u>5,500,000</u>	<u>424,036</u>	<u>(5,075,964)</u>	<u>3,500,000</u>	<u>1,849,737</u>	<u>(1,650,263)</u>

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.

Water & Sewer Department - This fund is used to account for the activities of the City's water and sewer utility fund.

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

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 Meridian.

Concessions - This fund is used to account for the activities of the City's concession stands at the softball parks.

CITY OF MERIDIAN, MISSISSIPPI
Enterprise Funds
Combining Balance Sheet
September 30, 2002
(With Comparative Totals for September 30, 2001)

	Water & Sewer Department	Waste Collection & Disposal	Golf Course	Union Station	Concessions	Totals		Increase (Decrease)
						2002	2001	
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 1,366,106	434,858	160,417	28,560	12,597	2,002,538	2,537,453	(534,915)
Investments	100,000	-	-	-	-	100,000	100,000	-
Receivables:								
Accounts	839,989	126,206	-	-	-	966,195	649,518	316,677
Less allowance for bad debts	(92,695)	-	-	-	-	(92,695)	(92,695)	-
Grant	-	37,603	-	-	-	37,603	778,321	(740,718)
Interest	456	-	-	-	-	456	947	(491)
Miscellaneous	-	-	-	3,545	-	3,545	5,193	(1,648)
Due from General Fund	-	8,435	-	-	-	8,435	-	8,435
Prepaid items	20,783	-	655	575	-	22,013	21,157	856
Inventory	377,883	-	30,768	-	2,429	411,080	470,876	(59,796)
Total current assets	<u>2,612,522</u>	<u>607,102</u>	<u>191,840</u>	<u>32,680</u>	<u>15,026</u>	<u>3,459,170</u>	<u>4,470,770</u>	<u>(1,011,600)</u>
Restricted cash and investments:								
Revenue Bond Construction Funds	2,972,501	-	-	-	-	2,972,501	2,713,045	259,456
Other Construction Funds	624,587	-	-	-	-	624,587	725,577	(100,990)
Revenue Bond Debt Service Account	1,546,015	-	-	-	-	1,546,015	1,786,044	(240,029)
Revenue Bond Cushion Account	2,606,913	-	-	-	-	2,606,913	2,606,913	-
Revenue Bond Contingent Account	121,489	-	-	-	-	121,489	80,798	40,691
Revenue Bond Depreciation Account	152,881	-	-	-	-	152,881	80,798	72,083
Total restricted cash and investments	<u>8,024,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,024,386</u>	<u>7,993,175</u>	<u>31,211</u>
Deferred charges	<u>558,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>558,921</u>	<u>538,076</u>	<u>20,845</u>
Property, plant, and equipment:								
Land	271,666	-	-	-	-	271,666	267,250	4,416
Buildings	-	-	126,203	-	-	126,203	126,203	-
Improvements	70,174,075	-	116,526	-	-	70,290,601	69,233,961	1,056,640
Machinery and equipment	3,202,163	3,350	413,493	29,666	10,902	3,659,574	3,656,997	2,577
Construction in progress	14,531,186	-	-	-	-	14,531,186	7,296,682	7,234,504
Total property, plant and equipment	88,179,090	3,350	656,222	29,666	10,902	88,879,230	80,581,093	8,298,137
Less accumulated depreciation	(34,081,908)	(3,350)	(522,083)	(14,042)	(10,480)	(34,631,863)	(32,832,397)	(1,799,466)
Net property, plant, and equipment	<u>54,097,182</u>	<u>-</u>	<u>134,139</u>	<u>15,624</u>	<u>422</u>	<u>54,247,367</u>	<u>47,748,696</u>	<u>6,498,671</u>
Total assets	\$ <u>65,293,011</u>	<u>607,102</u>	<u>325,979</u>	<u>48,304</u>	<u>15,448</u>	<u>66,289,844</u>	<u>60,750,717</u>	<u>5,539,127</u>

	Water & Sewer Department	Waste Collection & Disposal	Golf Course	Union Station	Concessions	Totals		Increase (Decrease)
						2002	2001	
LIABILITIES AND EQUITY								
Current liabilities:								
Accounts payable	\$ 277,510	149,283	23,833	35,359	689	486,674	777,001	(290,327)
Accrued liabilities:								
Payroll	107,404	1,766	7,081	1,890	348	118,489	121,530	(3,041)
Compensated absences	228,720	-	25,269	-	-	253,989	256,366	(2,377)
Sales tax	11,327	-	1,244	-	352	12,923	11,278	1,645
Customer deposits	603,416	-	-	-	-	603,416	565,939	37,477
Due to other funds:								
General Fund	36,431	35,658	120	-	-	72,209	-	72,209
Municipal Supply Fund	19,572	181	1,170	-	-	20,923	16,257	4,666
Municipal Office Supply Fund	9	-	-	-	-	9	58	(49)
Current portion of capital leases	111,536	-	152	-	-	111,688	37,265	74,423
Total current liabilities	1,395,925	186,888	58,869	37,249	1,389	1,680,320	1,785,694	(105,374)
Current liabilities payable from restricted assets:								
Accounts payable	758,888	-	-	-	-	758,888	1,268,352	(509,464)
Revenue bonds payable	1,400,000	-	-	-	-	1,400,000	1,320,000	80,000
Promissory loan	188,030	-	-	-	-	188,030	92,055	95,975
Interest payable	530,263	-	-	-	-	530,263	520,433	9,830
Total current liabilities payable from restricted assets	2,877,181	-	-	-	-	2,877,181	3,200,840	(323,659)
Noncurrent liabilities:								
Revenue bonds payable (net of deferred refunding costs of \$260,284 (2002) and \$279,925 (2001))	22,499,716	-	-	-	-	22,499,716	23,870,075	(1,370,359)
Deferred revenue forward invested funds	781,619	-	-	-	-	781,619	868,629	(87,010)
Promissory loan	8,406,497	-	-	-	-	8,406,497	5,494,527	2,911,970
Capital lease payable	1,020,841	-	3,247	-	-	1,024,088	38,505	985,583
Total noncurrent liabilities	32,708,673	-	3,247	-	-	32,711,920	30,271,736	2,440,184
Total liabilities	36,981,779	186,888	62,116	37,249	1,389	37,269,421	35,258,270	2,011,151
Equity:								
Contributed capital:								
Federal	23,134,224	-	-	-	-	23,134,224	23,134,224	-
State	1,614,753	-	-	-	-	1,614,753	1,614,753	-
Municipal	546,218	-	265,500	-	-	811,718	811,718	-
Total contributed capital	25,295,195	-	265,500	-	-	25,560,695	25,560,695	-
Retained earnings (deficit):								
Reserved for revenue bond debt service	3,961,252	-	-	-	-	3,961,252	3,890,265	70,987
Reserved for operation and maintenance	741,250	-	-	-	-	741,250	754,167	(12,917)
Reserved for contingencies	76,000	-	-	-	-	76,000	76,000	-
Reserved for depreciation	76,000	-	-	-	-	76,000	76,000	-
Unreserved (deficit)	(1,838,465)	420,214	(1,637)	11,055	14,059	(1,394,774)	(4,864,680)	3,469,906
Total retained earnings (deficit)	3,016,037	420,214	(1,637)	11,055	14,059	3,459,728	(68,248)	3,527,976
Total equity	28,311,232	420,214	263,863	11,055	14,059	29,020,423	25,492,447	3,527,976
Total liabilities and equity	\$ 65,293,011	607,102	325,979	48,304	15,448	66,289,844	60,750,717	5,539,127

CITY OF MERIDIAN, MISSISSIPPI
Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Equity
For the Fiscal Year Ended September 30, 2002
(With Comparative Totals for the Fiscal Year Ended September 30, 2001)

	Water & Sewer Department	Waste Collection & Disposal	Golf Course	Union Station	Concessions	Totals		Increase (Decrease)
						2002	2001	
Operating revenues:								
Charges for sales and services:								
Water sales	\$ 4,362,252	-	-	-	-	4,362,252	4,420,409	(58,157)
Sewer charges	3,952,184	-	-	-	-	3,952,184	3,890,228	61,956
Tap fees	951,743	-	-	-	-	951,743	50,647	901,096
Garbage collection fees	-	1,517,953	-	-	-	1,517,953	1,469,720	48,233
Out-of-county tonnage	-	89,058	-	-	-	89,058	85,374	3,684
Memberships	-	-	101,135	-	-	101,135	85,304	15,831
Green fees	-	-	88,184	-	-	88,184	85,893	2,291
Cart rental	-	-	81,735	-	-	81,735	80,849	886
Concessions	-	-	148,011	-	46,009	194,020	179,888	14,132
Ad valorem taxes	-	823,024	-	-	-	823,024	859,906	(36,882)
Rental income	-	-	-	89,773	-	89,773	92,217	(2,444)
Miscellaneous	175,765	-	1,471	-	28	177,264	99,302	77,962
Total operating revenues	9,441,944	2,430,035	420,536	89,773	46,037	12,428,325	11,399,737	1,028,588
Operating expenses:								
Personnel services	2,644,301	59,877	185,244	25,520	23,378	2,938,320	2,795,418	142,902
Supplies	116,081	419	135,191	6,992	16,636	275,319	282,796	(7,477)
Materials	223,950	-	293	812	599	225,654	206,769	18,885
Rent and utilities	786,850	1,049	20,555	30,421	-	838,875	863,077	(24,202)
Operation, maintenance, and repairs	460,557	16,650	71,355	88,722	-	637,284	540,867	96,417
Garbage disposal services	-	2,094,360	-	-	-	2,094,360	2,132,263	(37,903)
Depreciation and amortization	2,013,270	-	30,594	3,519	-	2,047,383	2,034,190	13,193
Miscellaneous	545,028	2,106	8,075	93,459	120	648,788	876,033	(227,245)
Total operating expenses	6,790,037	2,174,461	451,307	249,445	40,733	9,705,983	9,731,413	(25,430)
Operating income (loss)	2,651,907	255,574	(30,771)	(159,672)	5,304	2,722,342	1,668,324	1,054,018
Nonoperating revenues (expenses):								
Operating grants	2,785,584	37,603	-	-	-	2,823,187	1,776,395	1,046,792
Interest income	190,986	7,246	1,931	695	-	200,858	470,109	(269,251)
Interest expense	(1,518,352)	-	(59)	-	-	(1,518,411)	(1,724,689)	206,278
Total nonoperating revenues (expenses)	1,458,218	44,849	1,872	695	-	1,505,634	521,815	983,819
Net income (loss) before operating transfers	4,110,125	300,423	(28,899)	(158,977)	5,304	4,227,976	2,190,139	2,037,837
Operating transfers in (out):								
Operating transfers in - General Fund	34,500	-	-	110,000	-	144,500	148,899	(4,399)
Operating transfers out - General Fund	(801,500)	(43,000)	-	-	-	(844,500)	(844,250)	(250)
Total operating transfers in (out)	(767,000)	(43,000)	-	110,000	-	(700,000)	(695,351)	(4,649)
Net income (loss)	3,343,125	257,423	(28,899)	(48,977)	5,304	3,527,976	1,494,788	2,033,188
Retained earnings (deficit), October 1	(327,088)	162,791	27,262	60,032	8,755	(68,248)	(1,563,036)	1,494,788
Retained earnings (deficit), September 30	3,016,037	420,214	(1,637)	11,055	14,059	3,459,728	(68,248)	3,527,976
Contributed capital, October 1	25,295,195	-	265,500	-	-	25,560,695	25,560,695	-
Contributions during the year	-	-	-	-	-	-	-	-
Contributed capital, September 30	25,295,195	-	265,500	-	-	25,560,695	25,560,695	-
Total equity, September 30	\$ 28,311,232	420,214	263,863	11,055	14,059	29,020,423	25,492,447	3,527,976

CITY OF MERIDIAN, MISSISSIPPI
Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2002
(With Comparative Totals for the Fiscal Year Ended September 30, 2001)

	Water	Waste	Golf	Union	Concessions	Totals		Increase (Decrease)
	& Sewer Department	Collection & Disposal				Course	Station	
Cash flows from operating activities:								
Operating income (loss)	\$ 2,651,907	255,574	(30,771)	(159,672)	5,304	2,722,342	1,668,324	1,054,018
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation and amortization	2,013,270	-	30,594	3,519	-	2,047,383	2,034,190	13,193
Changes in assets and liabilities:								
Accounts receivable	(190,471)	(126,206)	-	1,648	-	(315,029)	(67,938)	(247,091)
Grant receivable	778,321	(37,603)	-	-	-	740,718	(778,321)	1,519,039
Due from other funds	-	(8,435)	-	-	-	(8,435)	-	(8,435)
Prepaid items	(878)	-	17	5	-	(856)	5,327	(6,183)
Inventory	58,255	-	1,937	-	(396)	59,796	18,496	41,300
Accounts payable	(610,221)	(213,102)	7,897	16,922	(1,286)	(799,790)	1,572,734	(2,372,524)
Accrued liabilities	(7,493)	(1,183)	5,406	(378)	(125)	(3,773)	(7,282)	3,509
Customer deposits	37,477	-	-	-	-	37,477	24,941	12,536
Due to other funds	39,700	35,838	1,289	(2)	-	76,825	(2,326)	79,151
Deferred revenue	(87,010)	-	-	-	-	(87,010)	(90,396)	3,386
Total adjustments	2,030,950	(350,691)	47,140	21,714	(1,807)	1,747,306	2,709,425	(962,119)
Net cash provided by (used in) operating activities	4,682,857	(95,117)	16,369	(137,958)	3,497	4,469,648	4,377,749	91,899
Cash flows from investing activities:								
Sales of investments	300,000	-	-	-	-	300,000	1,918,990	(1,618,990)
Interest received	191,477	7,246	1,931	695	-	201,349	504,183	(302,834)
Net cash provided by investing activities	491,477	7,246	1,931	695	-	501,349	2,423,173	(1,921,824)
Cash flows from noncapital financing activities:								
Operating grants received	2,785,584	37,603	-	-	-	2,823,187	1,776,395	1,046,792
Operating transfers out to other funds	(801,500)	(43,000)	-	-	-	(844,500)	(844,250)	(250)
Operating transfers in from other funds	34,500	-	-	110,000	-	144,500	148,899	(4,399)
Net cash provided by (used in) noncapital financing activities	2,018,584	(5,397)	-	110,000	-	2,123,187	1,081,044	1,042,143
Cash flows from capital and related financing activities:								
Proceeds from promissory notes	2,933,020	-	-	-	-	2,933,020	360,000	2,573,020
Acquisition and construction of capital assets	(7,240,704)	-	-	-	-	(7,240,704)	(4,670,323)	(2,570,381)
Payments on long-term debt:								
Revenue bonds	(1,310,000)	-	-	-	-	(1,310,000)	(1,230,000)	(80,000)
Promissory notes	(92,055)	-	-	-	-	(92,055)	(73,418)	(18,637)
Capital lease payments	(79,508)	-	(60)	-	-	(79,568)	(37,870)	(41,698)
Interest paid on revenue bonds and other debt	(1,508,522)	-	(59)	-	-	(1,508,581)	(1,732,517)	223,936
Net cash used in capital and related financing activities	(7,297,769)	-	(119)	-	-	(7,297,888)	(7,384,128)	86,240
Net increase (decrease) in cash and cash equivalents	(104,851)	(93,268)	18,181	(27,263)	3,497	(203,704)	497,838	(701,542)
Cash and cash equivalents, October 1 (including \$4,906,403 in restricted accounts)	6,708,571	528,126	142,236	55,823	9,100	7,443,856	6,946,018	497,838
Cash and cash equivalents, September 30 (including \$5,237,614 in restricted accounts)	\$ 6,603,720	434,858	160,417	28,560	12,597	7,240,152	7,443,856	(203,704)
Noncash investing, capital and financing activities-								
Capital lease transactions	\$ 1,136,115	-	3,459	-	-	1,139,574	-	1,139,574
Bond issue costs	\$ 166,980	-	-	-	-	166,980	-	166,980

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.

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

CITY OF MERIDIAN, MISSISSIPPI
 Internal Service Funds
 Combining Balance Sheet
 September 30, 2002
 (With Comparative Totals for September 30, 2001)

	<u>Municipal Supply</u>	<u>Municipal Office Supply</u>	<u>Unemployment Compensation Fund</u>	<u>2002</u>	<u>Totals 2001</u>	<u>Increase (Decrease)</u>
<u>ASSETS</u>						
Cash and cash equivalents	\$ 133,123	2,637	2,030	137,790	216,786	(78,996)
Due from other funds:						
General Fund	32,513	349	-	32,862	40,173	(7,311)
Water and Sewer Fund	19,572	9	-	19,581	16,312	3,269
Waste Collection and Disposal Fund	181	-	-	181	-	181
Golf Course Fund	1,170	-	-	1,170	1	1,169
Union Station Fund	-	-	-	-	2	(2)
Due from component unit	24,424	-	-	24,424	24,635	(211)
Inventory	<u>48,112</u>	<u>2,990</u>	<u>-</u>	<u>51,102</u>	<u>59,734</u>	<u>(8,632)</u>
Total assets	\$ <u>259,095</u>	<u>5,985</u>	<u>2,030</u>	<u>267,110</u>	<u>357,643</u>	<u>(90,533)</u>
<u>LIABILITIES AND EQUITY</u>						
Liabilities -						
Accounts payable	\$ 42,610	337	-	42,947	31,678	11,269
Equity -						
Retained earnings - unreserved	<u>216,485</u>	<u>5,648</u>	<u>2,030</u>	<u>224,163</u>	<u>325,965</u>	<u>(101,802)</u>
Total liabilities and equity	\$ <u>259,095</u>	<u>5,985</u>	<u>2,030</u>	<u>267,110</u>	<u>357,643</u>	<u>(90,533)</u>

CITY OF MERIDIAN, MISSISSIPPI

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the Fiscal Year Ended September 30, 2002

(With Comparative Totals for the Fiscal Year Ended September 30, 2001)

	<u>Municipal Supply</u>	<u>Municipal Office Supply</u>	<u>Unemployment Compensation Fund</u>	<u>Totals 2002</u>	<u>Totals 2001</u>	<u>Increase (Decrease)</u>
Operating revenues -						
Charges for sales and services	\$ <u>352,596</u>	<u>4,047</u>	<u>-</u>	<u>356,643</u>	<u>395,151</u>	<u>(38,508)</u>
Operating expenses:						
Costs of sales and services	348,092	4,415	-	352,507	363,227	(10,720)
Claims paid	<u>-</u>	<u>-</u>	<u>19,638</u>	<u>19,638</u>	<u>19,914</u>	<u>(276)</u>
Total operating expenses	<u>348,092</u>	<u>4,415</u>	<u>19,638</u>	<u>372,145</u>	<u>383,141</u>	<u>(10,996)</u>
Operating income (loss)	4,504	(368)	(19,638)	(15,502)	12,010	(27,512)
Operating transfers in (out):						
Operating transfers in - General Fund	-	-	13,700	13,700	20,000	(6,300)
Operating transfers out - General Fund	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Total operating transfers	<u>(100,000)</u>	<u>-</u>	<u>13,700</u>	<u>(86,300)</u>	<u>20,000</u>	<u>(106,300)</u>
Net income (loss)	(95,496)	(368)	(5,938)	(101,802)	32,010	(133,812)
Retained earnings, October 1	<u>311,981</u>	<u>6,016</u>	<u>7,968</u>	<u>325,965</u>	<u>293,955</u>	<u>32,010</u>
Retained earnings, September 30	\$ <u>216,485</u>	<u>5,648</u>	<u>2,030</u>	<u>224,163</u>	<u>325,965</u>	<u>(101,802)</u>

CITY OF MERIDIAN, MISSISSIPPI
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2002
(With Comparative Totals for the Fiscal Year Ended September 30, 2001)

	Municipal Supply	Municipal Office Supply	Unemployment Compensation Fund	Totals		Increase (Decrease)
				2002	2001	
Cash flows from operating activities:						
Operating income (loss)	\$ 4,504	(368)	(19,638)	(15,502)	12,010	(27,512)
Adjustments to reconcile of operating income (loss) to net cash provided by (used in) operating activities:						
Changes in assets and liabilities:						
Due from other funds	2,424	270	-	2,694	18,095	(15,401)
Due from component units	211	-	-	211	(925)	1,136
Inventory	8,938	(306)	-	8,632	2,713	5,919
Accounts payable	11,022	247	-	11,269	(30,235)	41,504
Total adjustments	22,595	211	-	22,806	(10,352)	33,158
Net cash provided by (used in) operating activities	27,099	(157)	(19,638)	7,304	1,658	5,646
Cash flows from noncapital financing activities:						
Operating transfer in - General Fund	-	-	13,700	13,700	20,000	(6,300)
Operating transfer out - General Fund	(100,000)	-	-	(100,000)	-	(100,000)
Net cash provided by (used in) noncapital financing activities	(100,000)	-	13,700	(86,300)	20,000	(106,300)
Net increase (decrease) in cash and cash equivalents	(72,901)	(157)	(5,938)	(78,996)	21,658	(100,654)
Cash and cash equivalents, October 1	206,024	2,794	7,968	216,786	195,128	21,658
Cash and cash equivalents, September 30	\$ 133,123	2,637	2,030	137,790	216,786	(78,996)

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AGENCY FUNDS

Agency funds are used to account for assets held by the government 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 Fund - 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 the College to be used for its operations.

Meridian Separate School District - This fund is used to account for property tax collections and disbursements to the 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.

Pass Through Grants – This fund is used to account for grants received by the City on behalf of the Wesley House.

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

CITY OF MERIDIAN, MISSISSIPPI
 Agency Funds
 Combing Balance Sheet
 September 30, 2002
 (With Comparative Totals for September 30, 2001)

	Firemen & Policemen Disability & Relief	General Retirement Fund	Meridian Community College	Meridian Separate School District
<u>ASSETS</u>				
Cash and cash equivalents	\$ 59,398	37,145	56,187	448,886
Intergovernmental receivables- County	<u>11,970</u>	<u>7,497</u>	<u>18,171</u>	<u>136,745</u>
Total assets	\$ <u>71,368</u>	<u>44,642</u>	<u>74,358</u>	<u>585,631</u>
<u>LIABILITIES</u>				
Intergovernmental:				
Schools	\$ -	-	74,358	585,631
PERS	71,368	44,642	-	-
State	-	-	-	-
Employee insurance withheld	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	\$ <u>71,368</u>	<u>44,642</u>	<u>74,358</u>	<u>585,631</u>

SCHEDULE 20

<u>Hospital Insurance</u>	<u>State Police Fines & Fees</u>	<u>Pass Through Grants</u>	<u>Meridian Separate School District Bonds & Interest</u>	Totals		
				<u>2002</u>	<u>2001</u>	<u>Increase (Decrease)</u>
46,881	33,715	-	37,702	719,914	869,992	(150,078)
-	-	-	12,199	186,582	181,785	4,797
<u>46,881</u>	<u>33,715</u>	<u>-</u>	<u>49,901</u>	<u>906,496</u>	<u>1,051,777</u>	<u>(145,281)</u>
-	-	-	49,901	709,890	767,369	(57,479)
-	-	-	-	116,010	151,468	(35,458)
-	33,715	-	-	33,715	23,115	10,600
46,881	-	-	-	46,881	105,463	(58,582)
-	-	-	-	-	4,362	(4,362)
<u>46,881</u>	<u>33,715</u>	<u>-</u>	<u>49,901</u>	<u>906,496</u>	<u>1,051,777</u>	<u>(145,281)</u>

CITY OF MERIDIAN, MISSISSIPPI
 Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 For the Fiscal Year Ended September 30, 2002

	<u>Balance</u> September 30, <u>2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> September 30, <u>2002</u>
<u>Firemen & Policemen Disability & Relief Fund</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 84,810	1,070,468	1,095,880	59,398
Intergovernmental - county	<u>12,752</u>	<u>11,970</u>	<u>12,752</u>	<u>11,970</u>
Total assets	\$ <u>97,562</u>	<u>1,082,438</u>	<u>1,108,632</u>	<u>71,368</u>
<u>LIABILITIES</u>				
Intergovernmental - PERS	\$ <u>97,562</u>	<u>1,082,438</u>	<u>1,108,632</u>	<u>71,368</u>
<u>General Retirement Fund</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 46,661	667,068	676,584	37,145
Intergovernmental - county	<u>7,245</u>	<u>7,497</u>	<u>7,245</u>	<u>7,497</u>
Total assets	\$ <u>53,906</u>	<u>674,565</u>	<u>683,829</u>	<u>44,642</u>
<u>LIABILITIES</u>				
Intergovernmental - State	\$ <u>53,906</u>	<u>674,565</u>	<u>683,829</u>	<u>44,642</u>
<u>Meridian Community College</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 58,673	1,582,514	1,585,000	56,187
Intergovernmental - county	<u>16,805</u>	<u>18,171</u>	<u>16,805</u>	<u>18,171</u>
Total assets	\$ <u>75,478</u>	<u>1,600,685</u>	<u>1,601,805</u>	<u>74,358</u>
<u>LIABILITIES</u>				
Intergovernmental - schools	\$ <u>75,478</u>	<u>1,600,685</u>	<u>1,601,805</u>	<u>74,358</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
 Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 For the Fiscal Year Ended September 30, 2002

	Balance September 30, <u>2001</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2002</u>
Meridian Separate School District				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 513,833	12,020,127	12,085,074	448,886
Intergovernmental - county	<u>135,524</u>	<u>136,745</u>	<u>135,524</u>	<u>136,745</u>
Total assets	\$ <u>649,357</u>	<u>12,156,872</u>	<u>12,220,598</u>	<u>585,631</u>
<u>LIABILITIES</u>				
Intergovernmental - schools	\$ <u>649,357</u>	<u>12,156,872</u>	<u>12,220,598</u>	<u>585,631</u>
Hospital Insurance				
<u>ASSETS</u>				
Cash and cash equivalents	\$ <u>105,463</u>	<u>485,400</u>	<u>543,982</u>	<u>46,881</u>
<u>LIABILITIES</u>				
Employee insurance withheld	\$ <u>105,463</u>	<u>485,400</u>	<u>543,982</u>	<u>46,881</u>
State Police Fines & Fees				
<u>ASSETS</u>				
Cash and cash equivalents	\$ <u>23,115</u>	<u>415,098</u>	<u>404,498</u>	<u>33,715</u>
<u>LIABILITIES</u>				
Intergovernmental - state	\$ <u>23,115</u>	<u>415,098</u>	<u>404,498</u>	<u>33,715</u>
Pass Through Grants				
<u>ASSETS</u>				
Cash and cash equivalents	\$ <u>4,362</u>	<u>42,889</u>	<u>47,251</u>	<u>-</u>
<u>LIABILITIES</u>				
Other	\$ <u>4,362</u>	<u>42,889</u>	<u>47,251</u>	<u>-</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
 Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 For the Fiscal Year Ended September 30, 2002

	Balance			Balance
	September 30,			September 30,
	<u>2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>2002</u>
<u>Meridian Separate School District Bonds & Interest</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 33,075	1,058,105	1,053,478	37,702
Intergovernmental - county	<u>9,459</u>	<u>12,199</u>	<u>9,459</u>	<u>12,199</u>
Total assets	\$ <u>42,534</u>	<u>1,070,304</u>	<u>1,062,937</u>	<u>49,901</u>
<u>LIABILITIES</u>				
Intergovernmental - schools	\$ <u>42,534</u>	<u>1,070,304</u>	<u>1,062,937</u>	<u>49,901</u>
<u>Total All Agency Funds</u>				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 869,992	17,341,669	17,491,747	719,914
Intergovernmental receivables	<u>181,785</u>	<u>186,582</u>	<u>181,785</u>	<u>186,582</u>
Total assets	\$ <u>1,051,777</u>	<u>17,528,251</u>	<u>17,673,532</u>	<u>906,496</u>
<u>LIABILITIES</u>				
Intergovernmental	\$ 941,952	16,999,962	17,082,299	859,615
Employee insurance withheld	105,463	485,400	543,982	46,881
Other	<u>4,362</u>	<u>42,889</u>	<u>47,251</u>	<u>-</u>
Total liabilities	\$ <u>1,051,777</u>	<u>17,528,251</u>	<u>17,673,532</u>	<u>906,496</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

CITY OF MERIDIAN, MISSISSIPPI
 Schedule of General Fixed Assets
 By Function and Activity
 September 30, 2002

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>	<u>Construction In-Progress</u>	<u>Total</u>
General government:						
Finance and records	\$ -	-	-	1,091,700	-	1,091,700
Executive	1,351,620	880,504	-	125,130	500,640	2,857,894
Legislative	-	-	-	30,751	-	30,751
Community development	1,324,338	7,746,482	140,000	283,710	-	9,494,530
Civil service	-	-	-	19,046	-	19,046
Total general government	<u>2,675,958</u>	<u>8,626,986</u>	<u>140,000</u>	<u>1,550,337</u>	<u>500,640</u>	<u>13,493,921</u>
Public safety:						
Police	-	1,675,261	-	2,340,948	-	4,016,209
Fire	40,951	3,578,523	100	2,896,816	-	6,516,390
Zoning and inspection	-	-	-	111,200	-	111,200
Total public safety	<u>40,951</u>	<u>5,253,784</u>	<u>100</u>	<u>5,348,964</u>	<u>-</u>	<u>10,643,799</u>
Sanitation						
	-	-	-	27,189	-	27,189
Highways and streets:						
Engineering	-	-	-	248,143	-	248,143
Maintenance	1,462,429	2,124,603	-	3,469,860	-	7,056,892
Total highways and streets	<u>1,462,429</u>	<u>2,124,603</u>	<u>-</u>	<u>3,718,003</u>	<u>-</u>	<u>7,305,035</u>
Culture and recreation -						
Parks and recreation	<u>1,439,363</u>	<u>1,433,717</u>	<u>574,367</u>	<u>608,853</u>	<u>-</u>	<u>4,056,300</u>
Total general fixed assets	\$ <u>5,618,701</u>	<u>17,439,090</u>	<u>714,467</u>	<u>11,253,346</u>	<u>500,640</u>	<u>35,526,244</u>

CITY OF MERIDIAN, MISSISSIPPI
 Schedule of Changes in General Fixed Assets
 By Function and Activity
 For the Fiscal Year Ended September 30, 2002

<u>Function and Activity</u>	<u>General Fixed Assets September 30, 2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>General Fixed Assets September 30, 2002</u>
General government:				
Finance and records	\$ 1,055,078	36,622	-	1,091,700
Executive	2,357,254	500,640	-	2,857,894
Legislative	30,751	-	-	30,751
Community development	9,504,059	10,426	19,955	9,494,530
Civil service	19,046	-	-	19,046
Total general government	<u>12,966,188</u>	<u>547,688</u>	<u>19,955</u>	<u>13,493,921</u>
Public safety:				
Police	4,018,645	267,544	269,980	4,016,209
Fire	6,591,027	113,880	188,517	6,516,390
Zoning and inspection	112,751	-	1,551	111,200
Total public safety	<u>10,722,423</u>	<u>381,424</u>	<u>460,048</u>	<u>10,643,799</u>
Sanitation	<u>42,525</u>	<u>-</u>	<u>15,336</u>	<u>27,189</u>
Highways and streets:				
Engineering	248,143	-	-	248,143
Maintenance	7,233,282	2,000	178,390	7,056,892
Total highways and streets	<u>7,481,425</u>	<u>2,000</u>	<u>178,390</u>	<u>7,305,035</u>
Culture and recreation -				
Parks and recreation	4,179,100	-	122,800	4,056,300
Total general fixed assets	\$ <u>35,391,661</u>	<u>931,112</u>	<u>796,529</u>	<u>35,526,244</u>

CITY OF MERIDIAN
 Comparative Schedules of General Fixed Assets
 By Source
 September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>	Increase (Decrease)
General fixed assets:			
Land	\$ 5,618,701	5,618,701	-
Buildings	17,439,090	17,439,090	-
Improvements other than buildings	714,467	714,467	-
Machinery and equipment	11,253,346	11,619,403	(366,057)
Construction in-progress	<u>500,640</u>	<u>-</u>	<u>500,640</u>
Total general fixed assets	\$ <u>35,526,244</u>	<u>35,391,661</u>	<u>134,583</u>
 Investment in general fixed assets by source:			
Prior investment in general fixed assets	\$ 11,620,442	12,416,970	(796,528)
General Fund	14,406,258	13,494,077	912,181
Special Revenue Funds	8,743,544	8,724,614	18,930
Donations	<u>756,000</u>	<u>756,000</u>	<u>-</u>
Total investment in general fixed assets	\$ <u>35,526,244</u>	<u>35,391,661</u>	<u>134,583</u>

COMPONENT UNITS

Meridian Airport Authority - The Meridian Airport Authority (MAA) (a discretely presented component unit) is a legally separate entity established by resolution of the City Council of the City of Meridian. MAA was established to account for and manage the activities of the local airport.

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 - The 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 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.

Meridian Redevelopment Authority - The Meridian Redevelopment Authority (a discretely presented component unit) is a legally separate entity established by the City Council of the City of Meridian to manage the Urban Renewal activities.

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

CITY OF MERIDIAN, MISSISSIPPI
 Component Units
 Combining Balance Sheet
 September 30, 2002
 (With Comparative Totals for September 30, 2001)

	Meridian Airport Authority	Meridian Transportation Commission	Meridian and Bonita Lakes Development Authority	Meridian Redevelopment Authority	Totals		Increase (Decrease)
					2002	2001	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 140,288	334	6,830	5,506	152,958	124,760	28,198
Cash - restricted	188,765	-	-	-	188,765	145,289	43,476
Investments	200,000	11,247	-	25,483	236,730	255,978	(19,248)
Receivables:							
Accounts	12,243	452	-	-	12,695	13,450	(755)
Passenger facility charge	6,131	-	-	-	6,131	14,039	(7,908)
Intergovernmental:							
Federal	112,587	-	-	-	112,587	79,033	33,554
State	9,852	38,883	-	-	48,735	30,376	18,359
Prepaid items	12,320	1,067	-	-	13,387	6,619	6,768
Total current assets	682,186	51,983	6,830	30,989	771,988	669,544	102,444
Property, plant, and equipment:							
Land	500,000	-	-	-	500,000	500,000	-
Buildings	2,359,727	-	-	-	2,359,727	2,357,432	2,295
Improvements other than buildings	11,365,551	-	-	-	11,365,551	11,365,551	-
Machinery and equipment	316,329	402,618	-	-	718,947	711,138	7,809
Construction in progress	1,660,104	-	-	-	1,660,104	630,964	1,029,140
Total property, plant and equipment	16,201,711	402,618	-	-	16,604,329	15,565,085	1,039,244
Less: accumulated depreciation	(4,117,508)	(344,224)	-	-	(4,461,732)	(3,817,023)	(644,709)
Net property, plant, and equipment	12,084,203	58,394	-	-	12,142,597	11,748,062	394,535
Total assets	\$ 12,766,389	110,377	6,830	30,989	12,914,585	12,417,606	496,979
LIABILITIES AND FUND BALANCES							
Current liabilities:							
Accounts payable	\$ 50,816	4,537	-	-	55,353	135,878	(80,525)
Accrued liabilities	25,820	6,446	-	-	32,266	36,433	(4,167)
Customer deposits	-	-	-	-	-	408	(408)
Deferred Support	2,597	10,294	-	-	12,891	10,294	2,597
Total current liabilities	79,233	21,277	-	-	100,510	183,013	(82,503)
Equity:							
Contributed capital:							
Federal	7,788,741	-	-	-	7,788,741	8,230,490	(441,749)
State	335,141	-	-	-	335,141	344,067	(8,926)
Municipal	1,577,156	-	-	-	1,577,156	1,577,156	-
Total contributed capital	9,701,038	-	-	-	9,701,038	10,151,713	(450,675)
Retained earnings:							
Reserved passenger facility charge	188,765	-	-	-	188,765	145,289	43,476
Unreserved	2,797,353	89,100	6,830	30,989	2,924,272	1,937,591	986,681
Total retained earnings	2,986,118	89,100	6,830	30,989	3,113,037	2,082,880	1,030,157
Total equity	12,687,156	89,100	6,830	30,989	12,814,075	12,234,593	579,482
Total liabilities and equity	\$ 12,766,389	110,377	6,830	30,989	12,914,585	12,417,606	496,979

CITY OF MERIDIAN, MISSISSIPPI

Component Units

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the Fiscal Year Ended September 30, 2002

(With Comparative Totals for the Fiscal Year Ended September 30, 2001)

	Meridian Airport Authority	Meridian Transportation Commission	Meridian and Bonita Lakes Development Authority	Meridian Redevelopment Authority	Totals		Increase (Decrease)
					2002	2001	
Operating revenues:							
Charges for sales and services:							
Rents and leases	\$ 459,871	-	-	-	459,871	483,952	(24,081)
Passenger facility charges	89,041	-	-	-	89,041	93,704	(4,663)
Fares	-	64,966	-	-	64,966	82,549	(17,583)
Miscellaneous	3,390	-	-	-	3,390	23,393	(20,003)
Total operating revenues	<u>552,302</u>	<u>64,966</u>	<u>-</u>	<u>-</u>	<u>617,268</u>	<u>683,598</u>	<u>(66,330)</u>
Operating expenses:							
Personnel services	261,688	253,684	-	-	515,372	525,685	(10,313)
Supplies and expenses	4,759	2,652	-	-	7,411	7,361	50
Rent and utilities	43,606	82,363	-	-	125,969	123,262	2,707
Operation, maintenance and repairs	72,188	49,092	-	-	121,280	170,155	(48,875)
Depreciation	616,964	31,171	-	-	648,135	659,590	(11,455)
Miscellaneous	34,071	11,962	4,699	3,116	53,848	61,338	(7,490)
Total operating expenses	<u>1,033,276</u>	<u>430,924</u>	<u>4,699</u>	<u>3,116</u>	<u>1,472,015</u>	<u>1,547,391</u>	<u>(75,376)</u>
Operating loss	<u>(480,974)</u>	<u>(365,958)</u>	<u>(4,699)</u>	<u>(3,116)</u>	<u>(854,747)</u>	<u>(863,793)</u>	<u>9,046</u>
Nonoperating revenues:							
Intergovernmental:							
County	-	-	-	-	-	14,706	(14,706)
State	57,835	182,875	-	-	240,710	257,887	(17,177)
Federal	1,038,730	-	-	-	1,038,730	497,573	541,157
Interest income	10,079	823	140	647	11,689	18,995	(7,306)
Gain on sale of assets	-	-	-	-	-	13,376	(13,376)
Net nonoperating revenue	<u>1,106,644</u>	<u>183,698</u>	<u>140</u>	<u>647</u>	<u>1,291,129</u>	<u>802,537</u>	<u>488,592</u>
Income (loss) before operating transfers	<u>625,670</u>	<u>(182,260)</u>	<u>(4,559)</u>	<u>(2,469)</u>	<u>436,382</u>	<u>(61,256)</u>	<u>497,638</u>
Operating transfers in - primary government	<u>-</u>	<u>138,300</u>	<u>2,100</u>	<u>2,700</u>	<u>143,100</u>	<u>144,100</u>	<u>(1,000)</u>
Net income (loss)	<u>625,670</u>	<u>(43,960)</u>	<u>(2,459)</u>	<u>231</u>	<u>579,482</u>	<u>82,844</u>	<u>496,638</u>
Add: depreciation on assets acquired with contributed capital	450,675	-	-	-	450,675	462,170	(11,495)
Add: cancellation of liability	-	-	-	-	-	61,212	(61,212)
Increase (decrease) in retained earnings	<u>1,076,345</u>	<u>(43,960)</u>	<u>(2,459)</u>	<u>231</u>	<u>1,030,157</u>	<u>606,226</u>	<u>423,931</u>
Retained earnings, October 1	<u>1,909,773</u>	<u>133,060</u>	<u>9,289</u>	<u>30,758</u>	<u>2,082,880</u>	<u>1,476,654</u>	<u>606,226</u>
Retained earnings, September 30	<u>\$ 2,986,118</u>	<u>89,100</u>	<u>6,830</u>	<u>30,989</u>	<u>3,113,037</u>	<u>2,082,880</u>	<u>1,030,157</u>

CITY OF MERIDIAN, MISSISSIPPI
 Component Units
 Combining Statement of Cash Flows
 For the Fiscal Year Ended September 30, 2002
 (With Comparative Totals for the Fiscal Year Ended September 30, 2001)

	Meridian	Meridian	Meridian and	Meridian	Totals		Increase (Decrease)
	Airport Authority	Transportation Commission	Bonita Lakes Development Authority	Redevelopment Authority	2002	2001	
Cash flows from operating activities:							
Operating loss	\$ (480,974)	(365,958)	(4,699)	(3,116)	(854,747)	(863,793)	9,046
Adjustments to reconcile of operating loss to net cash provided by (used in) operating activities:							
Depreciation and amortization	616,964	31,171	-	-	648,135	659,590	(11,455)
Changes in assets and liabilities:							
(Increase) decrease in receivables	(34,705)	(8,545)	-	-	(43,250)	(80,444)	37,194
(Increase) decrease in prepaid items	(7,725)	957	-	-	(6,768)	(692)	(6,076)
Increase (decrease) in accounts payable	(74,972)	(5,552)	-	-	(80,524)	128,509	(209,033)
Increase (decrease) in deferred support	(684)	-	-	-	(684)	(14,706)	14,022
Increase (decrease) in accrued liabilities and customer deposits	(1,408)	115	-	-	(1,293)	(2,007)	714
Total adjustments	497,470	18,146	-	-	515,616	690,250	(174,634)
Net cash provided by (used in) operating activities	16,496	(347,812)	(4,699)	(3,116)	(339,131)	(173,543)	(165,588)
Cash flows from investing activities:							
Interest on investments	10,079	823	140	647	11,689	18,995	(7,306)
Sales (purchases) of investments	-	19,850	-	(602)	19,248	11,501	7,747
Net cash provided by investing activities	10,079	20,673	140	45	30,937	30,496	441
Cash flows from noncapital financing activities:							
Intergovernmental:							
County	-	-	-	-	-	14,706	(14,706)
State	57,835	182,875	-	-	240,710	257,887	(17,177)
Federal	1,038,730	-	-	-	1,038,730	497,573	541,157
Transfers from primary government	-	138,300	2,100	2,700	143,100	144,100	(1,000)
Net cash provided by noncapital financing activities	1,096,565	321,175	2,100	2,700	1,422,540	914,266	508,274
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(1,042,672)	-	-	-	(1,042,672)	(671,467)	(371,205)
Proceeds from sale of capital assets	-	-	-	-	-	13,376	(13,376)
Net cash provided used in capital and related financing activities	(1,042,672)	-	-	-	(1,042,672)	(658,091)	(384,581)
Net increase (decrease) in cash and cash equivalents	80,468	(5,964)	(2,459)	(371)	71,674	113,128	(41,454)
Cash and cash equivalents, October 1	448,585	6,298	9,289	5,877	470,049	356,921	113,128
Cash and cash equivalents, September 30	\$ 529,053	334	6,830	5,506	541,723	470,049	71,674

SUPPLEMENTARY INFORMATION

CITY OF MERIDIAN, MISSISSIPPI
 Schedule Reconciling Original Ad Valorem
 Tax Rolls to Fund Collections
 For the Fiscal Year Ended September 30, 2002

	<u>Assessed</u> <u>Value</u>	<u>Millage</u>	<u>Ad Valorem</u> <u>Taxes</u>
City of Meridian:			
Realty	\$ 132,727,185	51.49	\$ 6,834,123
Personal property - other than auto	38,863,914	51.49	2,001,103
Public utilities	24,486,079	51.49	1,260,788
Personal autos - 99/00 rates	7,725	49.14	380
Personal autos - 00/01 rates	3,359,571	49.14	165,089
Personal autos - 01/02 rates	30,698,070	51.49	1,580,644
Total City of Meridian valuation	\$ <u>230,142,544</u>		<u>11,842,127</u>
Less homestead exemption allowed			<u>(729,949)</u>
Total City ad valorem taxes			11,112,178
Adjustments to original tax roll:			
Realty		\$ (23,804)	
Personal		(19,162)	
Homestead exemption		(6,428)	
Public utilities		<u>23,367</u>	(26,027)
Add:			
Actual homestead reimbursement		544,363	
Prior year tax collection		59,640	
Pilot		101,940	
Motor vehicle rent tax		56,759	
Aircraft		5,212	
Mobile homes		<u>8,481</u>	<u>776,395</u>
Total City to account for			<u>11,862,546</u>
Separate School District:			
Realty	\$ 138,238,643	64.38	8,899,804
Personal property - other than auto	46,039,286	64.38	2,964,009
Public utilities	31,703,183	64.38	2,041,051
Personal autos - 99/00 rates	7,725	63.35	489
Personal autos - 00/01 rates	3,443,181	63.25	217,781
Personal autos - 01/02 rates	31,172,860	64.38	2,006,909
Total Separate School District valuation	\$ <u>250,604,878</u>		<u>16,130,043</u>
Less homestead exemption allowed			<u>(1,405,206)</u>
Total Separate School District ad valorem taxes			14,724,837
Adjustments to original tax roll:			
Realty		(20,311)	
Personal		2,533	
Homestead exemption		(6,919)	
Public utilities		<u>158,165</u>	133,468
Add:			
Prior year tax collection		41,582	
Mobile homes		<u>26,745</u>	<u>68,327</u>
Total Separate School District to account for			<u>14,926,632</u>
Total City of Meridian and Separate School District to account for			\$ <u>26,789,178</u>

(Continued)

SCHEDULE 28 (Page 2 of 2)

CITY OF MERIDIAN, MISSISSIPPI
Schedule Reconciling Original Ad Valorem
Tax Rolls to Fund Collections
For the Fiscal Year Ended September 30, 2002

	<u>Taxes</u>	<u>Homestead Reimbursement</u>	<u>Total</u>
Accounted for as follows:			
General Fund	\$ 6,093,055	303,316	6,396,371
General Fund - Pilot	101,940	-	101,940
General Bond & Interest	3,198,919	158,689	3,357,608
School Bond & Interest	1,058,105	-	1,058,105
Police & Fire Disability	1,026,159	50,641	1,076,800
General Retirement	639,321	31,717	671,038
School Fund	<u>13,517,484</u>	<u>-</u>	<u>13,517,484</u>
Total	\$ <u>25,634,983</u>	<u>544,363</u>	26,179,346
Balance represented by:			
Unpaid realty (bankruptcy)		\$ 5,913	
Unpaid personal property		220,183	
Held by tax collector		21,181	
Sold to state		161,165	
Tax collector's commission		198,565	
Unaccounted for		<u>2,825</u>	<u>609,832</u>
Total ad valorem taxes			\$ <u>26,789,178</u>

CITY OF MERIDIAN, MISSISSIPPI

Schedule of Investments

September 30, 2002

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
General Fund - unrestricted -				
Certificate of deposit	7/9/2002	1/5/2003	1.92%	\$ <u>500,000</u>
Capital Projects Funds - unrestricted -				
Certificate of deposit	9/7/2002	3/6/2003	1.80%	\$ <u>250,000</u>
Proprietary Funds:				
Unrestricted -				
Certificate of deposit	7/9/2002	1/5/2003	1.92%	\$ <u>100,000</u>
Restricted:				
Certificate of deposit	6/26/2002	12/20/2002	1.82%	179,860
Federal Home Loan Mortgage Corporate Discount Notes	6/26/2002	12/27/2002	N/A	971,000
Federal Home Loan Mortgage Corporate Discount Notes	6/26/2002	12/27/2002	N/A	902,000
Federated Government Obligations	8/6/2001	N/A	1.38%	700
Federal Home Loan Bank Discount	5/29/2002	11/25/2002	N/A	428,000
Federated Government Obligations	9/6/2001	N/A	1.39%	975
Federal Home Loan Bank Discount	9/26/2002	3/27/2003	N/A	304,000
Total restricted funds				<u>2,786,535</u>
Total Proprietary Funds investments				\$ <u>2,886,535</u>
Total unrestricted investments				\$ <u>850,000</u>
Total restricted investments				\$ <u>2,786,535</u>
Total repurchase agreements - presented as cash and cash equivalents in various fund types				\$ <u>7,783,000</u>

SCHEDULE 30**CITY OF MERIDIAN, MISSISSIPPI**
Schedule of Surety Bonds for Municipal Officials
September 30, 2002

<u>Name</u>	<u>Position</u>	<u>Insurance Company</u>	<u>Bond</u>
John Robert Smith	Mayor	The St. Paul Companies	\$ 50,000 *
George Thomas	Councilman	Great River Insurance Company	100,000
Mary A. B. Perry	Councilman	Great River Insurance Company	100,000
Barbara Henson	Councilman	Great River Insurance Company	100,000
Jesse Palmer, Sr.	Councilman	Great River Insurance Company	100,000
Bobby R. Smith	Councilman	Great River Insurance Company	100,000
Kenneth Storms	Chief Administrative Officer	Great River Insurance Company	50,000
Ed Skipper	City Clerk/CFO	Great River Insurance Company	50,000
Blanket Policy	All city employees	The St. Paul Companies	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.

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Changes in Long-Term Debt
For the Fiscal Year Ended September 30, 2002

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance September 30, 2001</u>	<u>Principal Payments</u>	<u>New Issues</u>	<u>Balance September 30, 2002</u>
General long-term debt:							
Public Improvements of 1984	11/1/1984	Various	\$ 3,000,000	1,070,000	230,000	-	840,000
Public Improvements of 1986	12/1/1986	6.1-6.2%	6,650,000	925,000	925,000	-	-
Public Improvements of 1989	5/1/1989	7.1-6.5%	2,500,000	855,000	260,000	-	595,000
Public Improvements of 1993	8/1/1993	Various	1,160,000	665,000	80,000	-	585,000
Public Improvements of 1995	8/1/1995	Various	2,050,000	960,000	220,000	-	740,000
Refunding Bonds of 1996	1/1/1996	Various	4,210,000	2,055,000	600,000	-	1,455,000
Public Improvements of 1998	3/1/1998	Various	4,500,000	3,855,000	240,000	-	3,615,000
Public Improvement of 1999	4/1/1999	Various	1,150,000	1,040,000	60,000	-	980,000
Public Improvement of 2000	5/1/2000	Various	1,100,000	1,015,000	90,000	-	925,000
Total general obligations bonds			<u>26,320,000</u>	<u>12,440,000</u>	<u>2,705,000</u>	-	<u>9,735,000</u>
Limited Obligation Tax Increment Bonds (TIF)	12/1/1996	Various	4,160,000	3,640,000	520,000	-	3,120,000
Limited Obligation Tax Increment Bonds (TIF)	9/1/2000	Various	2,200,000	2,200,000	-	-	2,200,000
Limited Obligation Tax Increment Bonds (TIF)	12/1/2000	Various	1,100,000	1,100,000	-	-	1,100,000
Total tax increment bonds			<u>7,460,000</u>	<u>6,940,000</u>	<u>520,000</u>	-	<u>6,420,000</u>
Revolving loan - capital improvements	6/1/2001	3.00%	1,000,000	982,311	49,565	-	932,746
Total promissory loans			<u>1,000,000</u>	<u>982,311</u>	<u>49,565</u>	-	<u>932,746</u>
Special Street Improvements	8/1/1995	Various	1,920,000	1,565,000	70,000	-	1,495,000
Special Assessment Public Improvement	6/1/1996	Various	2,000,000	1,690,000	80,000	-	1,610,000
Special Assessment Public Improvement	6/1/2000	Various	1,125,000	1,095,000	30,000	-	1,065,000
Special Assessment Public Imp 2001	8/1/2001	Various	500,000	500,000	15,000	-	485,000
Total special assessment			<u>5,545,000</u>	<u>4,850,000</u>	<u>195,000</u>	-	<u>4,655,000</u>
Certificates of Participation - MPIC	4/1/1993	Various	625,000	155,000	75,000	-	80,000
Certificates of Participation - MPIC	7/1/1994	7.00%	1,300,000	390,000	130,000	-	260,000
Total certificates of participation			<u>1,925,000</u>	<u>545,000</u>	<u>205,000</u>	-	<u>340,000</u>
First Continental Leasing:							
Trucks, tractors, backhoes, etc.	6/17/1999	4.63%	326,570	219,299	110,518	-	108,781
Computers and equipment	8/14/2000	5.69%	425,000	314,459	98,929	-	215,530
Computer equipment - Police Department	8/14/2000	5.69%	198,530	130,607	63,450	-	67,157
SI 3000 System software	9/8/2000	5.86%	97,196	63,502	30,823	-	32,679
Citizens Leasing - motor grader	8/24/1998	4.38%	113,853	47,406	23,195	-	24,211
Trustmark Lease - AS400 computer equipment	4/30/2000	4.98%	100,000	67,723	33,139	-	34,584
CitiCapital Lease - energy saving equipment	5/21/2002	5.87%	709,066	-	16,138	709,066	692,928
Total capital leases			<u>1,970,215</u>	<u>842,996</u>	<u>376,192</u>	<u>709,066</u>	<u>1,175,870</u>
Total general long-term debt			\$ 44,220,215	26,600,307	4,050,757	709,066	23,258,616
Enterprise fund debt:							
Water and Sewer Revenue	7/1/1994	Various	\$ 9,710,000	6,935,000	505,000	-	6,430,000
Water and Sewer Revenue	7/1/1994	Various	10,000,000	7,805,000	400,000	-	7,405,000
Water and Sewer Revenue	12/1/1995	Various	5,000,000	4,235,000	180,000	-	4,055,000
Water and Sewer Revenue	10/1/1997	Various	5,000,000	4,545,000	170,000	-	4,375,000
Water and Sewer Revenue	6/1/2000	Various	2,000,000	1,950,000	55,000	-	1,895,000
Total revenue bonds			<u>31,710,000</u>	<u>25,470,000</u>	<u>1,310,000</u>	-	<u>24,160,000</u>
Water and sewer promissory loan	12/1/1998	Various	5,300,000	5,250,000	60,000	-	5,190,000
Loan - capital improvements	1/1/2001	3.00%	360,000	336,581	32,054	-	304,527
Water and sewer promissory loan	11/29/2001	Various	3,100,000	-	-	3,100,000	3,100,000
Total promissory loans			<u>8,760,000</u>	<u>5,586,581</u>	<u>92,054</u>	<u>3,100,000</u>	<u>8,594,527</u>
First Continental Lease - truck	6/17/1999	4.63%	113,639	75,770	37,265	-	38,505
Citizens National Bank Lease - flush truck	9/18/2001	4.06%	82,934	-	27,457	82,934	55,477
CitiCapital Lease - energy saving equipment	5/21/2002	5.87%	1,053,181	-	14,786	1,053,181	1,038,395
CitiCapital Lease - energy saving equipment	5/21/2002	5.87%	3,460	-	61	3,460	3,399
Total capital leases			<u>1,253,214</u>	<u>75,770</u>	<u>79,569</u>	<u>1,139,575</u>	<u>1,135,776</u>
Total enterprise fund debt			\$ 41,723,214	31,132,351	1,481,623	4,239,575	33,890,303

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CITY OF MERIDIAN, MISSISSIPPI
Schedule of Long-Term Debt Maturities
September 30, 2002

	Date of Issue	Interest Rate	Amount of Original Issue	Balance September 30, 2002	<u>2003</u>
<u>General long-term debt:</u>					
Public Improvements of 1984	11/1/1984	Various	\$ 3,000,000	840,000	255,000
Public Improvements of 1989	5/1/1989	7.1-6.5%	2,500,000	595,000	285,000
Public Improvements of 1993	8/1/1993	Various	1,160,000	585,000	85,000
Public Improvements of 1995	8/1/1995	Various	2,050,000	740,000	235,000
Refunding Bonds of 1996	1/1/1996	Various	4,210,000	1,455,000	680,000
Public Improvements of 1998	3/1/1998	Various	4,500,000	3,615,000	250,000
Public Improvement of 1999	4/1/1999	Various	1,150,000	980,000	60,000
Public Improvement of 2000	5/1/2000	Various	1,100,000	925,000	95,000
Total general obligations bonds			<u>19,670,000</u>	<u>9,735,000</u>	<u>1,945,000</u>
Limited Obligation Tax Increment Bonds (TIF)	12/1/1996	Various	4,160,000	3,120,000	520,000
Limited Obligation Tax Increment Bonds (TIF)	9/1/2000	Various	2,200,000	2,200,000	-
Limited Obligation Tax Increment Bonds (TIF)	12/1/2000	Various	1,100,000	1,100,000	-
Total tax increment bonds			<u>7,460,000</u>	<u>6,420,000</u>	<u>520,000</u>
Revolving loan - capital improvements	6/1/2001	3.00%	1,000,000	932,746	55,648
Total promissory loans			<u>1,000,000</u>	<u>932,746</u>	<u>55,648</u>
Special Street Improvements	8/1/1995	Various	1,920,000	1,495,000	75,000
Special Assessment Public Improvement	6/1/1996	Various	2,000,000	1,610,000	80,000
Special Assessment Public Improvement	6/1/2000	Various	1,125,000	1,065,000	35,000
Special Assessment Public Imp 2001	8/1/2001	Various	500,000	485,000	15,000
Total special assessment			<u>5,545,000</u>	<u>4,655,000</u>	<u>205,000</u>
Certificates of Participation - MPIC	4/1/1993	Various	625,000	80,000	80,000
Certificates of Participation - MPIC	7/1/1994	7.00%	1,300,000	260,000	130,000
Total certificates of participation			<u>1,925,000</u>	<u>340,000</u>	<u>210,000</u>
First Continental Leasing:					
Trucks, tractors, backhoes, etc.	6/17/1999	4.63%	326,570	108,781	108,781
Computers and equipment	8/14/2000	5.69%	425,000	215,530	104,707
Computer equipment - Police Department	8/14/2000	5.69%	198,530	67,157	67,157
SI 3000 System software	9/8/2000	5.86%	97,196	32,679	32,679
Citizens Leasing - motor grader	8/24/1998	4.38%	113,853	24,211	24,211
Trustmark Lease - AS400 computer equipment	4/30/2000	4.98%	100,000	34,584	34,584
CitiCapital Lease - energy saving equipment	5/21/2002	5.87%	709,066	692,928	30,964
Total capital leases			<u>1,970,215</u>	<u>1,175,870</u>	<u>403,083</u>
Total general long-term debt			\$ <u>37,570,215</u>	<u>23,258,616</u>	<u>3,338,731</u>
<u>Enterprise fund debt:</u>					
Water and Sewer Revenue	7/1/1994	Various	\$ 9,710,000	6,430,000	540,000
Water and Sewer Revenue	7/1/1994	Various	10,000,000	7,405,000	425,000
Water and Sewer Revenue	12/1/1995	Various	5,000,000	4,055,000	195,000
Water and Sewer Revenue	10/1/1997	Various	5,000,000	4,375,000	180,000
Water and Sewer Revenue	6/1/2000	Various	2,000,000	1,895,000	60,000
Total revenue bonds			<u>31,710,000</u>	<u>24,160,000</u>	<u>1,400,000</u>
Water and sewer promissory loan	12/1/1998	Various	5,300,000	5,190,000	75,000
Loan - capital improvements	1/1/2001	3.00%	360,000	304,527	30,240
Water and sewer promissory loan	11/29/2001	Various	3,100,000	3,100,000	80,000
Total promissory loans			<u>8,760,000</u>	<u>8,594,527</u>	<u>185,240</u>
First Continental Lease - truck	6/17/1999	4.63%	113,639	38,505	38,505
Citizens National Bank Lease - flush truck	9/18/2001	4.06%	82,934	55,477	27,663
CitiCapital Lease - energy saving equipment	5/21/2002	5.87%	1,053,181	1,038,395	46,407
CitiCapital Lease - energy saving equipment	5/21/2002	5.87%	3,460	3,399	155
Total capital leases			<u>1,253,214</u>	<u>1,135,776</u>	<u>112,730</u>
Total enterprise fund debt			\$ <u>41,723,214</u>	<u>33,890,303</u>	<u>1,697,970</u>

SCHEDULE 32

Maturities for the Years Ending September 30,				
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>Thereafter</u>
275,000	310,000	-	-	-
310,000	-	-	-	-
90,000	95,000	100,000	105,000	110,000
245,000	260,000	-	-	-
380,000	395,000	-	-	-
265,000	280,000	290,000	310,000	2,220,000
65,000	70,000	70,000	75,000	640,000
<u>100,000</u>	<u>105,000</u>	<u>110,000</u>	<u>120,000</u>	<u>395,000</u>
<u>1,730,000</u>	<u>1,515,000</u>	<u>570,000</u>	<u>610,000</u>	<u>3,365,000</u>
520,000	520,000	520,000	520,000	520,000
75,000	85,000	175,000	190,000	1,675,000
<u>75,000</u>	<u>80,000</u>	<u>85,000</u>	<u>95,000</u>	<u>765,000</u>
<u>670,000</u>	<u>685,000</u>	<u>780,000</u>	<u>805,000</u>	<u>2,960,000</u>
<u>57,341</u>	<u>59,085</u>	<u>60,882</u>	<u>62,733</u>	<u>637,057</u>
<u>57,341</u>	<u>59,085</u>	<u>60,882</u>	<u>62,733</u>	<u>637,057</u>
80,000	85,000	95,000	100,000	1,060,000
80,000	80,000	85,000	95,000	1,190,000
35,000	40,000	40,000	45,000	870,000
<u>15,000</u>	<u>15,000</u>	<u>20,000</u>	<u>20,000</u>	<u>400,000</u>
<u>210,000</u>	<u>220,000</u>	<u>240,000</u>	<u>260,000</u>	<u>3,520,000</u>
-	-	-	-	-
<u>130,000</u>	-	-	-	-
<u>130,000</u>	-	-	-	-
-	-	-	-	-
110,823	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>32,833</u>	<u>34,814</u>	<u>36,915</u>	<u>39,143</u>	<u>518,259</u>
<u>143,656</u>	<u>34,814</u>	<u>36,915</u>	<u>39,143</u>	<u>518,259</u>
<u>2,940,997</u>	<u>2,513,899</u>	<u>1,687,797</u>	<u>1,776,876</u>	<u>11,000,316</u>
575,000	615,000	655,000	690,000	3,355,000
455,000	485,000	515,000	550,000	4,975,000
205,000	215,000	230,000	245,000	2,965,000
185,000	200,000	210,000	220,000	3,380,000
<u>65,000</u>	<u>65,000</u>	<u>70,000</u>	<u>75,000</u>	<u>1,560,000</u>
<u>1,485,000</u>	<u>1,580,000</u>	<u>1,680,000</u>	<u>1,780,000</u>	<u>16,235,000</u>
140,000	150,000	155,000	165,000	4,505,000
33,950	34,982	36,046	37,143	132,166
<u>85,000</u>	<u>85,000</u>	<u>90,000</u>	<u>90,000</u>	<u>2,670,000</u>
<u>258,950</u>	<u>269,982</u>	<u>281,046</u>	<u>292,143</u>	<u>7,307,166</u>
-	-	-	-	-
27,814	-	-	-	-
49,208	52,178	55,327	58,666	776,609
<u>164</u>	<u>174</u>	<u>185</u>	<u>196</u>	<u>2,525</u>
<u>77,186</u>	<u>52,352</u>	<u>55,512</u>	<u>58,862</u>	<u>779,134</u>
<u>1,821,136</u>	<u>1,902,334</u>	<u>2,016,558</u>	<u>2,131,005</u>	<u>24,321,300</u>

STATISTICAL SECTION

The statistical section contains data which relate to the economic, social and political characteristics of the City of Meridian. It is intended to provide readers with a broader and more complete understanding of the City and its financial affairs than is possible from the financial statements and supplemental data included in the financial section. Statistical tables usually cover more than two fiscal years and often present data outside the accounting records.

CITY OF MERIDIAN, MISSISSIPPI
 General Government Expenditures and Transfers by Function
 Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Cultural and Recreation	Other	Capital Outlay	Transfers	Debt Service	Total
2002	\$ 5,115,537	\$ 9,538,547	\$ 2,876,315	\$ 1,530,652	\$ 70,950	\$ 763,178	\$ 1,016,588	\$ 5,698,322	\$ 26,610,089
2001	4,842,690	9,538,463	2,965,928	1,466,969	65,128	245,730	1,164,161	5,578,608	25,867,677
2000	4,896,203	10,037,326	3,016,929	1,555,983	83,806	2,210,928	517,580	4,323,775	26,642,530
1999	4,707,981	9,447,046	2,905,732	1,519,263	37,496	833,216	442,404	4,606,734	24,499,872
1998	4,529,491	9,050,305	2,984,276	2,112,435	2,169	535,677	349,499	4,249,692	23,813,544
1997	4,180,214	8,619,835	2,918,496	1,418,877	42,160	540,462	169,795	3,931,654	21,821,493
1996	4,159,024	8,212,206	2,614,659	1,359,114	37,490	990,528	188,910	3,546,697	21,108,628
1995	3,959,291	7,894,221	2,656,329	1,329,202	34,611	1,027,282	270,570	3,170,686	20,342,192
1994	3,705,591	7,472,829	2,599,201	1,229,898	33,282	324,939	197,742	4,022,715	19,586,197
1993	3,891,190	6,983,970	2,420,914	1,174,456	26,137	311,623	224,673	3,824,856	18,857,819

Source - Audit Reports - Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Type Funds excluding Special Revenue and Capital Projects.

SCHEDULE 34

CITY OF MERIDIAN, MISSISSIPPI
 General Government Revenues By Source
 Last Ten Fiscal Years

Fiscal Year	Taxes (1)		Inter-governmental	Franchises	Fines and Forfeits	Licenses and Permits	Charges for Services	Interest	Misc.	Total
	Property	Sales Taxes (2)								
2002	\$ 10,179,175	\$ 11,450,017	\$ 803,582	\$ 1,746,832	\$ 605,514	\$ 233,115	\$ 110,018	\$ 123,584	\$ 377,828	\$25,629,665
2001	9,418,922	10,764,418	652,684	1,748,021	637,577	232,203	108,575	284,302	239,291	24,085,993
2000	8,852,997	10,954,407	707,268	1,581,725	774,804	239,853	106,331	360,859	267,663	23,845,907
1999	8,605,464	11,308,228	656,961	1,480,563	849,084	256,028	103,625	356,792	604,328	24,221,073
1998	7,751,720	10,913,296	1,446,381	1,537,771	948,045	199,319	96,995	392,074	550,552	23,836,153
1997	7,884,496	9,802,729	242,645	1,444,800	890,793	269,623	93,258	351,983	240,830	21,221,157
1996	7,515,768	9,771,072	241,668	1,479,889	881,195	238,363	74,714	198,251	174,495	20,575,415
1995	7,106,119	9,284,297	230,739	1,431,381	955,629	215,744	94,514	162,118	346,722	19,827,263
1994	7,473,587	9,000,991	250,828	1,440,206	768,487	224,332	108,670	99,076	294,795	19,660,972
1993	5,812,950	8,212,984	233,542	1,379,408	616,353	210,444	125,588	77,469	388,048	17,056,786

Source - Audit Reports - Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Type Funds excluding Capital Projects.

- (1) Taxes included taxes, payments in lieu of taxes and interest cost and damages.
- (2) Sales taxes are an allocation from the State of Mississippi General Sales Tax Levy. The allocation is calculated at 18.5% of the total sales taxes collected by the State within the Municipality.

SCHEDULE 35

CITY OF MERIDIAN, MISSISSIPPI
 Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy		Ratio of Delinquent Taxes to Total Tax Levy	
						Total Tax Collections	Outstanding Delinquent Taxes	Delinquent Taxes to Total Tax Levy	Outstanding Delinquent Taxes
2002	\$ 11,862,546	\$ 11,763,922	99.17%	\$ 165,469	\$ 11,929,391	100.56%	\$ 97,497	0.82%	
2001	11,348,544	11,257,750	99.20%	171,499	11,429,249	100.71%	66,125	0.58%	
2000	11,173,080	11,032,840	98.74%	180,263	11,213,103	100.36%	75,195	0.67%	
1999	10,775,566	10,643,207	98.77%	174,672	10,817,879	100.39%	70,843	0.66%	
1998	10,434,879	10,033,672	96.16%	205,643	10,239,315	98.13%	93,785	0.90%	
1997	10,219,944	9,652,711	94.45%	242,359	9,895,070	96.82%	82,595	0.81%	
1996	9,851,704	9,224,710	93.64%	233,723	9,458,433	96.01%	54,232	0.55%	
1995	9,123,298	8,813,988	96.61%	214,670	9,028,658	98.96%	42,300	0.46%	
1994	8,705,861	8,502,101	97.66%	164,506	8,666,607	99.55%	33,696	0.39%	
1993	7,961,183	7,505,300	94.27%	139,928	7,645,228	96.03%	26,862	0.34%	

Source - Audit Reports - Schedule Reconciling Original Ad Valorem Tax Rolls to Fund Collections.

SCHEDULE 36

CITY OF MERIDIAN, MISSISSIPPI

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Total Property		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2002	\$157,213,264	\$1,122,951,886	\$72,929,280	\$347,282,286	\$230,142,544	\$1,470,234,172	15.65%
2001	156,854,915	1,120,392,250	68,645,424	326,882,971	225,500,339	1,447,275,221	15.58%
2000	153,367,951	1,095,485,364	68,121,791	324,389,481	221,489,742	1,419,874,845	15.60%
1999	149,665,564	1,069,039,743	64,411,535	306,721,595	214,077,099	1,375,761,338	15.56%
1998	139,749,477	998,210,550	58,212,187	277,200,890	197,961,664	1,275,411,440	15.52%
1997	137,001,114	978,579,386	57,222,889	272,489,948	194,224,003	1,251,069,334	15.52%
1996	134,470,069	960,500,493	52,921,107	252,005,271	187,391,176	1,212,505,764	15.45%
1995	134,988,093	964,200,664	52,702,836	250,965,886	187,690,929	1,215,166,550	15.45%
1994	134,070,480	957,646,286	50,838,525	242,088,214	184,909,005	1,199,734,500	15.41%
1993	134,715,926	969,400,309	48,678,415	231,930,723	183,394,341	1,201,331,032	15.27%

Source - Audit Reports - Schedule Reconciling Original Ad Valorem Tax Rolls to Fund Collections.

SCHEDULE 37

CITY OF MERIDIAN, MISSISSIPPI

Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Value)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Special Revenue Pension Fund</u>	<u>Waste Collection & Disposal Fund</u>	<u>Total City Millage</u>	<u>Meridian Lauderdale Library System</u>	<u>Meridian Municipal Separate School District</u>	<u>Lauderdale County</u>	<u>Total Millage</u>
2002	24.69	15.01	7.79	4.00	51.49	-	64.38	43.11	158.98
2001	21.86	15.00	8.28	4.00	49.14	-	63.25	43.11	155.50
2000	23.44	15.25	10.45	-	49.14	-	63.35	42.26	154.75
1999	21.48	17.31	10.35	-	49.14	-	58.70	42.26	150.10
1998	21.17	17.62	10.35	-	49.14	-	58.61	42.26	150.01
1997	21.17	19.07	11.00	-	51.24	-	58.15	42.26	151.65
1996	21.32	18.39	10.50	-	50.21	-	61.26	42.26	153.73
1995	21.34	16.78	10.00	-	48.12	-	56.42	42.70	147.24
1994	21.34	15.84	9.50	-	46.68	-	56.56	37.75	140.99
1993	17.69	15.36	9.00	-	42.05	1.94	57.05	36.92	137.96

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

Source - Office of the City Clerk.

Note: Beginning in fiscal year 2001, the City created the Waste Collection & Disposal Enterprise Fund. At that time, a specific tax millage was assessed for the Waste Collection & Disposal Fund and the General Fund levy was reduced by a like amount.

SCHEDULE 38

CITY OF MERIDIAN, MISSISSIPPI
Special Assessment Billings and Collections
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected</u>	<u>Ratio of Collections to Amount Due</u>	<u>Total Outstanding Assessments</u>
2002	\$ 209,157	\$ 130,531	62.41%	\$ 78,626
2001	170,847	130,615	76.45%	40,232
2000	222,977	162,209	72.75%	60,768
1999	153,524	114,797	74.77%	38,727
1998	109,545	60,453	55.19%	49,092
1997	113,007	85,701	75.84%	27,306
1996	122,600	105,275	85.87%	17,325
1995	77,592	74,254	95.70%	3,338
1994	100,908	100,361	99.46%	547
1993	26,459	26,084	98.58%	375

Source - Tax Collector Records.

Special assessments are composed of two broad categories:

- (1) Paving, curb, gutter and storm drainage; and
- (2) Lot clearing and house demolition.

At times, the amount of money due to satisfy the lien incurred by items in the second category exceeds the value of the property. The property owners, in several cases, have chosen to "let their property go for taxes" in lieu of making these payments. Many times, absentee owners are involved and have no interest.

SCHEDULE 39

CITY OF MERIDIAN, MISSISSIPPI

Computation of Legal Debt Margin

September 30, 2002

	<u>Amount</u>
Assessed value for tax purposes (1)	\$ <u>230,142,544</u>
Debt limitation - 15 percent of total assessed value	\$ <u>34,521,382</u>
Legal debt margin:	
Debt applicable to limitation (2):	
Total debt	<u>57,148,919</u>
Less:	
Special assessment bonds	4,655,000
Revenue bonds	24,160,000
Water & sewer promissory note	8,290,000
Certificates of participation	340,000
Tax increment financing bonds	6,420,000
Capital loans	1,237,273
Capital leases	<u>2,311,646</u>
Total adjustments	<u>47,413,919</u>
Total debt applicable to limitation (2)	<u>9,735,000</u>
Total legal debt margin	\$ <u>24,786,382</u>

Source - Lauderdale County Tax Rolls and City Clerk Records

- (1) The assessed value for tax purposes is the value supplied by the Lauderdale County Tax Assessor's Office on October 1, 2001. The total City valuation on the Tax Reconciliation Report dated September 30, 2002, reflects all adjustments made by the Lauderdale County Tax Assessor during fiscal year 2002.

- (2) Total debt applicable to limitation excludes limited obligation tax increment financing bonds, capital leases, revenue bonds, special assessments and certificates of participation.

SCHEDULE 40

CITY OF MERIDIAN, MISSISSIPPI

Ratio of Net General Obligation Bonded Debt
To Assessed Value and Net General Obligation Bonded Debt per Capita
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt (1)</u>	<u>Less Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
2002	39,968	\$ 230,142,544	\$ 14,390,000	\$ 2,194,367	\$12,195,633	5.30%	\$ 305
2001	39,968	225,500,339	17,290,000	2,098,854	15,191,146	6.74%	\$ 380
2000	39,968	221,489,742	19,640,000	2,176,344	17,463,656	7.88%	437
1999	40,255	214,077,099	20,260,000	2,269,302	17,990,698	8.40%	447
1998	40,255	197,961,664	21,235,000	2,694,541	18,540,459	9.37%	461
1997	40,534	194,224,003	18,330,000	2,809,834	15,520,166	7.99%	383
1996	40,720	187,931,776	15,880,000	1,336,675	14,543,325	7.74%	357
1995	41,046	187,690,929	17,065,000	982,754	16,082,246	8.57%	392
1994	40,982	184,909,005	16,320,000	333,023	15,986,977	8.65%	390
1993	41,128	183,394,341	17,530,000	198,109	17,331,891	9.45%	421

Source - Audit Reports - Schedule Reconciling Original Ad Valorem Tax Rolls to Fund Collections.

(1) Gross bonded debt excludes capital improvement loans, capital leases, certificates of participation and limited obligation bonds.

Note: Population data was not available for all years. Where possible estimates were developed based on data obtained from community development department.

SCHEDULE 41

CITY OF MERIDIAN, MISSISSIPPI
Ratio of Annual Debt Service Expenditures
For General Obligation Bonded Debt
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
2002	\$ 3,679,140	\$ 1,599,718	\$ 5,278,858	\$ 26,610,089	19.84%
2001	3,525,970	1,657,673	5,183,643	25,867,677	20.04%
2000	2,670,000	1,517,687	4,187,687	26,642,530	15.72%
1999	2,320,000	1,712,511	4,032,511	24,499,872	16.46%
1998	1,785,000	1,731,700	3,516,700	23,813,544	14.77%
1997	1,895,000	1,303,318	3,198,318	21,821,493	14.66%
1996	1,694,700	1,295,923	2,990,623	21,108,628	14.17%
1995	1,540,000	1,280,703	2,820,703	20,342,192	13.87%
1994	1,305,000	1,328,720	2,633,720	19,586,197	13.45%
1993	1,325,000	1,335,972	2,660,972	18,857,819	14.11%

Source - Audit Reports - Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Debt Service Fund.

- (1) Total Governmental Fund Types expenditures less Special Revenue Fund and Capital Project Fund expenditures.

CITY OF MERIDIAN, MISSISSIPPI
Computation of Direct and Overlapping Debt
September 30, 2002

<u>Jurisdiction</u>	<u>Net General Obligations Debt Outstanding</u>	<u>Percentage Applicable to City of Meridian</u>	<u>Amount Applicable to City of Meridian</u>
Direct debt - City of Meridian (1)	\$ <u>9,735,000</u>	100.00%	\$ <u>9,735,000</u>
Overlapping debt:			
Meridian Municipal Separate School District	1,200,000	91.58%	1,098,960
Lauderdale County	<u>26,171,185</u>	53.80%	<u>14,080,098</u>
Total overlapping debt	<u>27,371,185</u>		<u>15,179,058</u>
Total direct and overlapping debt	\$ <u>37,106,185</u>	69.80%	\$ <u>24,914,058</u>

Source - City Clerk, Meridian Separate School District and Chancery Clerk

(1) City of Meridian debt excludes negotiable notes, capital leases, limited obligation tax increment financing bonds, capital improvement loans and certificates of participation.

SCHEDULE 43

CITY OF MERIDIAN, MISSISSIPPI

Revenue Bond Coverage
Water and Sewer Fund
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
2002	\$ 9,441,944	\$ 4,776,767	\$ 4,665,177	\$ 1,310,000	\$ 1,518,352	164.94%
2001	8,458,725	4,837,030	3,621,695	1,230,000	1,724,689	122.57%
2000	8,727,744	4,461,173	4,266,571	1,105,000	1,725,272	150.75%
1999	8,500,055	4,421,153	4,078,902	1,045,000	1,682,695	149.54%
1998	8,075,709	4,154,728	3,920,981	845,000	1,316,118	181.43%
1997	7,180,795	4,330,685	2,850,110	800,000	1,561,240	120.70%
1996	7,112,573	4,071,806	3,040,767	625,000	1,414,337	149.11%
1995	6,425,480	4,122,595	2,302,885	590,000	1,236,828	126.06%
1994	6,166,797	4,017,313	2,149,484	255,000	742,795	215.42%
1993	5,372,868	3,889,774	1,483,094	332,353	707,749	142.59%

Source - Audit Reports - Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Enterprise Funds.

(1) Total operating expenses exclusive of depreciation expense

SCHEDULE 44

CITY OF MERIDIAN, MISSISSIPPI

Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita Income (2)	Median Age (2)	Civilian Labor Force (3)	School Enrollment (5)	Unemployment Rate (4)
2002	39,968	\$ 22,722	34.60	17,980	6,695	7.8%
2001	39,968	22,722	34.60	18,050	6,898	5.4%
2000	39,968	21,521	36.50	18,040	7,089	6.4%
1999	40,255	N/A	36.50	17,740	7,139	6.0%
1998	40,255	21,521	36.50	18,100	7,271	6.0%
1997	40,534	18,976	34.70	19,020	7,200	5.2%
1996	40,720	18,513 (6)	34.70	20,430	7,215	5.0%
1995	41,046	18,062	34.70	18,490	7,321	5.9%
1994	40,982	17,621 (3)	34.70	17,860	7,503	5.9%
1993	41,128	16,788	34.30	18,350	7,708	5.6%

Sources:

- (1) Information obtained from the U.S. Census Bureau website at www.census.gov
- (2) Mississippi Employment Security Commission
- (3) Labor Market Data (12 month moving average from November Issue), Mississippi Employment Security Commission
- (4) Labor Market Data (revised estimates for October-November Issue), Mississippi Employment Security Commission
- (5) Meridian Separate School District
- (6) U.S. Census 2000

Note: Population data was not available for all years. Where possible estimates were developed based on data obtained from community development department.

SCHEDULE 45

CITY OF MERIDIAN, MISSISSIPPI

Property Value and Construction
Last Ten Fiscal Years

Fiscal Year	Property Value		Total	Commercial Construction		Residential Construction	
	Commercial	Residential		Number of Permits	Value	Number of Permits	Value
2002	\$ 586,497,098	\$ 474,053,130	\$ 1,060,550,228	447	\$ 19,170,185	315	\$ 9,197,026
2001	571,828,260	466,520,720	1,038,348,980	481	29,244,587	326	8,746,598
2000	555,482,910	466,039,940	1,021,522,850	802	14,112,708	374	9,306,522
1999	546,235,348	463,711,233	1,009,946,581	682	31,410,310	417	8,891,563
1998	526,872,313	461,414,948	988,287,261	610	24,821,111	435	19,228,972
1997	471,581,790	457,674,783	929,256,573	1355	57,102,285	549	10,463,462
1996	465,775,910	454,607,043	920,382,953	626	37,741,673	427	3,222,779
1995	451,674,273	445,187,090	896,861,363	629	20,093,179	492	7,127,631
1994	447,432,013	430,068,830	877,500,843	259	16,013,586	584	7,522,481
1993	450,542,687	437,189,220	887,731,907	234	10,433,220	492	6,279,498

Sources: Property values were obtained from the tax division of the City of Meridian. Construction values were obtained from Zoning and Inspection Division of the City of Meridian.

CITY OF MERIDIAN, MISSISSIPPI

Principal Taxpayers
September 30, 2002

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Estimated Actual Value</u>	<u>2002 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Mississippi Power Company	Utility	\$ 62,108,207	\$ 16,314,412	7.09%
CBL & Associates	Real estate	44,196,993	6,629,549	2.88%
Bell South Telecommunications	Utility	32,445,647	9,624,982	4.18%
Riley Hospital and Benevolent Assn.	Medical care	28,949,232	4,342,385	1.89%
Anderson Infirmary Benevolent Assn.	Medical care	16,227,460	2,434,120	1.06%
Wal-Mart	Retail	14,018,974	2,102,846	0.91%
Peavey Electronics	Manufacturing	13,721,470	2,043,956	0.89%
Rush Service Co., Inc.	Medical care	9,307,609	1,396,141	0.61%
Sowashee Building Corp.	Real estate	9,097,383	1,364,609	0.59%
Norfolk Southern Railroad	Railroad	<u>6,319,200</u>	<u>1,895,760</u>	<u>0.82%</u>
Totals		\$ <u>236,392,175</u>	\$ <u>48,148,760</u>	<u>20.92%</u>
Total assessed valuation for City of Meridian			\$ <u>230,142,544</u>	

Source - Audit Reports - Schedule Reconciling Original Ad Valorem Tax Rolls to Fund Collections.

SINGLE AUDIT SECTION

The single audit section contains audit reports on internal controls 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
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended September 30, 2002

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass Through Grantor's Number Federal Contract	Program or Award Amount	Accrued or (Deferred) Revenue 9/30/2001	Federal Receipts	Federal Disbursements/ Expenditures	Accrued (Deferred) Revenue 9/30/2002	Cumulative Federal Receipts	Cumulative Federal Disbursements Expenditures	Fund Type
U. S. Department of Housing & Urban Development										
Pass through Mississippi Department of Economic & Community Development										
CLG Supplemental prior year	15.904	N/A	\$ 3,480	(1,174)	-	-	(1,174)	3,480	2,306	Special revenue
Certified Local Government Grant	15.904	N/A	2,500	-	-	2,500	2,500	-	2,500	Special revenue
Home 2000 Grant	14.231	M00-SG-28-01-00	350,000	-	-	89,730	89,730	-	89,730	Special revenue
Total Mississippi Department of Economic Development				(1,174)	-	92,230	91,056	3,480	94,536	
U. S. Department of Transportation										
Pass through Mississippi Department of Transportation										
Tenth Avenue Project	20.205	STP-7238(02) 49-7238-00-02-10/103139-001000	2,255,221	143,419	143,419	-	-	2,200,465	2,200,465	Capital projects
Railroad Depot Restoration - Lauderdale County	20.205	46-0320-00-019-10	6,569,359	-	41,788	41,788	-	5,526,050	5,526,050	Capital projects
Total Mississippi Department of Transportation				143,419	185,207	41,788	-	7,726,515	7,726,515	
U. S. Department of Interior										
Pass through Mississippi Department of Wildlife, Fisheries & Parks										
Meridian Bonita Lakes Trails Grant	20.219	MS971230-001	180,000	76,562	76,562	-	-	124,092	124,092	Special revenue
FEMA Firefighters Grant	83.554	2001-03-6400-6400-4101-D	140,130	16,118	140,130	124,012	-	140,130	140,130	Special revenue
Urban & Community Challenge Grant	10.664	MS971230-001	3,503	-	3,503	3,503	-	3,503	3,503	Special revenue
Total Department of Interior				92,680	220,195	127,515	-	267,725	267,725	
U. S. Department of Justice										
Local Law Enforcement										
Local Law Enforcement Grant	16.592	2000-LB-VX-1859	62,019	(10,030)	-	9,444	(586)	62,016	61,430	Special revenue
Local Law Enforcement Grant	16.592	1999-LB-VX-8591	60,842	(22,543)	-	22,543	-	60,842	60,842	Special revenue
Local Law Enforcement Grant	16.592	2000-LB-VX-2259	60,619	-	60,619	22,704	(37,915)	60,619	22,704	Special revenue
Total Local Law Enforcement				(32,573)	60,619	54,691	(38,501)	183,477	144,976	
U. S. Department of Justice										
Pass through Mississippi Department of Public Safety										
Wesley House/Victim Assistance	16.575	93-DB-CX-0028	57,328	3,522	3,522	-	-	57,328	57,328	Agency
Wesley House/Victim Assistance	16.575	2001-DB-BX-0028	58,830	-	39,367	50,282	10,915	39,367	50,282	Agency
East Mississippi Drug Task Force	16.579	2000-DB-MU-0028	188,974	14,713	14,713	-	-	167,181	167,181	Special revenue
East Mississippi Drug Task Force	16.579	2001-DB-BX-0028-1NM2221	196,527	-	162,989	178,252	15,263	147,726	162,989	Special revenue
Total Mississippi Department of Public Safety				18,235	220,591	228,534	26,178	411,602	437,780	
Total federal financial assistance			\$ 220,587	686,612	544,758	78,733	8,592,799	8,671,532		

CITY OF MERIDIAN
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2002

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Meridian, Mississippi 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*.

CITY OF MERIDIAN
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2002

There were no prior year findings or questioned costs.

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

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

We have audited the general purpose financial statements of the City of Meridian, Mississippi (City) as of and for the year ended September 30, 2002, and have issued our report thereon dated February 25, 2003. We did not audit the financial statements of the Meridian Transportation Commission or the Meridian Airport Authority, which represent 99.7% of the assets and 100% of the operating revenues of the component units column. Those statements were audited by 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.

Compliance

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose 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 that are required to be reported under *Government Auditing Standards*.

**The Honorable Mayor John Robert Smith and
Honorable Members of the City Council
City of Meridian, Mississippi:
Page two**

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated February 25, 2003.

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, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bryant, Sanders & O'Neil, Ltd

February 25, 2003

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

**The Honorable Mayor John Robert Smith and
Honorable Members of the City Council
City of Meridian, Mississippi**

Compliance

We have audited the compliance of the City of Meridian, Mississippi (City) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2002. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

The City's general purpose financial statements include the operations of the Meridian Airport Authority (MAA), which expended \$1,086,736 in federal awards; and the Meridian Transportation Commission (MTC), which expended \$182,875 in federal awards; both of which are not included in the schedule during the year ended September 30, 2002. Our audit described below, did not include the operations of MAA or MTC because they engaged other auditors to perform audits in accordance with OMB Circular A-133.

We conducted our audit 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 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

**The Honorable Mayor John Robert Smith and
Honorable Members of the City Council
City of Meridian, Mississippi:
Page two**

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2002.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Brzyde, Sanders & O'Neil, Ltd.

February 25, 2003

CITY OF MERIDIAN
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2002

Section I - Summary of Audit Results

Financial Statements

Type of auditors' report issued: **Unqualified**

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Reportable conditions identified that are not considered to be material weaknesses? **None reported**

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major programs:

- Material weaknesses identified? **No**
- Reportable conditions identified that are not considered to be material weaknesses? **None reported**

Type of auditors' report issued on compliance for major programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? **No**

Identification of major programs tested:

CFDA Numbers

Name of Federal Program or Cluster

83.554
16.579

FEMA Firefighters Grant
East Mississippi Drug Task Force

Dollar threshold used to distinguish between type A and type B programs: **\$ 300,000**

Auditee determined to be a low-risk auditee? **Yes**

CITY OF MERIDIAN
Schedule of Findings and Questioned Costs
Year Ended September 30, 2002

Section II - Findings - Financial Statement Audit

No reportable conditions, 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.

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

**The Honorable Mayor John Robert Smith and
Honorable Members of the City Council
City of Meridian, Mississippi**

We have audited the general purpose financial statements of the City of Meridian, Mississippi (City) as of and for the year ended September 30, 2002, and have issued our report thereon dated February 25, 2003. We did not audit the financial statements of the Meridian Transportation Commission or the Meridian Airport Authority, which represent 99.7% of the assets and 100% of the operating revenues of the component unit column. Those financial statements were audited by 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.

In connection with our audit, nothing came to our attention that caused us to believe that the City is not in compliance with the requirements of the State of Mississippi Office of the State Auditor, as set forth in the Municipal Compliance Questionnaire and Mississippi State Code, Ann. 1972.

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.

Breazeale, Saunders & O'Neil, Ltd.

February 25, 2003