

the city of
MERIDIAN,
MISSISSIPPI

CITY OF MERIDIAN, MISSISSIPPI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

CITY OF MERIDIAN, MISSISSIPPI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2015**

Prepared by:
Department of Finance and Records
David Whitaker, Director

CITY OF MERIDIAN, MISSISSIPPI
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2015

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INTRODUCTORY SECTION

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A better longitude on life.

March 31, 2016

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

Council Members:
GEORGE M THOMAS
Ward 1

K. DUSTIN MARKHAM
Ward 2

BARBARA HENSON
Ward 3

KIM HOUSTON
Ward 4

RANDY HAMMON
Ward 5

COUNCIL CLERK
(601) 485-1959
FAX: (601) 485-1913

CITY DEPARTMENTS:

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

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

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

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

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

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

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

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

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

State of Mississippi law requires that every municipality in the state shall have its books audited annually, prior to the close of the next succeeding fiscal year, either by a competent accountant approved by the State Auditor or by a certified public accountant. The audit shall be made in accordance with regulations promulgated by the State Auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Meridian, Mississippi ("City") for the fiscal year ended September 30, 2015.

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

The City's financial statements have been audited in accordance with auditing standards generally accepted in the United States of America by Breazeale, Saunders & O'Neil, Ltd., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

Profile of the Government

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

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

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

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

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

Factors Affecting Financial Condition

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

Local economy. The City continues to have a diverse economy with industries ranging from electronic music and sound equipment to aircraft parts and steel fabrication to distribution centers for office products, flower bulbs, and beverages. Meridian is the center of a large trade area and continues to meet the medical, retail, industrial, cultural and recreational needs of hundreds of thousands of people in east Mississippi and west Alabama.

Meridian is the sixth largest city in the state of Mississippi and is located at the intersection of five US highways and two major interstates: I-20, which runs from western Texas to South Carolina and I-59, which connects southeast Louisiana to northern Georgia. The Meridian Regional Airport offers commercial airline service with daily flights to and from Dallas/Fort Worth International Airport and its 10,003 foot runway is the longest public-use runway in the state. The City is also served by two Class I railroads and two short line railroads.

The City serves as a regional health center, with five hospitals that employ over 6,000 healthcare professionals and staff. The federal government has a major presence in the area with the Meridian Naval Air Station (“NAS Meridian”), which provides training for both naval carrier

pilots and technical training for various enlisted personnel. NAS Meridian also provides the RCTA or Regional Counter-Drug Training Academy. The RCTA offers training for a variety of law enforcement entities from throughout the southeast in the war on drugs. Meridian is also home to the G.V. "Sonny" Montgomery National Guard Complex, which is home to the 186th Air Refueling Wing.

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

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

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

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

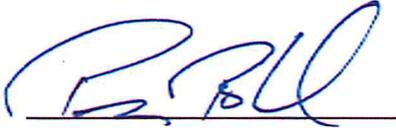
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report ("CAFR") for the fiscal year ended September 30, 2014. This was the nineteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Sincerely,

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

Percy Bland, III
Mayor

A handwritten signature in blue ink, appearing to read 'David Whitaker'.

David Whitaker
CFO/City Clerk



Government Finance Officers Association

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

Presented to

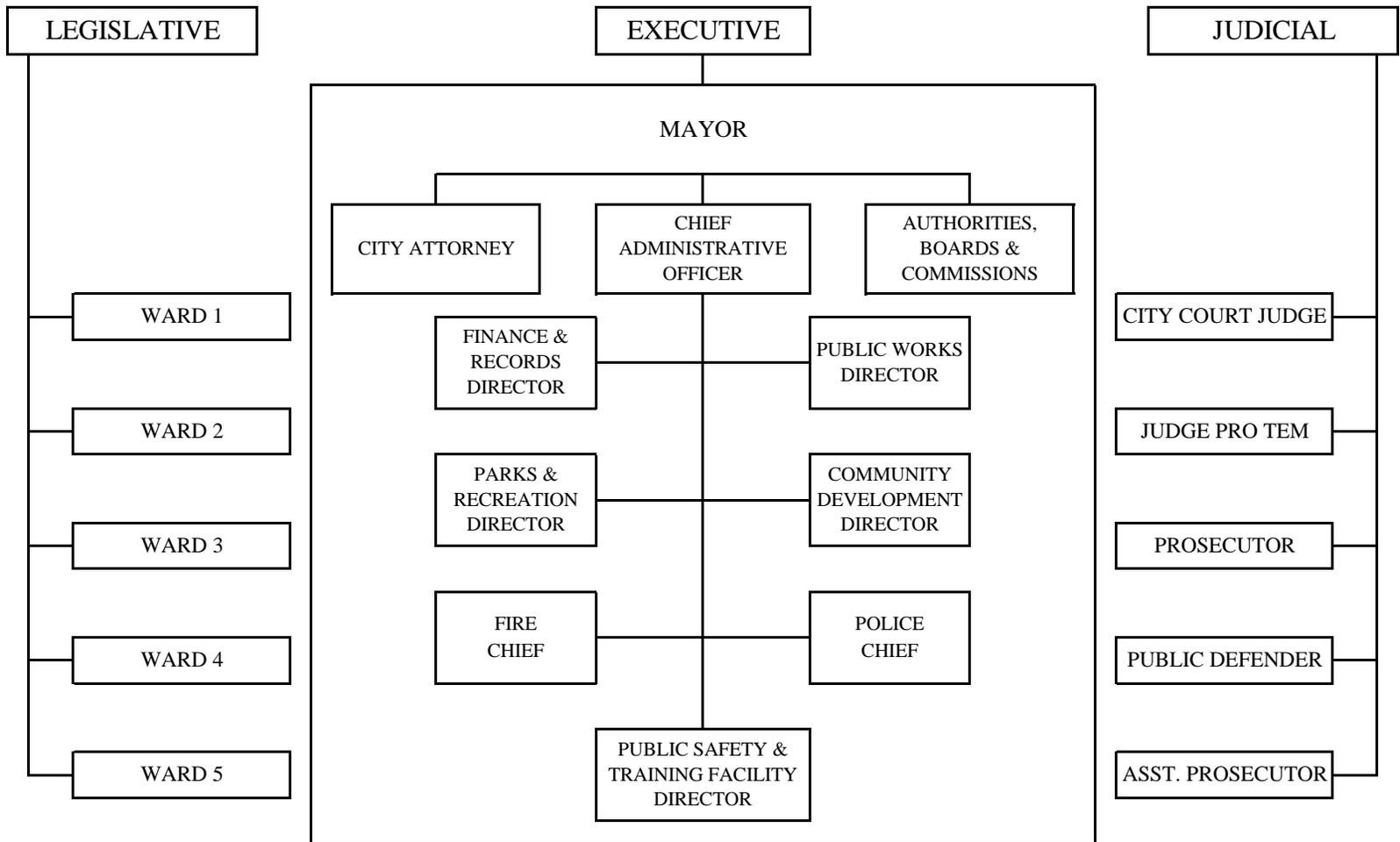
**City of Meridian
Mississippi**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

CITY OF MERIDIAN, MISSISSIPPI
Organizational Structure
 September 30, 2015



CITY OF MERIDIAN, MISSISSIPPI

Listing of City Officials

September 30, 2015

Elected Officials

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

Appointed Officials

Chief Administrative Officer	Richie McAlister
Finance & Records Director/City Clerk	David Whitaker
Public Works Director	Hugh Smith
Parks & Recreation Director	Kelvin McGruder
Community Development Director	H. C. Partridge, Jr.
Fire Chief	Anthony Clayton
Police Chief	Benny Dubose
Public Safety & Training Facility Director.....	Buck Roberts
City Attorney	Bill Hammack

FINANCIAL SECTION

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Meridian, Mississippi ("City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Meridian Airport Authority, which represent 85.61 percent, 88.74 percent, and 98.1 percent, respectively, of the assets, net position, and program revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for this component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in note 1(q), in fiscal year ended September 30, 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 26 and the pension required supplementary information on pages 110 through 113 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Bregan, Sanders & O'Neil, Ltd.

Jackson, Mississippi
March 31, 2016

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CITY OF MERIDIAN, MISSISSIPPI
Management's Discussion and Analysis
Fiscal Year Ended September 30, 2015

As management of the City of Meridian, Mississippi (“City”), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 - 7 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$69,798 (*net position*). Of this amount, the \$(30,928) *deficit unrestricted net position* is due to the City's \$52,733 net pension liability recognized as a result of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions: An Amendment of GASB Statement No. 27*.
- The City's total net position decreased by \$42,222. This decrease in net position is largely attributable to a \$45,054 prior period adjustment to record the City's net pension liability discussed in note 10 and note 11.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$19,637, an increase of \$707 in comparison with the prior year. Approximately 46 percent of this total amount, \$8,966, is *available for spending* at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$8,966 or 26 percent of total general fund expenditures.
- The City's total debt decreased by \$5,027 (9.7 percent) during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the following legally separate entities for which the City is financially accountable: (1) Meridian Airport Authority, (2) Meridian Urban Renewal Authority (3) The Meridian Transportation Commission, and (4) Meridian and Bonita Lakes Development Authority. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

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

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

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

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

The City maintains 17 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, which are considered to be major funds. Data from the other 15 nonmajor governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

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

The basic proprietary funds financial statements can be found on pages 40 - 45 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statement can be found on page 46 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 49 - 107 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's defined benefit pension plans. This required supplementary information can be found on pages 110 - 113 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds, fiduciary funds, and nonmajor component units are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 115 - 143 of this report.

Government-wide Financial Analysis

The following table presents the City's net positions at September 30, 2015 compared to September 30, 2014. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* were implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68 and 71.

City of Meridian's Net Position

<u>Description</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 24,639	23,919	23,135	20,011	47,774	43,930
Capital assets, net	<u>93,659</u>	<u>98,050</u>	<u>30,775</u>	<u>30,867</u>	<u>124,434</u>	<u>128,917</u>
Total assets	<u>118,298</u>	<u>121,969</u>	<u>53,910</u>	<u>50,878</u>	<u>172,208</u>	<u>172,847</u>
Deferred outflows of resources	<u>6,832</u>	<u>428</u>	<u>1,057</u>	<u>-</u>	<u>7,889</u>	<u>428</u>
Long-term liabilities outstanding	83,819	41,544	18,271	13,082	102,090	54,626
Other liabilities	<u>4,586</u>	<u>4,473</u>	<u>2,706</u>	<u>2,124</u>	<u>7,292</u>	<u>6,597</u>
Total liabilities	<u>88,405</u>	<u>46,017</u>	<u>20,977</u>	<u>15,206</u>	<u>109,382</u>	<u>61,223</u>
Deferred inflows of resources	<u>757</u>	<u>-</u>	<u>160</u>	<u>32</u>	<u>917</u>	<u>32</u>
Net position:						
Net investment in capital assets	66,592	68,410	21,704	20,214	88,296	88,624
Restricted	4,783	3,572	7,647	7,076	12,430	10,648
Unrestricted	<u>(35,407)</u>	<u>4,398</u>	<u>4,479</u>	<u>8,350</u>	<u>(30,928)</u>	<u>12,748</u>
Total net position	\$ <u>35,968</u>	<u>76,380</u>	<u>33,830</u>	<u>35,640</u>	<u>69,798</u>	<u>112,020</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$69,798 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (127 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (18 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(30,928) in *deficit unrestricted net position* is due to the City's \$52,733 net pension liability discussed in note 10.

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

There was an increase of \$571 in restricted net position reported in connection with the City's business-type activities. This is a result of increased funds available for debt service offset by a decrease in funds authorized for capital projects in the water and sewer fund.

The City's net position decreased \$42,222 during the current fiscal year. This decrease in net position is largely attributable to a \$45,054 prior period adjustment to record the City's net pension liability.

The following table presents the City's a summary of the changes in net position for the fiscal year ended September 30, 2015 compared to the fiscal year ended September 30, 2014. Prior year amounts were not restated to reflect the implementation of GASB 68 and 71.

City of Meridian's Changes in Net Position

<u>Description</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,744	1,362	15,391	15,898	17,135	17,260
Operating grants and contributions	733	992	-	-	733	992
Capital grants and contributions	378	314	1,611	47	1,989	361
General revenues:						
Property taxes	14,466	14,232	57	49	14,523	14,281
Other taxes	18,490	18,554	-	-	18,490	18,554
Grants and contributions not restricted to specific programs	80	78	-	-	80	78
Unrestricted investment earnings	<u>60</u>	<u>63</u>	<u>116</u>	<u>43</u>	<u>176</u>	<u>106</u>
Total revenues	<u>35,951</u>	<u>35,595</u>	<u>17,175</u>	<u>16,037</u>	<u>53,126</u>	<u>51,632</u>
Expenses:						
General government	9,234	7,899	-	-	9,234	7,899
Public safety	16,054	16,394	-	-	16,054	16,394
Public works	7,934	7,864	-	-	7,934	7,864
Culture and recreation	2,500	2,509	-	-	2,500	2,509
Economic development	1	21	-	-	1	21
Interest on long-term debt	1,565	1,706	-	-	1,565	1,706
Sanitation	-	-	1,849	1,881	1,849	1,881
Water and sewer	-	-	10,449	10,625	10,449	10,625
Golf Course, Unions Station and Concessions	<u>-</u>	<u>-</u>	<u>708</u>	<u>698</u>	<u>708</u>	<u>698</u>
Total expenses	<u>37,288</u>	<u>36,393</u>	<u>13,006</u>	<u>13,204</u>	<u>50,294</u>	<u>49,597</u>
Excess (deficiency) of revenues over (under) expenses before transfers						
	(1,337)	(798)	4,169	2,833	2,832	2,035
Transfers	<u>266</u>	<u>(836)</u>	<u>(266)</u>	<u>836</u>	<u>-</u>	<u>-</u>
Change in net position	(1,071)	(1,634)	3,903	3,669	2,832	2,035
Net position - beginning	37,039	78,014	29,927	31,971	66,966	109,985
Prior period adjustment	<u>-</u>	<u>(39,341)</u>	<u>-</u>	<u>(5,713)</u>	<u>-</u>	<u>(45,054)</u>
Net position - ending	\$ <u>35,968</u>	<u>37,039</u>	<u>33,830</u>	<u>29,927</u>	<u>69,798</u>	<u>66,966</u>

Governmental activities. Governmental activities decreased the City's net position by \$1,075. Key elements of these changes in net position are as follows:

- Property taxes increased \$234 or two percent in 2015 compared to 2014. This increase in property tax receipts is primarily due to a \$5,550 or two percent increase in the 2015 taxable assessed value.
- Charges for services increased \$382 or 28 percent in 2015 compared to 2014. This was mostly due to a \$239 increase in general government charges for services and a \$129 increase in public safety charges for services.
- Operating grants and contributions decreased \$259 or 26 percent in 2015 compared to 2014. This decrease was largely due to a \$302 decrease in operating grants for public safety and a \$58 increase in operating grants for culture and recreation.
- Capital grants and contributions increased \$64 or 20 percent in 2015 compared to 2014. This was due to a \$76 increase in capital grants for public safety offset by a decrease of \$12 in grants for general government.
- Other taxes (which include sales taxes) decreased \$64 or less than one percent.
- Total revenues increased \$356 or one percent. This was mainly due to a \$382 increase in charges for services.
- Total expenses increased \$899 or two percent. This was primarily due to a \$1,335 increase in general government expenditures offset by a \$336 decrease in public safety expenditures and a \$141 decrease in interest on long-term debt.

Business-type activities. Business-type activities increased the City's net position by \$3,903. This is primarily due to \$15,134 in water, sewer and sanitation charges for services offset by \$12,298 in water, sewer and sanitation expenses.

Financial Analysis of the City's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$19,637, an increase of \$707 in comparison with the prior year. Of this total, \$7,999 is *restricted* due to external limitations on its use, such as by debt covenants, legal restrictions, or intention of grantors or donors. A total of \$321 is considered *nonspendable* because it has been used for inventory and assets held for resale. A total of \$1,935 has been assigned, meaning there are limitations resulting from its intended use. A total of \$416 has been *committed* through formal action of the City Council for construction or acquisition of capital assets. The remaining \$8,966 of the fund balance is *unassigned*, which is available for spending at the City's discretion.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,966, while total fund balance was \$11,275. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 31 percent of total general fund expenditures, while total fund balance represents 39 percent of that same amount. The fund balance of the City's general fund decreased by \$492 during the current fiscal year. This was primarily due to a \$1,290 loss on disposal of an asset offset by a \$454 decrease in public safety expenditures and a \$361 decrease in public works expenditures.

The debt service fund has a total fund balance of \$3,355, all of which is restricted for the payment of debt service. The net increase of \$399 during the current year in the debt service fund is a result of the timing of payment due dates of long-term debt.

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

Unrestricted net position of the water and sewer fund at the end of the year amounted to \$4,500, and those for the waste collection and disposal fund amounted to \$425. The total increase in net position for the waste collection and disposal fund is \$15 and the water and sewer fund net position increased by \$3,939.

General Fund Budgetary Highlights

There was a decrease of \$132 between the original budget and the final amended budget in total expenditures. Changes within the levels of expenditures can be briefly summarized as follows:

<u>Description</u>	<u>Increase (Decrease)</u>
General government	\$ (323)
Community development	19
Parks and recreation	139
Police	(125)
Fire	125
Public safety & training facility	<u>33</u>
Total	\$ <u>(132)</u>

Actual revenues exceeded the final amended budget by \$1,321.

The final amended budgeted expenditures exceeded the actual in all departments. Differences between the final amended budgeted expenditures and actual are as follows:

<u>Description</u>	<u>Actual Under Budget</u>
General government	\$ 704
Finance and records	159
Community development	128
Parks and recreation	61
Public works	365
Police	824
Fire	208
Public safety & training facility	38
Arts district parking garage	<u>1</u>
Total	\$ <u>2,488</u>

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$124,434 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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

- Continued engineering and survey of 5th Street for the replacement of sidewalks, curb cuts, and pedestrian crossings and installation of decorative lighting and landscaping.
- Continued engineering for the upgrade of traffic signals along Highway 39 at its intersections with Old Country Club Road and with Windmill Drive.
- Installation of storm sewer and related sanitary sewer, water and street improvements in downtown Meridian along 22nd Avenue and 5th Street.
- Continued replacement of South Waste Water Treatment Plant air blowers, digester blowers, process pumps, and associated electrical upgrades.
- Completion of sidewalk improvements between Meridian Public Schools and the Boys and Girls Club.

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

<u>Description</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 7,997	7,997	250	248	8,247	8,245
Right of ways	3	3	30	30	33	33
Collections – historical treasures	141	141	-	-	141	141
Building and system	32,797	33,608	26,869	28,908	59,666	62,516
Improvements other than buildings	2,478	2,652	31	25	2,509	2,677
Machinery and equipment	4,094	4,849	1,350	1,095	5,444	5,944
Infrastructure	45,869	48,212	-	-	45,869	48,212
Construction in progress	<u>280</u>	<u>588</u>	<u>2,245</u>	<u>561</u>	<u>2,525</u>	<u>1,149</u>
Total	\$ <u>93,659</u>	<u>98,050</u>	<u>30,775</u>	<u>30,867</u>	<u>124,434</u>	<u>128,917</u>

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

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$36,075. Of this amount, \$31,090 comprises debt backed by the full faith and credit of the City, \$810 is special obligation bonds, \$3,390 is tax increment financing bonds and \$785 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment.

The City's total bonded debt decreased by \$2,885 (7 percent) during the current fiscal year. The decrease is due to retirements exceeding the issuance of new bonds.

**City of Meridian's Outstanding Debt
General Obligation and Revenue Bonds**

<u>Description</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General obligation bonds	\$ 31,090	33,430	-	-	31,090	33,430
Special obligation bonds	810	885	-	-	810	885
Limited obligation tax increment financing bonds	3,390	3,605	-	-	3,390	3,605
Special assessment debt with governmental commitment	<u>785</u>	<u>1,040</u>	<u>-</u>	<u>-</u>	<u>785</u>	<u>1,040</u>
Total	\$ <u>36,075</u>	<u>38,960</u>	<u>-</u>	<u>-</u>	<u>36,075</u>	<u>38,960</u>

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

State statutes limit the amount of general obligation debt a government entity may issue to 15 percent of its total assessed valuation. The current debt limitation of the City is \$50,793 which is significantly in excess of the City's net outstanding general obligation debt of \$30,407 applicable to the debt limitation.

Additional information on the City's long-term debt can be found in note 8 on pages 82 - 87 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City is currently 7.2 percent, which is a decrease from the rate of 10.0 percent a year ago. The statewide average is 6.2 percent as compared to the national average of 5.2 percent.
- The revitalization of the City continued with the issuance of 659 building permits with a construction value of \$33 million.
- Inflationary trends in the City are slightly lower than the national average. The change in CPI in the past year for the City was a decrease of 1.3 percent versus the national average which remained unchanged.
- Sales tax collections year-to-date in fiscal year 2016 are down 5.34 percent from the previous fiscal year. During the first six months of fiscal year 2016, the City has received \$7,092 in sales tax collections, compared to \$7,492 received during the same period of fiscal year 2015.

All of these factors were considered in preparing the City's budget for the 2016 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased to \$8,966. The City has appropriated \$3,537 of this amount for spending in the 2016 fiscal year budget.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF MERIDIAN, MISSISSIPPI

Statement of Net Position

September 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 10,271,728	7,992,868	18,264,596	1,594,546
Investments	1,350,000	-	1,350,000	-
Receivables, net:				
Taxes	1,318,593	-	1,318,593	-
Accounts	807,206	2,055,795	2,863,001	389,261
Special assessments	530,868	-	530,868	-
Intergovernmental	137,148	1,000,886	1,138,034	89,500
Interest	2,198	-	2,198	48,721
Contribution	-	-	-	27,497
Miscellaneous	68,395	10,153	78,548	-
Due from component units	3,780	-	3,780	-
Internal balances	(57,102)	57,102	-	-
Inventory	54,447	626,190	680,637	503,389
Prepaid items	264,039	74,914	338,953	51,409
Temporarily restricted assets:				
Cash and investments	9,372,025	11,317,617	20,689,642	44,244
Taxes receivable	31,047	-	31,047	-
Intergovernmental receivables	386,733	-	386,733	-
Leverage loans receivable	-	-	-	5,691,198
Assets held for resale	97,702	-	97,702	-
Capital assets not being depreciated:				
Land	7,997,605	249,787	8,247,392	2,427,975
Right of ways	2,600	30,610	33,210	-
Collections - historical treasures	141,250	-	141,250	-
Construction in progress	279,516	2,244,826	2,524,342	1,590,630
Capital assets net of accumulated depreciation:				
Buildings	32,796,801	950	32,797,751	13,039,793
Water and sewer system	-	26,867,835	26,867,835	-
Improvements other than buildings	2,477,743	31,275	2,509,018	15,137,003
Machinery and equipment	4,093,584	1,350,258	5,443,842	41,711
Infrastructure	45,869,410	-	45,869,410	-
Total assets	118,297,316	53,911,066	172,208,382	40,676,877
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred loss on refundings	393,283	-	393,283	-
Deferred outflows related to net pension liability	6,438,967	1,056,640	7,495,607	450,539
Total deferred outflows of resources	6,832,250	1,056,640	7,888,890	450,539

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
Statement of Net Position
September 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<u>LIABILITIES</u>				
Accounts payable and other current liabilities	\$ 2,059,871	1,095,221	3,155,092	854,272
Accrued interest	498,497	-	498,497	-
Accrued salaries	920,029	172,274	1,092,303	-
Accrued sales tax	-	13,330	13,330	-
Liabilities payable from restricted assets	1,107,496	1,425,270	2,532,766	-
Unearned revenue	-	-	-	3,319
Noncurrent liabilities:				
Due within one year:				
Bonds, loans and leases payable	3,294,361	101,343	3,395,704	166,511
Bonds and loans payable from restricted assets	-	1,639,985	1,639,985	-
Compensated absences	340,847	51,427	392,274	26,529
Claims and judgments	13,384	-	13,384	-
Due in more than one year:				
Bonds, loans and leases payable	33,583,402	9,545,925	43,129,327	2,977,284
Compensated absences	681,695	104,413	786,108	138,665
Net pension liability	<u>45,905,399</u>	<u>6,827,883</u>	<u>52,733,282</u>	<u>4,637,408</u>
Total liabilities	<u>88,404,981</u>	<u>20,977,071</u>	<u>109,382,052</u>	<u>8,803,988</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred gain on refundings	-	29,549	29,549	-
Deferred inflows related to net pension liability	<u>756,611</u>	<u>130,910</u>	<u>887,521</u>	<u>99,643</u>
Total deferred inflows of resources	<u>756,611</u>	<u>160,459</u>	<u>917,070</u>	<u>99,643</u>
<u>NET POSITION</u>				
Net investment in capital assets	66,592,290	21,703,466	88,295,756	31,236,893
Restricted for:				
Debt service	2,856,242	7,570,340	10,426,582	-
Sowashee Creek maintenance	327,124	76,862	403,986	-
Construction/acquisition of capital assets	694,926	-	694,926	44,244
Paving projects	203,561	-	203,561	-
Flood damage repairs	77,180	-	77,180	-
Purposes of grantors/donors	347,298	-	347,298	-
Law enforcement	276,770	-	276,770	-
Unrestricted (deficit)	<u>(35,407,417)</u>	<u>4,479,508</u>	<u>(30,927,909)</u>	<u>942,648</u>
Total net position	<u>\$ 35,967,974</u>	<u>33,830,176</u>	<u>69,798,150</u>	<u>32,223,785</u>

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

CITY OF MERIDIAN, MISSISSIPPI
Statement of Activities
For the Fiscal Year Ended September 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 9,234,334	576,520	-	-
Public safety	16,053,641	988,416	647,246	377,725
Public works	7,934,176	-	18,822	-
Culture and recreation	2,500,345	179,413	66,526	-
Economic development	713	-	-	-
Interest on long-term debt	<u>1,564,457</u>	-	-	-
Total governmental activities	<u>37,287,666</u>	<u>1,744,349</u>	<u>732,594</u>	<u>377,725</u>
Business-type activities:				
Water and sewer	10,448,784	13,284,084	-	1,610,622
Waste collection and disposal	1,849,533	1,850,072	-	-
Golf course	378,811	179,105	-	-
Union Station	295,614	47,734	-	-
Concessions	<u>33,695</u>	<u>31,243</u>	-	-
Total business-type activities	<u>13,006,437</u>	<u>15,392,238</u>	-	<u>1,610,622</u>
Total primary government	<u>\$ 50,294,103</u>	<u>17,136,587</u>	<u>732,594</u>	<u>1,988,347</u>
Component units:				
Meridian Airport Authority	\$ 11,606,856	9,903,454	66,356	912,722
Nonmajor component units	<u>145,277</u>	<u>194,866</u>	<u>12,234</u>	-
Total component units	<u>\$ 11,752,133</u>	<u>10,098,320</u>	<u>78,590</u>	<u>912,722</u>

General revenues:

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

Transfers

Total general revenues and transfers

Change in net position

Net position, October 1, 2014, as restated

Net position, September 30, 2015

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental	Business-type	Total	Component
<u>Activities</u>	<u>Activities</u>		<u>Units</u>
(8,657,814)	-	(8,657,814)	-
(14,040,254)	-	(14,040,254)	-
(7,915,354)	-	(7,915,354)	-
(2,254,406)	-	(2,254,406)	-
(713)	-	(713)	-
<u>(1,564,457)</u>	-	<u>(1,564,457)</u>	-
<u>(34,432,998)</u>	-	<u>(34,432,998)</u>	-
-	4,445,922	4,445,922	-
-	539	539	-
-	(199,706)	(199,706)	-
-	(247,880)	(247,880)	-
-	<u>(2,452)</u>	<u>(2,452)</u>	-
-	<u>3,996,423</u>	<u>3,996,423</u>	-
<u>(34,432,998)</u>	<u>3,996,423</u>	<u>(30,436,575)</u>	-
-	-	-	(724,324)
-	-	-	<u>61,823</u>
-	-	-	<u>(662,501)</u>
14,465,556	57,354	14,522,910	-
14,844,812	-	14,844,812	-
2,922,443	-	2,922,443	-
691,769	-	691,769	-
30,584	-	30,584	-
80,395	-	80,395	-
60,044	115,757	175,801	2,286
<u>266,070</u>	<u>(266,070)</u>	<u>-</u>	-
<u>33,361,673</u>	<u>(92,959)</u>	<u>33,268,714</u>	<u>2,286</u>
(1,071,325)	3,903,464	2,832,139	(660,215)
<u>37,039,299</u>	<u>29,926,712</u>	<u>66,966,011</u>	<u>32,884,000</u>
\$ <u>35,967,974</u>	<u>33,830,176</u>	<u>69,798,150</u>	<u>32,223,785</u>

CITY OF MERIDIAN, MISSISSIPPI

Balance Sheet
 Governmental Funds
 September 30, 2015

<u>ASSETS</u>	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 9,494,534	-	8,992	9,503,526
Investments	1,350,000	-	-	1,350,000
Receivables, net:				
Taxes	1,318,593	-	-	1,318,593
Accounts	807,206	-	-	807,206
Intergovernmental	137,148	-	-	137,148
Interest	595	1,603	-	2,198
Miscellaneous	68,395	-	-	68,395
Due from other funds	377,354	-	2,678	380,032
Due from component units	3,780	-	-	3,780
Prepaid items	223,609	-	-	223,609
Asset held for resale	97,702	-	-	97,702
Restricted assets:				
Cash and cash equivalents	425,729	2,925,589	5,620,707	8,972,025
Investments	-	400,000	-	400,000
Receivables, net:				
Taxes	-	31,047	-	31,047
Special assessments receivable	-	530,868	-	530,868
Intergovernmental receivables	-	-	386,733	386,733
Total assets	\$ <u>14,304,645</u>	<u>3,889,107</u>	<u>6,019,110</u>	<u>24,212,862</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI

Balance Sheet
Governmental Funds
September 30, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 1,497,926	-	21,396	1,519,322
Accrued salaries	920,029	-	-	920,029
Due to other funds	185,608	-	312,432	498,040
Liabilities payable from restricted assets:				
Accounts payable	-	3,500	672,636	676,136
Deposits payable	425,729	-	-	425,729
Unearned revenue	-	-	5,631	5,631
Total liabilities	<u>3,029,292</u>	<u>3,500</u>	<u>1,012,095</u>	<u>4,044,887</u>
Deferred inflows of resources -				
Unavailable revenue - special assessments	-	530,868	-	530,868
Fund balances:				
Nonspendable:				
Prepaid items	223,609	-	-	223,609
Asset held for resale	97,702	-	-	97,702
Restricted for:				
Sowashee Creek maintenance	-	-	327,124	327,124
Construction/acquisition of capital assets	-	-	2,310,615	2,310,615
Flood damage repairs	-	-	77,180	77,180
Paving projects	-	-	1,301,133	1,301,133
Debt service	-	3,354,739	-	3,354,739
Purposes of grantors/donors	-	-	351,254	351,254
Law enforcement	-	-	276,770	276,770
Committed to:				
Asbestos abatement and demolition	70,600	-	-	70,600
Urban renewal and redevelopment	-	-	345,378	345,378
Assigned to:				
General government activities	1,199,159	-	-	1,199,159
Public safety	-	-	8,992	8,992
Public works	524,239	-	-	524,239
Sports events and other recreation	193,558	-	8,569	202,127
Unassigned	<u>8,966,486</u>	<u>-</u>	<u>-</u>	<u>8,966,486</u>
Total fund balances	<u>11,275,353</u>	<u>3,354,739</u>	<u>5,007,015</u>	<u>19,637,107</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>14,304,645</u>	<u>3,889,107</u>	<u>6,019,110</u>	<u>24,212,862</u>

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

CITY OF MERIDIAN, MISSISSIPPI
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 September 30, 2015

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

Fund balances - total governmental funds	\$ 19,637,107
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	93,658,509
Other long-term assets (special assessments) are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds balance sheet.	530,868
Long-term liabilities, including related deferred outflows and deferred inflows, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	(78,201,516)
Internal service funds are used to charge the costs of certain activities, such as garage services, office supplies, and unemployment compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position (net of amount allocated to business-type activities of \$31,085).	<u>343,006</u>
Net position of governmental activities	\$ <u>35,967,974</u>

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

CITY OF MERIDIAN, MISSISSIPPI
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes:				
Property	\$ 9,626,951	4,551,137	-	14,178,088
Sales	14,844,812	-	-	14,844,812
Franchise	2,922,443	-	-	2,922,443
County road	691,769	-	-	691,769
Motor fuel	30,584	-	-	30,584
Licenses and permits	277,020	-	-	277,020
Intergovernmental	304,288	-	872,528	1,176,816
Charges for services	179,413	-	-	179,413
Fines and forfeitures	703,051	-	285,365	988,416
Special assessments	-	73,471	-	73,471
Payments in lieu of taxes	92,573	-	-	92,573
Local contributions	-	-	13,898	13,898
Interest on investments	40,692	8,731	10,621	60,044
Interest costs and damages	196,677	-	-	196,677
Miscellaneous	<u>290,282</u>	<u>-</u>	<u>9,218</u>	<u>299,500</u>
Total revenues	<u>30,200,555</u>	<u>4,633,339</u>	<u>1,191,630</u>	<u>36,025,524</u>
Expenditures:				
Current:				
General government	7,034,194	-	-	7,034,194
Public safety	14,610,216	-	472,862	15,083,078
Public works	4,571,955	-	-	4,571,955
Culture and recreation	2,326,038	-	14,451	2,340,489
Economic development	-	-	713	713
Capital outlay	-	-	415,348	415,348
Debt service:				
Principal retirement	250,806	3,215,125	-	3,465,931
Interest and fiscal charges	<u>10,997</u>	<u>1,460,440</u>	<u>-</u>	<u>1,471,437</u>
Total expenditures	<u>28,804,206</u>	<u>4,675,565</u>	<u>903,374</u>	<u>34,383,145</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,396,349</u>	<u>(42,226)</u>	<u>288,256</u>	<u>1,642,379</u>
Other financing sources (uses):				
Transfers in	654,203	441,040	526,680	1,621,923
Transfers out	(1,372,039)	-	(15,383)	(1,387,422)
Capital lease	120,387	-	-	120,387
Loss on disposal of asset	<u>(1,290,380)</u>	<u>-</u>	<u>-</u>	<u>(1,290,380)</u>
Total other financing sources (uses)	<u>(1,887,829)</u>	<u>441,040</u>	<u>511,297</u>	<u>(935,492)</u>
Net change in fund balances	(491,480)	398,814	799,553	706,887
Fund balances, October 1, 2014	<u>11,766,833</u>	<u>2,955,925</u>	<u>4,207,462</u>	<u>18,930,220</u>
Fund balances, September 30, 2015	\$ <u>11,275,353</u>	<u>3,354,739</u>	<u>5,007,015</u>	<u>19,637,107</u>

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

CITY OF MERIDIAN, MISSISSIPPI
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended September 30, 2015

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

Net change in fund balances - total governmental funds	\$ 706,887
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(4,329,233)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the cost of the capital assets disposed of.	(63,691)
Governmental funds do not report contributed capital assets because they do not provide current financial resources. However, in the statement of activities the fair values of contributed capital assets are recorded as capital contributions.	1,569
Special assessment revenues related to prior periods reported as revenues in the governmental funds are not reported as revenues in the statement of activities.	(75,253)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,354,814
Governmental funds report pension plan payments as expenditures as paid, whereas these amounts along with other changes in the net pension liability are deferred and amortized in the statement of activities.	(881,836)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	124,818
Internal service funds are used to charge the costs of certain activities, such as garage services, office supplies, and unemployment compensation to individual funds. The net earnings of the internal service funds are reported with governmental activities (net of amount allocated to business-type activities of \$17,268).	<u>90,600</u>
Change in net position of governmental activities	\$ <u>(1,071,325)</u>

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

CITY OF MERIDIAN, MISSISSIPPI

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u> <u>Basis)</u> <u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Taxes:				
Ad valorem	\$ 9,333,795	9,333,795	9,716,175	382,380
Sales	13,800,000	13,800,000	14,540,338	740,338
County road	700,000	700,000	691,774	(8,226)
Gasoline	20,000	20,000	30,584	10,584
Payment in lieu of taxes	100,000	100,000	112,560	12,560
Intergovernmental:				
Alcoholic beverage	50,000	50,000	51,000	1,000
State Fire Insurance Fund	200,000	200,000	223,893	23,893
Municipal aid	20,000	20,000	20,520	520
Franchise:				
Mississippi Power Company	1,900,000	1,900,000	2,271,605	371,605
Atmos Energy	130,000	130,000	147,839	17,839
Comcast Cable Company	450,000	450,000	457,880	7,880
East Mississippi Electric Power Assn.	-	-	58,838	58,838
Contact Network, Inc.	-	-	5,572	5,572
Telepak Networks, Inc.	-	-	3,185	3,185
Fines and forfeitures	1,000,000	1,000,000	703,051	(296,949)
Licenses and permits:				
Privilege license	140,000	140,000	134,830	(5,170)
Building and allied permits	110,000	110,000	142,190	32,190
Charges for services:				
Garbage collection	1,863,000	1,863,000	1,848,332	(14,668)
Recreation	125,000	125,000	124,852	(148)
Enterprise Funds	645,500	645,500	645,500	-
Training fees	46,291	79,791	56,983	(22,808)
Miscellaneous	325,000	325,000	352,594	27,594
Interest on investments	70,000	70,000	41,263	(28,737)
Interest costs and damages	130,000	130,000	131,307	1,307
Total revenues	<u>31,158,586</u>	<u>31,192,086</u>	<u>32,512,665</u>	<u>1,320,579</u>
Expenditures:				
General government:				
Personnel services	1,289,027	1,289,027	1,209,716	79,311
Supplies and expenses	898,948	1,038,948	1,001,846	37,102
Capital outlay	13,300	23,300	22,380	920
Transfers and other charges	<u>1,923,572</u>	<u>1,451,072</u>	<u>863,908</u>	<u>587,164</u>
Total general government	<u>4,124,847</u>	<u>3,802,347</u>	<u>3,097,850</u>	<u>704,497</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis) Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (continued):				
Finance and records:				
Personnel services	\$ 1,218,761	1,218,761	1,106,200	112,561
Supplies and expenses	1,759,351	1,759,351	1,712,553	46,798
Capital outlay	62,000	62,000	61,984	16
Transfers and other charges	35,000	35,000	35,000	-
Total finance and records	<u>3,075,112</u>	<u>3,075,112</u>	<u>2,915,737</u>	<u>159,375</u>
Community development:				
Personnel services	1,181,793	1,161,946	1,063,036	98,910
Supplies and expenses	243,873	226,538	198,177	28,361
Capital outlay	4,400	33,154	32,872	282
Transfers and other charges	525,970	552,898	552,889	9
Total community development	<u>1,956,036</u>	<u>1,974,536</u>	<u>1,846,974</u>	<u>127,562</u>
Parks and recreation:				
Personnel services	1,541,933	1,540,933	1,491,217	49,716
Supplies and expenses	773,290	765,290	756,117	9,173
Capital outlay	53,700	51,408	49,704	1,704
Transfers and other charges	160,000	310,000	310,000	-
Total parks and recreation	<u>2,528,923</u>	<u>2,667,631</u>	<u>2,607,038</u>	<u>60,593</u>
Public works:				
Personnel services	3,372,554	3,192,554	2,847,187	345,367
Supplies and expenses	1,309,774	1,459,364	1,459,039	325
Capital outlay	187,500	309,128	305,961	3,167
Transfers and other charges	2,020,000	1,928,782	1,912,428	16,354
Total public works	<u>6,889,828</u>	<u>6,889,828</u>	<u>6,524,615</u>	<u>365,213</u>
Police:				
Personnel services	6,162,919	6,037,919	5,359,994	677,925
Supplies and expenses	1,922,352	1,885,352	1,766,580	118,772
Capital outlay	399,100	436,100	408,663	27,437
Transfers and other charges	52,500	52,500	52,500	-
Total police	<u>8,536,871</u>	<u>8,411,871</u>	<u>7,587,737</u>	<u>824,134</u>
Fire:				
Personnel services	6,106,328	6,231,328	6,070,588	160,740
Supplies and expenses	771,925	771,925	737,393	34,532
Capital outlay	197,750	197,750	184,596	13,154
Transfers and other charges	12,500	12,500	12,500	-
Total fire	<u>7,088,503</u>	<u>7,213,503</u>	<u>7,005,077</u>	<u>208,426</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis) Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (continued):				
Public Safety & Training Facility:				
Personnel services	\$ 235,458	235,458	198,903	36,555
Supplies and expenses	<u>104,051</u>	<u>137,551</u>	<u>136,310</u>	<u>1,241</u>
Total public safety & training facility	<u>339,509</u>	<u>373,009</u>	<u>335,213</u>	<u>37,796</u>
Arts District Parking Garage -				
Supplies and expenses	<u>63,520</u>	<u>63,520</u>	<u>62,620</u>	<u>900</u>
Total expenditures	<u>34,603,149</u>	<u>34,471,357</u>	<u>31,982,861</u>	<u>2,488,496</u>
Net change in fund balances	\$ <u>(3,444,563)</u>	<u>(3,279,271)</u>	529,804	<u>3,809,075</u>
Fund balances, October 1, 2014			<u>11,871,890</u>	
Fund balances, September 30, 2015			\$ <u>12,401,694</u>	

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

CITY OF MERIDIAN, MISSISSIPPI

Statement of Net Position

Proprietary Funds

September 30, 2015

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water & Sewer</u>	<u>Waste Collection & Disposal</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Activities - Internal Service Funds</u>
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 7,276,805	601,816	114,247	7,992,868	768,202
Restricted cash, cash equivalents and investments:					
Customer deposits	890,598	-	-	890,598	-
Revenue Bond Construction Funds	1,409,220	-	-	1,409,220	-
Other Construction Funds	1,295,265	-	-	1,295,265	-
Revenue Bond Debt Service Account	7,565,246	-	-	7,565,246	-
Receivables:					
Accounts	2,252,955	197,841	-	2,450,796	-
Less allowance for uncollectibles	(395,001)	-	-	(395,001)	-
Intergovernmental	1,000,886	-	-	1,000,886	-
Miscellaneous	-	-	10,153	10,153	-
Due from other funds	-	4,999	109,029	114,028	91,991
Inventory	608,442	-	17,748	626,190	54,447
Prepaid items	72,878	-	2,036	74,914	-
Total current assets	21,977,294	804,656	253,213	23,035,163	914,640
Noncurrent assets:					
Restricted cash, cash equivalents and investments:					
Revenue Bond Contingent Account	78,644	-	-	78,644	-
Revenue Bond Depreciation Account	78,644	-	-	78,644	-
Total restricted cash, cash equivalents and investments	157,288	-	-	157,288	-
Capital assets:					
Land	249,787	-	-	249,787	-
Right of ways	30,610	-	-	30,610	-
Buildings	-	-	126,628	126,628	-
Water and sewer system	100,646,298	-	-	100,646,298	-
Improvements other than buildings	-	-	105,224	105,224	-
Machinery and equipment	4,491,987	19,626	488,735	5,000,348	-
Construction in progress	2,244,826	-	-	2,244,826	-
Total capital assets	107,663,508	19,626	720,587	108,403,721	-
Less accumulated depreciation	(76,985,715)	(17,663)	(624,802)	(77,628,180)	-
Capital assets (net of accumulated depreciation)	30,677,793	1,963	95,785	30,775,541	-
Total noncurrent assets	30,835,081	1,963	95,785	30,932,829	-
Total assets	52,812,375	806,619	348,998	53,967,992	914,640
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred outflows related to net pension liability	932,368	17,893	106,379	1,056,640	-

(Continued)

CITY OF MERIDIAN, MISSISSIPPI

Statement of Net Position

Proprietary Funds

September 30, 2015

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water & Sewer</u>	<u>Waste Collection & Disposal</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Activities - Internal Service Funds</u>
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	\$ 762,959	274,391	57,871	1,095,221	540,549
Liabilities payable from restricted assets:					
Customer deposits	890,598	-	-	890,598	-
Accounts payable	382,478	-	-	382,478	-
Promissory loans	1,639,985	-	-	1,639,985	-
Interest payable	152,194	-	-	152,194	-
Accrued liabilities:					
Payroll	141,225	5,570	25,479	172,274	-
Compensated absences	51,427	-	-	51,427	-
Sales tax	12,049	-	1,281	13,330	-
Due to other funds	23,074	-	64,937	88,011	-
Current portion of capital leases	101,011	-	332	101,343	-
Total current liabilities	<u>4,157,000</u>	<u>279,961</u>	<u>149,900</u>	<u>4,586,861</u>	<u>540,549</u>
Noncurrent liabilities:					
Compensated absences	104,413	-	-	104,413	-
Promissory loans (plus unamortized premium of \$592,796)	9,519,648	-	-	9,519,648	-
Capital leases payable	26,191	-	86	26,277	-
Net pension liability	6,038,821	115,410	673,652	6,827,883	-
Total noncurrent liabilities	<u>15,689,073</u>	<u>115,410</u>	<u>673,738</u>	<u>16,478,221</u>	<u>-</u>
Total liabilities	<u>19,846,073</u>	<u>395,371</u>	<u>823,638</u>	<u>21,065,082</u>	<u>540,549</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred gain on refundings	29,549	-	-	29,549	-
Deferred inflows related to net pension liability	115,378	2,219	13,313	130,910	-
Total deferred inflows of resources	<u>144,927</u>	<u>2,219</u>	<u>13,313</u>	<u>160,459</u>	<u>-</u>
<u>NET POSITION</u>					
Net investment in capital assets	21,606,136	1,963	95,367	21,703,466	-
Restricted for:					
Debt service	7,570,340	-	-	7,570,340	-
Capital projects	76,862	-	-	76,862	-
Unrestricted (deficit)	4,500,405	424,959	(476,941)	4,448,423	374,091
Total net position	<u>\$ 33,753,743</u>	<u>426,922</u>	<u>(381,574)</u>	<u>33,799,091</u>	<u>374,091</u>
Reconciliation to government-wide statement of net position:					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				31,085	
Net position of business-type activities				<u>\$ 33,830,176</u>	

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

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CITY OF MERIDIAN, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds				Governmental
	Water & Sewer	Waste Collection & Disposal	Nonmajor Enterprise Funds	Total Enterprise Funds	Activities -
					Internal Service Funds
Operating revenues:					
Charges for sales and services:					
Water sales	\$ 6,629,754	-	-	6,629,754	-
Sewer charges	6,055,494	-	-	6,055,494	-
Tap fees	59,087	-	-	59,087	-
Garbage collection fees	-	1,806,244	-	1,806,244	-
Out-of-county tonnage	-	43,828	-	43,828	-
Memberships	-	-	35,818	35,818	-
Green fees	-	-	51,036	51,036	-
Cart rental	-	-	44,357	44,357	-
Concessions	-	-	78,167	78,167	-
Internal service charges	-	-	-	-	3,621,569
Rental income	-	-	47,734	47,734	-
Miscellaneous	539,749	-	970	540,719	32,460
Total operating revenues	<u>13,284,084</u>	<u>1,850,072</u>	<u>258,082</u>	<u>15,392,238</u>	<u>3,654,029</u>
Operating expenses:					
Personnel services	3,011,568	59,691	357,792	3,429,051	-
Supplies and materials	468,394	873	79,858	549,125	521,175
Rent and utilities	1,421,544	639	68,012	1,490,195	-
Operation, maintenance, and repairs	671,473	3,017	78,988	753,478	44,029
Garbage disposal services	-	1,784,151	-	1,784,151	-
Depreciation and amortization	2,519,092	-	14,565	2,533,657	-
Claims paid	-	-	-	-	3,011,669
Miscellaneous	1,937,612	1,162	108,870	2,047,644	-
Total operating expenses	<u>10,029,683</u>	<u>1,849,533</u>	<u>708,085</u>	<u>12,587,301</u>	<u>3,576,873</u>
Operating income (loss)	<u>3,254,401</u>	<u>539</u>	<u>(450,003)</u>	<u>2,804,937</u>	<u>77,156</u>
Nonoperating revenues (expenses):					
Ad valorem taxes	-	57,354	-	57,354	-
Interest income	113,826	1,596	335	115,757	712
Interest expense	(431,120)	-	(35)	(431,155)	-
Loss on disposal of capital asset	(5,249)	-	-	(5,249)	-
Total nonoperating revenues (expenses)	<u>(322,543)</u>	<u>58,950</u>	<u>300</u>	<u>(263,293)</u>	<u>712</u>
Income (loss) before capital contributions and transfers	<u>2,931,858</u>	<u>59,489</u>	<u>(449,703)</u>	<u>2,541,644</u>	<u>77,868</u>
Capital contributions and transfers:					
Capital contributions	1,610,622	-	-	1,610,622	-
Transfers in	-	-	380,999	380,999	30,000
Transfers out	(603,069)	(44,000)	-	(647,069)	-
Total capital contributions and transfers	<u>1,007,553</u>	<u>(44,000)</u>	<u>380,999</u>	<u>1,344,552</u>	<u>30,000</u>
Change in net position	3,939,411	15,489	(68,704)	3,886,196	107,868
Net position, October 1, 2014, as restated	<u>29,814,332</u>	<u>411,433</u>	<u>(312,870)</u>	<u>266,223</u>	<u>266,223</u>
Net position, September 30, 2015	\$ <u>33,753,743</u>	<u>426,922</u>	<u>(381,574)</u>	<u>374,091</u>	<u>374,091</u>
Reconciliation to government-wide statement of activities:					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				17,268	
Change in net position of business-type activities				\$ <u>3,903,464</u>	

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

CITY OF MERIDIAN, MISSISSIPPI
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2015

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	<u>Water & Sewer</u>	<u>Waste Collection & Disposal</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	Internal Service Funds
Cash flows from operating activities:					
Receipts from customers and users	\$ 13,354,394	1,846,292	144,204	15,344,890	-
Receipts from internal users	-	-	-	-	4,279,677
Payments to suppliers	(4,375,786)	(1,802,844)	(244,933)	(6,423,563)	(3,711,986)
Payments to employees	<u>(2,861,379)</u>	<u>(58,454)</u>	<u>(346,803)</u>	<u>(3,266,636)</u>	-
Net cash provided by (used in) operating activities	<u>6,117,229</u>	<u>(15,006)</u>	<u>(447,532)</u>	<u>5,654,691</u>	<u>567,691</u>
Cash flows from noncapital financing activities:					
Ad valorem taxes received	-	57,354	-	57,354	-
Transfers to other funds	(601,500)	(44,000)	-	(645,500)	-
Transfers from other funds	<u>-</u>	<u>-</u>	<u>380,999</u>	<u>380,999</u>	<u>30,000</u>
Net cash provided by (used in) noncapital financing activities	<u>(601,500)</u>	<u>13,354</u>	<u>380,999</u>	<u>(207,147)</u>	<u>30,000</u>
Cash flows from capital and related financing activities:					
Capital contributions	656,851	-	-	656,851	-
Acquisition and construction of capital assets	(2,414,700)	-	(34,346)	(2,449,046)	-
Payments on long-term debt:					
Promissory notes	(1,465,000)	-	-	(1,465,000)	-
Capital lease payments	(95,262)	-	(313)	(95,575)	-
Interest paid on debt	<u>(434,162)</u>	<u>-</u>	<u>(35)</u>	<u>(434,197)</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(3,752,273)</u>	<u>-</u>	<u>(34,694)</u>	<u>(3,786,967)</u>	<u>-</u>
Cash flows from investing activities -					
Interest received	<u>113,826</u>	<u>1,596</u>	<u>335</u>	<u>115,757</u>	<u>712</u>
Net increase (decrease) in cash and cash equivalents	1,877,282	(56)	(100,892)	1,776,334	598,403
Cash and cash equivalents, October 1, 2014 (including \$10,333,341 in restricted accounts)	<u>16,717,140</u>	<u>601,872</u>	<u>215,139</u>	<u>17,534,151</u>	<u>169,799</u>
Cash and cash equivalents, September 30, 2015 (including \$11,317,617 in restricted accounts)	\$ <u>18,594,422</u>	<u>601,816</u>	<u>114,247</u>	<u>19,310,485</u>	<u>768,202</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds				Governmental
	<u>Water & Sewer</u>	<u>Waste Collection & Disposal</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 3,254,401	<u>539</u>	<u>(450,003)</u>	<u>2,804,937</u>	<u>77,156</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,519,092	-	14,565	2,533,657	-
Changes in assets and liabilities:					
Accounts receivable	40,794	(2,804)	(4,849)	33,141	-
Receivables - miscellaneous	-	-	-	-	7,768
Due from other funds	-	(976)	(109,029)	(110,005)	617,472
Due from component unit	-	-	-	-	407
Inventory	(153,357)	-	2,300	(151,057)	1,964
Prepaid items	5,454	-	(80)	5,374	-
Deferred outflows related to net pension liability	(827,651)	(15,902)	(95,010)	(938,563)	-
Accounts payable	489,419	(12,772)	24,460	501,107	(137,076)
Accrued liabilities	(14,047)	(1,988)	(10,050)	(26,085)	-
Customer deposits	29,514	-	-	29,514	-
Due to other funds	(219,283)	(230)	64,606	(154,907)	-
Deferred inflows related to net pension liability	115,378	2,219	102,245	219,842	-
Net pension liability	<u>877,515</u>	<u>16,908</u>	<u>13,313</u>	<u>907,736</u>	<u>-</u>
Total adjustments	<u>2,862,828</u>	<u>(15,545)</u>	<u>2,471</u>	<u>2,849,754</u>	<u>490,535</u>
Net cash provided by (used in) operating activities	\$ <u>6,117,229</u>	<u>(15,006)</u>	<u>(447,532)</u>	<u>5,654,691</u>	<u>567,691</u>
Noncash investing, capital, and financing activities:					
Amortization of debt premium/discount	\$ <u>(63,514)</u>	<u>-</u>	<u>-</u>	<u>(63,514)</u>	<u>-</u>
Amortization of gain/loss on debt refunding	\$ <u>(2,859)</u>	<u>-</u>	<u>-</u>	<u>(2,859)</u>	<u>-</u>
Capital assets transferred (to) from the general fund	\$ <u>(1,569)</u>	<u>-</u>	<u>-</u>	<u>(1,569)</u>	<u>-</u>

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

CITY OF MERIDIAN, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,336,977
Intergovernmental receivables - County	<u>168,392</u>
Total assets	\$ <u>1,505,369</u>
<u>LIABILITIES</u>	
Intergovernmental payables:	
Schools	\$ 1,247,300
PERS	186,093
State	<u>71,976</u>
Total liabilities	\$ <u>1,505,369</u>

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

CITY OF MERIDIAN, MISSISSIPPI

Statement of Net Position

Component Units

September 30, 2015

	<u>Meridian Airport Authority</u>	<u>Nonmajor Component Units</u>	<u>Total Component Units</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,510,126	84,420	1,594,546
Receivables:			
Accounts	389,261	-	389,261
Intergovernmental:			
Federal	9,364	-	9,364
State	80,136	-	80,136
Interest	-	48,721	48,721
Contribution	-	27,497	27,497
Inventory	503,389	-	503,389
Prepaid items	51,409	-	51,409
Restricted assets - cash	44,244	-	44,244
MLEC leverage loans receivable	-	5,691,198	5,691,198
Capital assets not being depreciated:			
Land	2,427,975	-	2,427,975
Construction in progress	1,590,630	-	1,590,630
Capital assets (net of accumulated depreciation):			
Buildings	13,039,793	-	13,039,793
Improvements other than buildings	15,137,003	-	15,137,003
Machinery and equipment	41,711	-	41,711
	<u>34,825,041</u>	<u>5,851,836</u>	<u>40,676,877</u>
Total assets			
	<u>34,825,041</u>	<u>5,851,836</u>	<u>40,676,877</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows related to net pension liability	<u>450,539</u>	<u>-</u>	<u>450,539</u>
<u>LIABILITIES</u>			
Accounts payable	650,366	51,747	702,113
Accrued liabilities	122,683	29,476	152,159
Unearned revenue	3,319	-	3,319
Noncurrent liabilities:			
Due within one year -			
Note payable	87,935	78,576	166,511
Compensated absences	26,529	-	26,529
Due in more than one year:			
Note payable	912,284	2,065,000	2,977,284
Compensated absences	138,665	-	138,665
Net pension liability	4,637,408	-	4,637,408
	<u>6,579,189</u>	<u>2,224,799</u>	<u>8,803,988</u>
Total liabilities			
	<u>6,579,189</u>	<u>2,224,799</u>	<u>8,803,988</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows related to net pension liability	<u>99,643</u>	<u>-</u>	<u>99,643</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	31,236,893	-	31,236,893
Restricted for capital projects	44,244	-	44,244
Unrestricted (deficit)	<u>(2,684,389)</u>	<u>3,627,037</u>	<u>942,648</u>
	<u>28,596,748</u>	<u>3,627,037</u>	<u>32,223,785</u>
Total net position			
	<u>\$ 28,596,748</u>	<u>3,627,037</u>	<u>32,223,785</u>

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

CITY OF MERIDIAN, MISSISSIPPI
Statement of Activities
Component Units
For the Fiscal Year Ended September 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Meridian Airport Authority</u>	<u>Nonmajor Component Units</u>	<u>Total</u>
Component units:							
Meridian Airport Authority	\$ 11,606,856	9,903,454	66,356	912,722	(724,324)	-	(724,324)
Nonmajor component units	<u>145,277</u>	<u>194,866</u>	<u>12,234</u>	<u>-</u>	<u>-</u>	<u>61,823</u>	<u>61,823</u>
Total component units	\$ <u>11,752,133</u>	<u>10,098,320</u>	<u>78,590</u>	<u>912,722</u>	(724,324)	61,823	(662,501)
General revenues -							
Interest income					<u>2,245</u>	<u>41</u>	<u>2,286</u>
Change in net position					(722,079)	61,864	(660,215)
Net position, October 1, 2014, as restated					<u>29,318,827</u>	<u>3,565,173</u>	<u>32,884,000</u>
Net position, September 30, 2015					\$ <u>28,596,748</u>	<u>3,627,037</u>	<u>32,223,785</u>

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

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

(a) **Reporting Entity**

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

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

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

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

Major Discretely Presented Component Unit -

Meridian Airport Authority

Meridian Airport Authority (“MAA”) was established by the City on March 17, 1992, in accordance with Title 61, Chapter 3, Article V of the Mississippi Code of 1972 to manage the local airport facilities within the City’s jurisdiction. MAA

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2015

(1) Summary of Significant Accounting Policies (Continued)

(a) Reporting Entity (Continued)

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

Nonmajor Discretely Presented Component Units:

Meridian Urban Renewal Authority

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

The Meridian Transportation Commission

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

Meridian and Bonita Lakes Development Authority

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(1) Summary of Significant Accounting Policies (Continued)

(a) Reporting Entity (Continued)

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

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

Meridian Airport Authority
2811 Highway 11 South
Meridian, Mississippi

Meridian Urban Renewal
Authority
723 23rd Avenue
Meridian, Mississippi

The Meridian Transportation Commission
P.O. Box 1430
Meridian, Mississippi

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

Related Organizations:

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

Following is a list of related organizations:

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(1) Summary of Significant Accounting Policies (Continued)

(a) Reporting Entity (Continued)

- Housing Authority of the City of Meridian
- Housing Board of Adjustments and Appeals
- Mechanical Board
- Trustees of Meridian Community College District
- Trustees of Meridian Municipal Separate School District
- Meridian Planning Commission
- Meridian Public Improvement Corporation
- The Meridian Railroad Museum Advisory Board
- Taxicab Advisory Board
- Tree Commission

(b) Government-Wide and Fund Financial Statements

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

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

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(1) Summary of Significant Accounting Policies (Continued)

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

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

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

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

The City reports the following major governmental funds:

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(1) Summary of Significant Accounting Policies (Continued)

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

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

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

investment, and remittance of fiduciary resources (property collections, fines and fees, and employee withholdings) to individuals, organizations, or other governments.

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

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

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

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

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

(e) **Cash and Cash Equivalents and Investments**

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

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

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(1) Summary of Significant Accounting Policies (Continued)

(f) Receivables and Payables

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

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

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

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.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(1) Summary of Significant Accounting Policies (Continued)

(f) Receivables and Payables (Continued)

The tax rate of the City is expressed in terms of mills (ten mills equal one cent). For the year ended September 30, 2015, the City’s 2015 combined tax rate for general governmental services and other municipal purposes was 120.66 or \$120.66 per \$1,000 of assessed valuation, expressed as follows:

<u>Description</u>	<u>Mills</u>		<u>Increase (Decrease)</u>
	<u>2015</u>	<u>2014</u>	
General	29.51	29.72	(.21)
Solid waste fund	.18	.18	-
Fire and police disability retirement fund (closed)	4.79	4.77	.02
General municipal retirement fund (closed)	3.00	3.00	-
Debt service (general bonds and interest)	13.36	13.17	.19
Meridian Separate School District	62.82	62.82	-
Meridian Community College	<u>7.00</u>	<u>7.00</u>	<u>-</u>
Total mills	<u>120.66</u>	<u>120.66</u>	<u>-</u>

(g) Inventories and Prepaid Items

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

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

(h) Assets Held for Resale

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(1) Summary of Significant Accounting Policies (Continued)

(i) Restricted Assets

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

The "revenue bond operation and maintenance" account receives sufficient amounts to provide for the payment of current expenses to be paid each month, plus any prior month deficiencies. The "revenue bond construction" accounts are used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond contingent" account is used to report resources set aside to pay for unforeseen contingencies arising from the operation and maintenance of the system, including the construction of reasonable and proper improvements, betterments and extensions, upon written certification of the engineers. The "revenue bond depreciation" account is used to report resources set aside to pay for replacing such parts of the system as may need replacement in order to keep the system operating in an economical and efficient manner, upon written certification of the engineers. Any surplus remaining after all deposits and transfers required and allowed by the bond resolution are to be used solely for purposes pertaining to the system. As of September 30, 2015, all accounts required under the bond resolution were fully funded as required.

(j) Capital Assets

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2015

(1) Summary of Significant Accounting Policies (Continued)

(j) Capital Assets (Continued)

Capital asset thresholds are as follows:

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

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred in the business-type activities during the current fiscal year was \$432,347. Of this amount, \$1,192 was included as part of the cost of capital assets under construction.

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

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

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(1) Summary of Significant Accounting Policies (Continued)

(k) Compensated Absences

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

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

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

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

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

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

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2015

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

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

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

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

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

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

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

Deferred outflows related to net pension liability reported in the government-wide statement of net position and the proprietary funds statement of net position – the City has four pension related items that qualify for reporting in this category – see note 10 for further details.

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(1) Summary of Significant Accounting Policies (Continued)

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

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

Deferred inflows related to net pension liability reported in the government-wide statement of net position and the proprietary funds statement of net position – the City’s change in proportionate share of the net pension liability is reported in this category – see note 10 for further details.

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

(o) Pensions

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

(p) Fund Balances/Net Position

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

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2015

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

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

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

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

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

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

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

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

Committed – the fund balance is reported as committed for amounts that can only be used for specific purposes as a result of constraints imposed by the adoption of an order by the City Council. The City Council order is the most binding formal action of the highest level of decision making authority. Committed amounts cannot be modified or uncommitted except by removing the constraints through the same formal action by City Council.

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(1) Summary of Significant Accounting Policies (Continued)

(p) Fund Balances/Net Position (Continued)

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

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

(q) New Accounting Pronouncements

Effective for fiscal year 2015, the City implemented the following new standards issued by GASB:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions: An Amendment of GASB Statement No 27*, effective for financial statement periods beginning after June 15, 2014 – the primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expense/expenditures related to pension plans. See note 10 and note 11 for details on the results of implementing this statement.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for financial statement periods beginning after December 15, 2013 – this statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date: An Amendment of GASB Statement No. 68*, effective for financial statement periods beginning after June 15, 2014 – this statement addresses the reporting of amounts associated with contributions made to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

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

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

The City is currently analyzing its accounting practices to determine the potential impact on the basic financial statements for the following GASB Statements becoming effective in future periods:

GASB Statement No. 72, *Fair Value Measurement and Application*, effective for financial statement periods beginning after June 15, 2015 – this statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for financial statement periods beginning after June 15, 2015 – the objective of this statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles.

(r) **Financial Statement Format**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the City's financial position and operations. For consistency, certain 2014 financial statement amounts have been reclassified to conform with the 2015 financial statement presentation. Such reclassifications had no material effect on the City's financial position, changes in financial position, or cash flows.

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

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

(a) **Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position**

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

<u>Description</u>	<u>Amount</u>
Bonds payable	\$ (36,075,000)
Premium on refunded debt issue	(474,689)
Promissory loans payable	(143,337)
Accrued interest payable	(498,497)
Capital leases payable	(184,737)
Compensated absences	(1,022,542)
Claims and judgments	(13,384)
Net pension liability	(45,905,399)
Deferred inflows/outflows related to net pension liability	5,682,356
Deferred loss on refunding	393,283
Prepaid insurance on bond issue	<u>40,430</u>
Net adjustment to reduce fund balances – total governmental funds to arrive at net position – governmental activities	\$ <u>(78,201,516)</u>

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

<u>Description</u>	<u>Amount</u>
Net position of the internal service funds	\$ 374,091
Less internal payable representing charges in excess of cost to business-type activities	<u>(31,085)</u>
Net adjustment to increase fund balances – total governmental funds to arrive at net position – governmental activities	\$ <u>343,006</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

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

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

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

<u>Description</u>	<u>Amount</u>
Capital outlay	\$ 785,566
Depreciation expense	<u>(5,114,799)</u>
Net adjustment to reduce net change in fund balances – total governmental funds to arrive at change in net position of governmental activities	\$ <u>(4,329,233)</u>

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

<u>Description</u>	<u>Amount</u>
Vehicle transferred from the Water and Sewer Fund	\$ <u>1,569</u>
Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net position of governmental activities	\$ <u>1,569</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

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

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

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

<u>Description</u>	<u>Amount</u>
Principal retirement of long-term debt	\$ 3,465,931
Amortization of bond premiums, prepaid Insurance, and deferred loss on refunding	9,270
New capital lease agreement	<u>(120,387)</u>
Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net position of governmental activities	\$ <u>3,354,814</u>

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

<u>Description</u>	<u>Amount</u>
Compensated absences	\$ 27,535
Accrued interest expense	(109,362)
Claims and judgments	<u>206,645</u>
Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net position of governmental activities	\$ <u>124,818</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

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

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

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

<u>Description</u>	<u>Amount</u>
Change in net position of the internal service funds	\$ 107,868
Less income from charges to business-type activities	<u>(17,268)</u>
Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net position of governmental activities	\$ <u>90,600</u>

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

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

<u>Description</u>	<u>Amount</u>
Internal receivable representing charges in excess of cost to business-type activities:	
Prior year	\$ 13,817
Current year activities	<u>17,268</u>
Net adjustment to increase net position – total enterprise funds to arrive at net position – business-type activities	\$ <u>31,085</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

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

(a) **Budgetary Information**

The City adopts annual budgets for all governmental, proprietary and fiduciary funds on a basis consistent with state law, the more significant of which is discussed below. For 2015, the original total budgeted expenditures were \$95,310,894 and were increased by amendments to \$96,134,394.

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

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2015

(3) Stewardship, Compliance and Accountability (Continued)

(a) Budgetary Information (Continued)

accounts within the level at which the City Council adopts its budget. The City Council may, by unanimous vote, make expenditures, borrow money or incur liabilities necessary to meet any emergency as defined by state statute without further notice or hearing and may revise the budget accordingly.

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

(b) Budget/GAAP Reconciliation

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

<u>Description</u>	<u>General Fund</u>
Net change in fund balances – budgetary basis	\$ 529,804
Basis differences:	
Net accrued revenues and related receivables	(1,788,439)
Net accrued expenditures and related liabilities	<u>767,155</u>
Net change in fund balances – GAAP basis	\$ <u>(491,480)</u>

(c) Deficit Net Position

The Golf Course and Union Station funds (nonmajor enterprise funds) had deficit net positions at September 30, 2015, of \$355,127 and \$85,548, respectively. These deficits are largely due to the inclusion of the net pension liability as a result of the implementation of GASB 68 and 71. The City will work to develop a plan to reduce these deficits.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(3) Stewardship, Compliance and Accountability (Continued)

(c) Deficit Net Position (Continued)

The Meridian Transportation Commission (a nonmajor component unit) had a deficit net position of \$14,261 as of September 30, 2015. This deficit will be provided for from future contributions.

(4) Deposits and Investments

Deposits

Custodial credit risk: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At year end, the City's carrying amount of deposits was \$39,718,995 and the bank balance was \$39,746,025. The entire bank balance was covered by federal depository insurance or collateralized in accordance with state law. The collateral for public entities' deposits in financial institutions are held in the name of the Mississippi State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the City's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

The carrying amount of deposits for discretely presented component units was \$1,638,790 and the bank balance was \$1,641,337. These bank balances were covered by federal depository insurance or collateralized in accordance with State law as described above.

Investments

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

<u>Description</u>	<u>Fair Value</u>	<u>Maturity Date (Within One Year)</u>
Unrestricted certificates of deposit:		
Citizens National Bank	\$ 675,000	12/30/2015
Community Bank	<u>675,000</u>	12/31/2015
Total unrestricted	1,350,000	
Restricted certificates of deposit -		
Citizens National Bank	<u>400,000</u>	11/10/2015
Total investments	\$ <u>1,750,000</u>	

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(4) Deposits and Investments (Continued)

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

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

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

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

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

<u>Description</u>	<u>Amount</u>
Cash on hand	\$ 3,940
Cash with trustee	1,919,570
Carrying amount of deposits (including certificates of deposits)	<u>39,717,705</u>
Total cash and investments	\$ <u>41,641,215</u>
Cash and cash equivalents	\$ 18,264,596
Cash and investments – restricted	20,689,642
Investments	<u>1,350,000</u>
Total reported on the government-wide statement of net position	40,304,238
Cash and cash equivalents reported on the statement of fiduciary assets and liabilities not included on the government-wide statement of net position	<u>1,336,977</u>
Total reported	\$ <u>41,641,215</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(5) Capital Assets

Primary government:

Capital asset activity for the year ended September 30, 2015, was as follows:

	Balance October 1, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2015</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,997,605	-	-	7,997,605
Right of ways	2,600	-	-	2,600
Collections - historical treasures	141,250	-	-	141,250
Construction-in-progress	<u>587,566</u>	<u>426,487</u>	<u>734,537</u>	<u>279,516</u>
Total capital assets, not being depreciated	<u>8,729,021</u>	<u>426,487</u>	<u>734,537</u>	<u>8,420,971</u>
Capital assets, being depreciated:				
Buildings	42,966,626	-	-	42,966,626
Improvements other than buildings	5,181,630	18,907	-	5,200,537
Machinery and equipment	17,135,758	318,829	317,780	17,136,807
Infrastructure	<u>109,977,430</u>	<u>771,564</u>	<u>-</u>	<u>110,748,994</u>
Total capital assets, being depreciated	<u>175,261,444</u>	<u>1,109,300</u>	<u>317,780</u>	<u>176,052,964</u>
Less accumulated depreciation for:				
Buildings	9,358,517	811,308	-	10,169,825
Improvements other than buildings	2,529,757	193,037	-	2,722,794
Machinery and equipment	12,286,345	996,852	239,974	13,043,223
Infrastructure	<u>61,765,982</u>	<u>3,113,602</u>	<u>-</u>	<u>64,879,584</u>
Total accumulated depreciation	<u>85,940,601</u>	<u>5,114,799</u>	<u>239,974</u>	<u>90,815,426</u>
 Total capital assets, being depreciated, net	 <u>89,320,843</u>	 <u>(4,005,499)</u>	 <u>77,806</u>	 <u>85,237,538</u>
 Total governmental activities capital assets, net	 \$ <u>98,049,864</u>	 <u>(3,579,012)</u>	 <u>812,343</u>	 <u>93,658,509</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(5) Capital Assets (Continued)

	Balance October 1, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2015</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 247,787	2,000	-	249,787
Right of ways	30,610	-	-	30,610
Construction-in-progress	<u>561,232</u>	<u>1,683,594</u>	-	<u>2,244,826</u>
Total capital assets, not being depreciated	<u>839,629</u>	<u>1,685,594</u>	-	<u>2,525,223</u>
Capital assets, being depreciated:				
Buildings	126,628	-	-	126,628
Water and sewer system	100,422,711	223,587	-	100,646,298
Improvements other than buildings	98,924	6,300	-	105,224
Machinery and equipment	<u>4,688,587</u>	<u>533,563</u>	<u>221,802</u>	<u>5,000,348</u>
Total capital assets, being depreciated	<u>105,336,850</u>	<u>763,450</u>	<u>221,802</u>	<u>105,878,498</u>
Less accumulated depreciation for:				
Buildings	124,728	950	-	125,678
Water and sewer system	71,516,453	2,262,010	-	73,778,463
Improvements other than buildings	73,949	-	-	73,949
Machinery and equipment	<u>3,594,377</u>	<u>270,697</u>	<u>214,984</u>	<u>3,650,090</u>
Total accumulated depreciation	<u>75,309,507</u>	<u>2,533,657</u>	<u>214,984</u>	<u>77,628,180</u>
 Total capital assets, being depreciated, net	 <u>30,027,343</u>	 <u>(1,770,207)</u>	 <u>6,818</u>	 <u>28,250,318</u>
 Total business-type activities capital assets, net	 \$ <u>30,866,972</u>	 <u>(84,613)</u>	 <u>6,818</u>	 <u>30,775,541</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(5) Capital Assets (Continued)

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

	<u>Amount</u>
Governmental activities:	
General government	\$ 912,240
Public safety	715,162
Public works	3,400,098
Culture and recreation	<u>87,299</u>
Total depreciation expense - governmental activities	\$ <u>5,114,799</u>
Business-type activities:	
Water and sewer department	\$ 2,519,092
Golf course	12,559
Union Station	<u>2,006</u>
Total depreciation expense - business-type activities	\$ <u>2,533,657</u>

Construction-in-progress is composed of:

Governmental activities:	
5th Street pedestrian enhancement	\$ 125,187
Medical district traffic - engineering	96,275
Highway 39 signalization	42,929
Empower software upgrade	10,125
Golf course irrigation pumps	<u>5,000</u>
Total governmental activities	<u>279,516</u>
Business-type activities:	
Downtown drainage improvements	1,830,352
Wastewater treatment plant air blowers and electrical upgrade	365,364
Water treatment plant upgrades at B Street and North Plant	<u>49,110</u>
Total business-type activities	<u>2,244,826</u>
Total construction-in-progress	\$ <u>2,524,342</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(5) Capital Assets (Continued)

Discretely presented component units:

Capital asset activity for the year ended September 30, 2015, was as follows:

	Balance October 1, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance September 30, <u>2015</u>
Meridian Airport Authority:				
Capital assets, not being depreciated:				
Land	\$ 2,427,975	-	-	2,427,975
Construction-in-progress	<u>1,022,801</u>	<u>2,157,492</u>	<u>1,589,663</u>	<u>1,590,630</u>
Total capital assets, not being depreciated	<u>3,450,776</u>	<u>2,157,492</u>	<u>1,589,663</u>	<u>4,018,605</u>
Capital assets, being depreciated:				
Buildings	13,918,785	1,981,853	687	15,899,951
Improvements other than buildings	30,440,459	-	-	30,440,459
Machinery and equipment	<u>2,244,436</u>	<u>64,007</u>	<u>89,325</u>	<u>2,219,118</u>
Total capital assets, being depreciated	<u>46,603,680</u>	<u>2,045,860</u>	<u>90,012</u>	<u>48,559,528</u>
Less accumulated depreciation for:				
Buildings	2,318,037	542,121	-	2,860,158
Improvements other than buildings	13,952,287	1,351,169	-	15,303,456
Machinery and equipment	<u>2,179,470</u>	<u>85,871</u>	<u>87,934</u>	<u>2,177,407</u>
Total accumulated depreciation	<u>18,449,794</u>	<u>1,979,161</u>	<u>87,934</u>	<u>20,341,021</u>
Total capital assets, being depreciated, net	<u>28,153,886</u>	<u>66,699</u>	<u>2,078</u>	<u>28,218,507</u>
Total Meridian Airport Authority	\$ <u><u>31,604,662</u></u>	<u><u>2,224,191</u></u>	<u><u>1,591,741</u></u>	<u><u>32,237,112</u></u>
Nonmajor component units:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 57,217	-	-	57,217
Less accumulated depreciation	<u>57,217</u>	<u>-</u>	<u>-</u>	<u>57,217</u>
Total nonmajor component units	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(6) Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2015, is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 312,432
	Nonmajor Enterprise Funds	64,922
Nonmajor Governmental Funds	General Fund	2,678
Waste Collection & Disposal Fund	General Fund	4,999
Nonmajor Enterprise Funds	General Fund	109,029
Internal Service Funds	General Fund	68,902
	Water & Sewer Fund	23,074
	Nonmajor Enterprise Funds	<u>15</u>
Total due to/from other funds		\$ <u>586,051</u>

Due to primary government

Due from component units

General Fund	Meridian Airport Authority	\$ <u>3,115</u>
	Meridian Transportation Commission	\$ <u>665</u>

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

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

Interfund transfers:

	<u>Transfers in:</u>					
	<u>General</u>	<u>Debt</u>	<u>Nonmajor</u>	<u>Nonmajor</u>	<u>Internal</u>	<u>Total</u>
<u>Transfers out:</u>	<u>Fund</u>	<u>Service</u>	<u>Governmental</u>	<u>Enterprise</u>	<u>Service</u>	<u>transfers</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>	<u>out</u>
General Fund	\$ -	441,040	520,000	380,999	30,000	1,372,039
Nonmajor Governmental Funds	8,703	-	6,680	-	-	15,383
Water & Sewer Fund	601,500	-	-	-	-	601,500
Waste Collection & Disposal Fund	<u>44,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,000</u>
Total transfers in	\$ <u>654,203</u>	<u>441,040</u>	<u>526,680</u>	<u>380,999</u>	<u>30,000</u>	2,032,922
Water & Sewer Fund*	\$ <u>1,569</u>					<u>1,569</u>
						\$ <u>2,034,491</u>

* The water & sewer fund transferred capital assets to the general fund. This transfer was recorded in the governmental activities on the government-wide statement of activities. This transfer was not recorded in the general fund statement of revenues, expenditures, and changes in fund balances because governmental funds do not report capital assets.

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(7) Leases

Capital Leases

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

A summary of leased equipment capitalized in the financial statements at September 30, 2015, follows:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Machinery and equipment	\$ 829,453	1,056,641
Less accumulated depreciation	<u>(770,364)</u>	<u>(586,220)</u>
Total leased equipment capitalized	\$ <u>59,089</u>	<u>470,421</u>

The future minimum lease obligations and the net present value of minimum lease commitments at September 30, 2015, follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2016	\$ 97,151	106,140
2017	44,974	26,534
2018	25,925	-
2019	<u>25,925</u>	<u>-</u>
Total minimum lease commitments	193,975	132,674
Less amount representing imputed interest	<u>(9,238)</u>	<u>(5,054)</u>
Present value of minimum lease payments	184,737	127,620
Current portion of obligations under capital leases	<u>(90,305)</u>	<u>(101,343)</u>
Obligations under capital leases, less current installments	\$ <u>94,432</u>	<u>26,277</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(7) **Leases (Continued)**

Operating Leases

The City leases premises for use as a law enforcement center. This lease term expires in May, 2033. The City also leases golf carts for the public golf course. This lease term expires in October, 2019. Costs for these leases totaled \$326,240 for the year ended September 30, 2015.

Meridian Airport Authority (a discretely presented component unit) leases refueling trucks for use in the operations of Meridian Aviation with monthly lease payments beginning May, 2015. This lease term expires in May, 2018. Costs for this lease totaled \$18,631 for the year ended September 30, 2015.

The future minimum lease payments for the operating leases at September 30, 2015, are as follows:

<u>Year Ending September 30,</u>	<u>City of Meridian</u>	<u>Meridian Airport Authority</u>
2016	\$ 327,670	45,000
2017	327,800	45,000
2018	327,800	26,250
2019	327,800	-
2020	306,900	-
2021-2025	1,525,000	-
2026-2030	1,525,000	-
2031-2035	<u>813,333</u>	<u>-</u>
Total future minimum lease payments	\$ <u>5,481,303</u>	<u>116,250</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(8) Long-Term Liabilities

A summary of long-term liabilities at September 30, 2015, follows:

	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities:		
Outstanding bonds:		
General government	1.9 - 5.5%	\$ 31,090,000
Special obligation bonds – parking facilities	3.3 - 5.375%	810,000
Limited obligation bonds – tax increment financing	5.0 - 8.75%	3,390,000
Special assessment debt with City commitment	4.8 - 6.0%	785,000
Plus unamortized premium on debt refunding		474,689
Other debt:		
Promissory loans	.25 - 3.0%	143,337
Capital leases	3.77 - 5.87%	184,737
Compensated absences		1,022,542
Claims and judgments		13,384
Net pension liability		<u>45,905,399</u>
Total governmental activities		83,819,088
Less current portion payable		<u>(3,648,592)</u>
Governmental activities, net		\$ <u>80,170,496</u>
Business-type activities:		
Water & sewer promissory loans	.5 - 4.0%	\$ 10,503,323
Plus unamortized premium on debt refunding		<u>656,310</u>
Total promissory loans		11,159,633
Capital leases	5.87%	127,620
Compensated absences		155,840
Net pension liability		<u>6,827,883</u>
Total business-type activities		18,270,976
Less current portion payable		<u>(1,792,755)</u>
Business activities, net		\$ <u>16,478,221</u>
Discretely presented component units:		
Promissory loans	2.83% - 5.5%	\$ 3,143,795
Compensated absences		165,194
Net pension liability		<u>4,637,408</u>
Total discretely presented component units		7,946,397
Less current portion payable		<u>(193,040)</u>
Discretely presented component units, net		\$ <u>7,753,357</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(8) Long-Term Liabilities (Continued)

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

Year Ending September 30,	Governmental Activities					Total
	General Obligation Bonds	Special Obligation Bonds	Limited Obligations Bonds	Special Assessment Debt	Promissory Loans	
2016	\$ 3,480,115	123,537	515,125	313,555	85,558	4,517,890
2017	3,650,334	124,238	514,625	137,875	30,301	4,457,373
2018	3,680,555	124,669	512,375	137,645	30,301	4,485,545
2019	3,166,423	129,831	513,375	136,255	-	3,945,884
2020	3,188,252	129,456	512,156	139,490	-	3,969,354
2021-2025	14,436,571	388,432	2,458,625	42,040	-	17,325,668
2026-2030	6,045,311	-	-	-	-	6,045,311
2031-2035	331,013	-	-	-	-	331,013
Total	\$ 37,978,574	1,020,163	5,026,281	906,860	146,160	45,078,038
Interest included in above totals	\$ 6,888,574	210,163	1,636,281	121,860	2,823	8,859,701

Year Ending September 30,	Business-type Activities	Discretely Presented Component Units
	Promissory Loans	Promissory Loans
2016	\$ 1,894,131	311,125
2017	1,497,225	311,127
2018	1,510,625	311,127
2019	1,101,625	311,125
2020	1,105,675	311,125
2021-2025	3,740,701	1,555,624
2026-2030	666,825	974,422
2031-2035	385,500	390,837
2036-2040	96,371	-
Total	\$ 11,998,678	4,476,512
Interest included in above totals	\$ 1,495,355	1,332,717

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(8) Long-Term Liabilities (Continued)

A summary of changes in the long-term liabilities during the year ended September 30, 2015, follows:

<u>Description</u>	<u>October 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30, 2015</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation debt	\$ 33,430,000	-	2,340,000	31,090,000	2,485,000
Special obligation bonds	885,000	-	75,000	810,000	80,000
Limited obligation bonds	3,605,000	-	215,000	3,390,000	235,000
Special assessment with City commitment	1,040,000	-	255,000	785,000	270,000
Unamortized premiums/discounts	525,783	-	51,094	474,689	51,094
Total bonds payable	<u>39,485,783</u>	<u>-</u>	<u>2,936,094</u>	<u>36,549,689</u>	<u>3,121,094</u>
Promissory loans	253,462	-	110,125	143,337	82,962
Negotiable notes	220,000	-	220,000	-	-
Capital leases	315,156	120,387	250,806	184,737	90,305
Compensated absences	1,050,077	1,038,010	1,065,545	1,022,542	340,847
Claims and judgments	220,029	473,080	679,725	13,384	13,384
Net pension liability ¹	<u>40,088,221</u>	<u>5,817,178</u>	<u>-</u>	<u>45,905,399</u>	<u>-</u>
Governmental activities long-term liabilities	\$ <u>81,632,728</u>	<u>7,448,655</u>	<u>5,262,295</u>	<u>83,819,088</u>	<u>3,648,592</u>
Business-type activities:					
Promissory loans	\$ 11,968,323	-	1,465,000	10,503,323	1,576,471
Unamortized premiums/discounts	719,824	-	63,514	656,310	63,514
Capital leases	223,196	-	95,576	127,620	101,343
Compensated absences	170,620	218,992	233,772	155,840	51,427
Net pension liability ¹	<u>5,831,214</u>	<u>996,669</u>	<u>-</u>	<u>6,827,883</u>	<u>-</u>
Business-type activities long-term liabilities	\$ <u>18,913,177</u>	<u>1,215,661</u>	<u>1,857,862</u>	<u>18,270,976</u>	<u>1,792,755</u>
Discretely presented component units:					
Meridian Airport Authority:					
Promissory loans	\$ -	1,000,219	-	1,000,219	87,935
Compensated absences	140,015	29,326	4,147	165,194	26,529
Net pension liability ¹	3,641,451	995,957	-	4,637,408	-
Meridian Urban Renewal Authority -					
Promissory loans	<u>2,217,976</u>	<u>-</u>	<u>74,400</u>	<u>2,143,576</u>	<u>78,576</u>
Discretely presented component units	\$ <u>5,999,442</u>	<u>2,025,502</u>	<u>78,547</u>	<u>7,946,397</u>	<u>193,040</u>

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

¹The net pension liability is a new long-term liability beginning in fiscal year 2015 as a result of the implementation of GASB Statement No. 68. The prior year balance is a result of a prior period adjustment (see notes 10 and 11).

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(8) Long-Term Liabilities (Continued)

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The original amount of outstanding general obligation bonds issued in prior years is \$47,170,000.

Special Obligation Bonds

During fiscal year 2003, the City issued \$1,500,000 in special obligation bonds to provide funds for the costs of constructing the performing arts and educational/conference center parking facilities. These bonds are special obligations of the City payable from revenues raised from operations of the parking facility and annual appropriations of general funds by the City for that purpose.

Limited Obligation Bonds

The original amount of outstanding tax increment limited obligation bonds issued by the City in prior years to provide funds for the costs of constructing certain infrastructure improvements is \$4,300,000. These bonds are payable from and secured by a pledge of taxes levied on the incremental increase in the assessed value of the project and certain sales tax revenues. The City entered into an interlocal agreement with Lauderdale County, whereby the County has also pledged additional ad valorem tax revenues generated by the project to provide a pro rata portion of annual debt service on the bonds. As a result, the bonds are not a general obligation of the City.

Special Assessment Debt

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

Promissory Loans

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(8) Long-Term Liabilities (Continued)

Promissory Loans (Continued)

In fiscal year 2013, the City entered into a loan agreement whereby the Mississippi Development Bank issued Mississippi Development Bank Special Obligation Refunding Bonds and loaned the proceeds in the amount of \$12,415,000 to the City for the refunding of the Series 1995, 1997, and 2000 Water and Sewer Revenue Bonds and the Series 1998, 2001B and 2004 Water and Sewer Promissory Loans. As a result of this refunding, all of the refunded bonds/loans were fully redeemed in fiscal year 2013, with the exception of the 2004 Water and Sewer Promissory Loan. The Mississippi Development Bank bonds underlying this loan were considered fully defeased in substance, and the liability was removed from the City's financial statements. The outstanding balance on the defeased bonds were fully redeemed in July, 2014. This refunding resulted in a decrease in future debt service payments of \$407,116 and resulted in an economic gain of \$401,991.

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

During fiscal year 2012, the City entered into an \$8,411,225 (subsequently amended to \$8,955,225) loan agreement with the Mississippi Department of Environmental Quality through the EPA Clean Water State Revolving Fund Program. The proceeds from this note are to be used for the rehabilitation of the South Wastewater Treatment Plant. The City has drawn \$1,608,323 against these loan funds as of September 30, 2015.

Negotiable Notes

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

Letter of Credit

The City maintains a \$600,000 unsecured irrevocable letter of credit with Citizens National Bank. This letter of credit was issued for a fee of \$6,075 in favor of Travelers Indemnity Company for support of the City's deductible for workers compensation claims. This letter of credit expires August 1, 2016, with an automatic extension for one year. As of September 30, 2015, the City had no outstanding balance on this letter of credit. The interest rate is set at 1.0 percent.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

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

Interlocal Cooperation Agreement

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

Discretely Presented Component Units:

During fiscal year 2015, the Meridian Airport Authority (“MAA”) entered into a 2.83 percent promissory loan agreement in the amount of \$1,000,219 for the purchase of property adjacent to MAA. In the event that the City abolishes MAA, the title to this real property of MAA, as well as the promissory note, would revert to the City. This loan was converted to a tax-exempt bond in November, 2015. The tax-exempt bond is payable from resources derived from operations, but is supported by the full faith and credit of the Meridian Airport Authority.

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(9) Lessor Operating Leases

The City of Meridian and Meridian Airport Authority (a discretely presented component unit) lease space to others under various lease agreements. A summary of minimum future rental income on these leases as of September 30, 2015, and for each of the next five years and in aggregate, follows:

<u>Year Ending September 30,</u>	<u>City of Meridian</u>	<u>Meridian Airport Authority</u>
2016	\$ 62,141	168,417
2017	55,605	116,342
2018	50,351	74,075
2019	15,937	73,175
2020	13,618	65,195
2021-2025	24,207	150,963
2026-2030	500	34,797
2031-2035	500	19,394
2036-2040	500	17,671
2041-2045	500	17,671
2046-2050	500	10,898
2051-2055	500	-
2056-2060	500	-
2061-2065	<u>200</u>	<u>-</u>
Total minimum future rentals	\$ <u>225,559</u>	<u>748,598</u>

(10) Defined Benefit Pension Plans

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

General information about the Plan

Plan Description

The City and its component unit, the Meridian Airport Authority (“MAA”) contribute to the Public Employees’ Retirement System of Mississippi (“PERS”), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees’ authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq. (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

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

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

publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS, 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits Provided

Membership in PERS is a condition of employment granted upon hiring for qualifying City and MAA employees. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment ("COLA") payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions

PERS members are required to contribute 9.00% of their annual covered salary and the employers are required to contribute at an actuarially determined rate. The employers' rate as of September 30, 2015, was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2015

(10) Defined Benefit Pension Plans (Continued)

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

A summary of the City's and MAA's contributions to PERS for the fiscal year ended September 30, 2015, follows:

<u>Description</u>	<u>City of Meridian</u>	<u>Meridian Airport Authority</u>
Employer contributions	\$ <u>2,508,000</u>	<u>321,968</u>
Contribution rate	<u>15.75%</u>	<u>15.75%</u>

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

At September 30, 2015, the City and MAA reported a liability for their proportionate share of the net pension liability of the plan as follows:

<u>Description</u>	<u>City of Meridian</u>	<u>Meridian Airport Authority</u>
Net pension liability	\$ <u>38,645,070</u>	<u>4,637,408</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's and MAA's proportion of the net pension liability were based on the ratio of their actual contributions to the pension plan relative to the total actual contributions of all participating entities for the fiscal year.

The City's and MAA's proportionate share of the plan's net pension liability at June 30, 2015 and 2014 were as follows:

<u>Description</u>	<u>City of Meridian</u>	<u>Meridian Airport Authority</u>
Proportionate share – June 30, 2015	0.25%	0.03%
Proportionate share – June 30, 2014	<u>0.26%</u>	<u>0.03%</u>
Increase (decrease)	<u>(0.01)%</u>	<u>-%</u>

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2015

(10) Defined Benefit Pension Plans (Continued)

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

For the year ended September 30, 2015, the City and MAA recognized pension expense of \$4,278,863 and \$550,448, respectively. At September 30, 2015, the City and MAA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Meridian

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 594,728	-
Net difference between projected and actual earnings on plan investments	2,261,150	-
Changes of assumptions	3,329,141	-
City contributions subsequent to the measurement date	581,544	-
Changes in proportion	<u>-</u>	<u>887,521</u>
Totals	\$ <u>6,766,563</u>	<u>887,521</u>

Meridian Airport Authority

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 79,237	-
Changes of assumptions	293,810	-
MAA contributions subsequent to the measurement date	77,492	-
Net difference between projected and actual earnings on plan investments	<u>-</u>	<u>99,643</u>
Totals	\$ <u>450,539</u>	<u>99,643</u>

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2015

(10) Defined Benefit Pension Plans (Continued)

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

The amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016.

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

<u>Year Ending September 30,</u>	<u>City of Meridian</u>	<u>Meridian Airport Authority</u>
2016	\$ 1,681,592	109,279
2017	1,681,592	109,279
2018	1,369,028	79,757
2019	<u>565,286</u>	<u>(24,911)</u>
Total	\$ <u>5,297,498</u>	<u>273,404</u>

Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Description</u>	<u>Assumptions</u>
Inflation	3.00%
Salary increases	3.75 - 19.00%, average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2015

(10) Defined Benefit Pension Plans (Continued)

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Broad	34.00%	5.20%
International equity	19.00	5.00
Emerging markets equity	8.00	5.45
Fixed income	20.00	0.25
Real assets	10.00	4.00
Private equity	8.00	6.15
Cash	<u>1.00</u>	(0.50)
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00 percent) and that employer contributions will be made at the current employer contribution rate (15.75 percent). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2015

(10) Defined Benefit Pension Plans (Continued)

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

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

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

<u>Description</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability	\$ <u>50,937,743</u>	<u>38,645,070</u>	<u>28,444,450</u>
MAA's proportionate share of the net pension liability	\$ <u>6,112,529</u>	<u>4,637,408</u>	<u>3,413,334</u>

Pension Plan Fiduciary Net Position

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

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

General information about the Plan

Plan Description

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2015

(10) Defined Benefit Pension Plans (Continued)

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

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

Benefits Provided

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

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

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

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

CITY OF MERIDIAN, MISSISSIPPI
Notes to Financial Statements
September 30, 2015

(10) Defined Benefit Pension Plans (Continued)

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

years of credited service. The death benefit is payable to the surviving spouse and to children under age 18, to dependent children through age 23 when full-time students, and to dependent children of any age if handicapped. The annual benefit payable, under all conditions in the case of firefighters and police officers and under other than condition (c) in the case of general employees is equal to 2.5 percent of average compensation for each year of credited service up to 20 and 1.7 percent of average compensation for each year over 20, with a maximum benefit of 66.67 percent of average compensation. For general members under condition (c), the annual benefit payable is equal to 50.0 percent of salary at the time of death.

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

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

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

At June 30, 2015 (measurement date), the following employees were covered by the plans:

<u>Description</u>	<u>Meridian General</u>	<u>Meridian Fire & Police</u>
Active employees	1	-
Inactive members or their beneficiaries currently receiving benefits	43	145
Inactive members entitled to but not yet receiving benefits	—	—
Total	<u>44</u>	<u>145</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(10) Defined Benefit Pension Plans (Continued)

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

Contributions

Funding policies for MMRS are established by Mississippi statutes. Employer contributions are paid through an annual millage rate on the assessed property values of the City. For the year ended September 30, 2015, the City levied 7.79 mills to help fund MMRS. These millage rates are determined through review of each plan's benefit structure during the MMRS annual actuarial valuation and certification by the actuary as to the funding level required of the City.

During fiscal year 2015, the Meridian Fire and Police employees' contribution rate was ten percent of covered payroll and Meridian General employees' contribution rate was seven percent of covered payroll. The City's contributions to the Meridian General Plan and the Meridian Fire and Police Plan for the fiscal year ended September 30, 2015, were \$696,153 and \$1,852,970, respectively.

Net Pension Liability

The City's net pension liability for each plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the plans was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liabilities in the June 30, 2015, actuarial valuations were determined using the following actuarial information and assumptions:

<u>Description</u>	<u>Assumptions</u>
Valuation date	June 30, 2015
Actuarial cost method	Entry age
Amortization method	Level dollar closed
Actuarial assumptions:	
Investment rate of return*	7.75%
Projected salary increases#	4.00% - 5.50%
*Includes price inflation at	3.00%
#Includes wage inflation at	3.75%
Cost of living adjustments	2.00% - 3.75% depending upon municipality

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(10) Defined Benefit Pension Plans (Continued)

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were adopted by the PERS Board of Trustees when the Experience Investigation for the Four-Year Period Ending June 30, 2014, was adopted on April 21, 2015. Further details can be found on the PERS website (www.pers.ms.gov).

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (7.0 percent for Meridian General Employees) and that employer contributions will be made at the current employer contribution rate (7.79 mills). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

Changes in the City's net pension liability for each pan for the year ended September 30, 2015 were as follows:

	<u>Meridian General Plan</u>		
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at September 30, 2014	\$ <u>6,833,004</u>	<u>2,912,246</u>	<u>3,920,758</u>
Changes for the year:			
Interest	517,472	-	517,472
Changes of assumptions	212,270	-	212,270
Difference between expected and actual experience	(79,725)	-	(79,725)
Contributions – employer	-	729,047	(729,047)
Contributions – employee	-	4,767	(4,767)
Net investment income	-	92,425	(92,425)
Benefit payments, including refunds of employee contributions	(729,218)	(729,218)	-
Administrative expense	-	(14,581)	14,581
Net changes	<u>(79,201)</u>	<u>82,440</u>	<u>(161,641)</u>
Balance at September 30, 2015	\$ <u>6,753,803</u>	<u>2,994,686</u>	<u>3,759,117</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(10) Defined Benefit Pension Plans (Continued)

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

	<u>Meridian Fire & Police Plan</u>		
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at September 30, 2014	\$ <u>18,551,643</u>	<u>8,112,205</u>	<u>10,439,438</u>
Changes for the year:			
Interest	1,404,037	-	1,404,037
Changes of assumptions	525,288	-	525,288
Difference between expected and actual experience	(8,930)	-	(8,930)
Contributions – employer	-	1,809,952	(1,809,952)
Net investment income	-	256,985	(256,985)
Benefit payments, including refunds of employee contributions	(2,002,352)	(2,002,352)	-
Administrative expense	-	(36,199)	36,199
Net changes	<u>(81,957)</u>	<u>28,386</u>	<u>(110,343)</u>
Balance at September 30, 2015	\$ <u>18,469,686</u>	<u>8,140,591</u>	<u>10,329,095</u>

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

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

<u>Description</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Meridian General	\$ <u>4,270,387</u>	<u>3,759,117</u>	<u>3,313,031</u>
Meridian Fire and Police	\$ <u>11,814,389</u>	<u>10,329,095</u>	<u>9,043,388</u>

Pension Plan Fiduciary Net Position

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(10) Defined Benefit Pension Plans (Continued)

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

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

For the year ended September 30, 2015, each plan recognized pension expense as follows:

<u>Description</u>	<u>Meridian General</u>	<u>Meridian Fire & Police</u>
Pension expense	\$ <u>440,701</u>	<u>1,357,132</u>

At September 30, 2015, the plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<i>Meridian General:</i>		
Net difference between projected and actual earnings on plan investments	\$ 112,124	-
City contributions subsequent to the measurement date	<u>83,116</u>	<u>-</u>
Total Meridian General	\$ <u>195,240</u>	<u>-</u>
<i>Meridian Fire and Police:</i>		
Net difference between projected and actual earnings on plan investments	\$ 306,278	-
City contributions subsequent to the measurement date	<u>227,526</u>	<u>-</u>
Total Meridian Fire and Police	\$ <u>533,804</u>	<u>-</u>

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

The amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(10) Defined Benefit Pension Plans (Continued)

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

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

<u>Year Ending September 30,</u>	<u>Meridian General</u>	<u>Meridian Fire & Police</u>
2016	\$ 28,031	76,570
2017	28,031	76,570
2018	28,031	76,570
2019	<u>28,031</u>	<u>76,568</u>
Total	\$ <u>112,124</u>	<u>306,278</u>

Payable to Pension Plan

As of September 30, 2015, the City reported a payable of \$168,344 for the outstanding amount of contributions to the pension plans for the year ended September 30, 2015.

Summary of Pension Plan Balances

The City's pension related balances presented on the Statement of Net Position as of September 30, 2015, by individual plan are as follows:

	<u>PERS</u>	<u>Meridian General</u>	<u>Meridian Fire & Police</u>	<u>Totals</u>
Deferred outflows related to net pension liability	\$ <u>6,766,563</u>	<u>195,240</u>	<u>533,804</u>	<u>7,495,607</u>
Net pension liability	\$ <u>38,645,070</u>	<u>3,759,117</u>	<u>10,329,095</u>	<u>52,733,282</u>
Deferred inflows related to net pension liability	\$ <u>887,521</u>	<u>-</u>	<u>-</u>	<u>887,521</u>
Pension expense	\$ <u>4,278,863</u>	<u>440,701</u>	<u>1,357,132</u>	<u>6,076,696</u>

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(11) Prior Period Adjustment

A prior period adjustment was made to reflect the prior period costs related to the net pension liability recorded as a result of the implementation of GASB No. 68. This prior period adjustment decreased the beginning net position as summarized below.

<u>Description</u>	<u>Government-Wide Statements</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position, as previously reported	\$ 76,380,506	35,639,850
Net pension liability at June 30, 2014 measurement date	(40,088,221)	(5,831,214)
Deferred outflow related to contributions made during fiscal year 2014	<u>747,014</u>	<u>118,076</u>
Net position, as restated	\$ <u>37,039,299</u>	<u>29,926,712</u>

<u>Description</u>	<u>Proprietary Funds Statements</u>		
	<u>Water & Sewer</u>	<u>Waste Collection & Disposal</u>	<u>Nonmajor Enterprise Funds</u>
Net position, as previously reported	\$ 34,870,921	507,944	247,168
Net pension liability at June 30, 2014 measurement date	(5,161,306)	(98,502)	(571,406)
Deferred outflow related to contributions made during fiscal year 2014	<u>104,717</u>	<u>1,991</u>	<u>11,368</u>
Net position, as restated	\$ <u>29,814,332</u>	<u>411,433</u>	<u>(312,870)</u>

(12) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance to protect against these and other types of risks, except medical claims of City employees and their covered dependents. Coverage limits vary by exposure/policy and are decided on from examination of the number and types of prior claims, as well as from monitoring of judicial decisions, awards and trend factors. Premiums are paid from the general fund, water and sewer fund, golf course fund and

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(12) Risk Management (Continued)

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 2015, from the prior year. Settled claims have not exceeded commercial coverage in any of the past several years.

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

Changes in the balances of claims liabilities during the fiscal years ended September 30, 2015 and 2014, follows:

<u>Description</u>	<u>2015</u>	<u>2014</u>
Unpaid claims, beginning of year	\$ 220,029	70,283
Incurred claims (including IBNR’s)	473,080	693,242
Claim payments	<u>(679,725)</u>	<u>(543,496)</u>
Unpaid claims, end of year	\$ <u>13,384</u>	<u>220,029</u>

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

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(12) Risk Management (Continued)

Changes in the balances of claims liabilities during the fiscal years ended September 30, 2015 and 2014 follows:

<u>Description</u>	<u>2015</u>	<u>2014</u>
Unpaid claims, beginning of year	\$ 486,361	376,623
Incurred claims (including IBNR's)	1,511,028	3,457,608
Claim payments	<u>(1,506,984)</u>	<u>(3,347,870)</u>
Unpaid claims, end of year	\$ <u>490,405</u>	<u>486,361</u>

(13) Pollution Remediation

In May, 2014, the United States Environmental Protection Agency ("EPA") notified the City that it has violated the Clean Water Act ("CWA") due in large part to Sewer System Overflows ("SSOs") from the City's sanitary wastewater collection and treatment system during wet weather. The City is responding to EPA's claims. Capital expenditures and increased operational expenditures related to the sewer system may be required as part of that response. Such expenditures may require significant increases in rates for sewer system services. The final outcome of this matter cannot be determined at this time.

(14) Contingent Liabilities

Litigation

The City is a defendant in various litigation arising out of normal business activities. Although the City carries commercial insurance to protect itself against damage claims, it is possible that the ultimate resolution of cases may exceed the City's insured limits. Management, with the advice of legal counsel, is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on the financial statements.

Federally Assisted Programs – Compliance Audits

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(15) Construction and Other Significant Commitments

The City has approved projects at the South Waste Water Treatment Plant, including (1) the replacement of plant air blowers and digester blowers, addition of variable frequency drives for improved air control, upgrades to the air distributions system, replacement of process pumps, and associated electrical; and (2) electrical upgrades, including the replacement of generator No. 1 and associated automatic transfer switch, replacement of motor control centers, replacement of underground conduits and wires, and new overhead and underground conduits and wires. The total estimated cost of these projects is \$8,955,225 and is being funded by a Water Pollution Control Revolving Loan Fund agreement through the Mississippi Department of Environmental Quality.

The City has received grant approval of \$1,000,000 to replace sidewalks, curb cuts, and pedestrian crossings and to install decorative lighting and landscaping along 5th Street approximately between 23rd Avenue and 26th Avenue, as well as portions of 25th Avenue. The estimated construction cost of this project is \$1,415,000 and will be funded \$415,000 from local funds and \$1,000,000 from grant funds provided through the Mississippi Department of Transportation.

The City has committed to a contract for storm sewer and related sanitary sewer, water and street improvements in downtown Meridian along 22nd Avenue and 5th Street. The estimated cost of this project is \$3,500,000 and will be funded 100 percent from a Katrina Supplemental Community Development Block Grant provided through the Mississippi Development Authority.

The City has committed to a contract to upgrade traffic signals along Highway 39 at its intersection with Old Country Club Road and at its intersection with Windmill Drive. The cost of this project is estimated to be \$350,000. Expenditures for traffic control devices will be funded 100% from a grant committed to be provided by MDOT. Additional construction expenditures for this project will be funded 20% from local funds and 80% from the grant committed to be provided by the Mississippi Department of Transportation.

The City executed an agreement for software and implementation services for a new integrated business license and building permits management system. The cost of this project is estimated to be \$30,180. This project will be funded from local funds.

The City has received grant approval for the construction of a new community center at Velma Young Park. The estimated cost of this project is \$1,700,000 and will be funded \$750,000 from local funds, \$300,000 from Lauderdale County, \$50,000 from the Meridian Housing Authority and \$600,000 from a Community Development Block Grant provided through the Mississippi Development Authority.

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(15) Construction and Other Significant Commitments (Continued)

The City executed a Memorandum of Understanding with the Mississippi Band of Choctaw Indians (“MCBI”) to provide transportation services to the citizens of Meridian, MS through the MCBI’s Choctaw Regional Transportation (“CRT”). CRT is a hub of the EZ Tag Program which serves 15 counties, including Lauderdale County where the City is located. Transportation services will be provided for residents of the City for a minimum of eight hours per day, three days per week using a flexible route based on a 24-hour notice call in period. The service began in March, 2015 for a twelve month period and an annual lump sum cost of \$75,000.

The City has executed a lease agreement for a new law enforcement center. The lease term began May 2013 upon occupancy of the premises and will continue for twenty years with an option to purchase the premises upon expiration of the primary lease term. The base rental is \$305,000 annually for the first five years and will be adjusted every five years thereafter according to the Consumer Price Index for Urban Wage and Clerical Workers (“CPI-U”).

The City has pledged to contribute \$1,000,000 over a ten-year period towards the START Campaign for the Mississippi Arts and Entertainment Center ("Center"). The Center was approved by the Mississippi State Legislature and will open during 2017 as the Mississippi Arts and Entertainment Experience in downtown Meridian, Mississippi. The Center's purpose is to capture the essence of Mississippi's legacy in the arts and to celebrate the richness and depth of that legacy and the Mississippians who created it.

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

<u>Description</u>	<u>Encumbrance Amount</u>
General fund assigned for various governmental services	\$ <u>1,916,956</u>

(16) Solid Waste Management Services Accounting

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

CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2015

(17) Subsequent Events

Events that occur after the statement of net position date, but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date require recognition in the financial statements. Subsequent events that provide evidence about conditions that existed after the statement of net position date require disclosure in the notes to the financial statements. Management evaluated the activity of the City through March 31, 2016, (the date the financial statements were available to be issued) and noted the following items which require disclosure in the notes to the financial statements.

In November, 2015, the City declared an emergency due to the unexpected collapse of a drainage structure located on North Frontage Road. The collapsed structure is located within a City drainage easement and created a risk of significant flood to a large area of commercial development. The City awarded an emergency repair contract totaling \$1,031,675 and emergency professional services contracts totaling \$197,254.

In February, 2016, the City authorized the application of grants for the funding of repairs to the drainage structure on North Frontage Road resulting from the collapse of the structure in November, 2015.

In March, 2016, the City directed the sale and award of \$7,500,000 in General Obligation Bonds, Series 2016. The purpose of this bond issue is to provide funds for the purchase of paving equipment and for the paving of various city streets.

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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

CITY OF MERIDIAN, MISSISSIPPI
Required Supplementary Information
Public Employees' Retirement System of Mississippi
Schedule of the City's Proportionate Share of Net Pension Liability
Last Ten Fiscal Years¹

	<u>2015</u>²
City's proportion of the net pension liability	0.253100%
City's proportionate share of the net pension liability	\$ 38,645,070
City's covered-employee payroll	\$ 15,812,876
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	244.39%
Plan fiduciary net position as a percentage of the total pension liability	67.21%

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

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

SCHEDULE 2

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

	<u>2015²</u>
Statutorily required contribution	\$ 2,490,530
Contributions in relation to the statutorily required contribution	<u>2,490,530</u>
Annual contribution deficiency (excess)	\$ <u>-</u>
City's covered-employee payroll	\$ <u>15,812,876</u>
Contributions as a percentage of covered-employee payroll	<u>15.75%</u>

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

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

Notes to schedule

Changes of assumptions: In 2015 and later, the expectation of retired life mortality was changed to the RP-20014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates, and service retirement rates were also adjusted to more closely reflect actual experience.

In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

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

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

	Meridian General <u>2015</u>	Meridian Fire & Police <u>2015</u>
Measurement period fiscal year end ²	6/30/2015	6/30/2015
Total pension liability:		
Service cost	\$ -	-
Interest	517,472	1,404,037
Changes of benefit terms	-	-
Difference between expected and actual experience	(79,725)	(8,930)
Changes of assumptions	212,270	525,288
Benefit payments, including refunds of employee contributions	<u>(729,218)</u>	<u>(2,002,352)</u>
Net change in total pension liability	(79,201)	(81,957)
Total pension liability, beginning	<u>6,833,004</u>	<u>18,551,643</u>
Total pension liability, ending (a)	\$ <u>6,753,803</u>	<u>18,469,686</u>
Plan fiduciary net position:		
Contributions - employer	\$ 729,047	1,809,952
Contributions - employee	4,767	-
Net investment income	92,425	256,985
Benefit payments, including refunds of employee contributions	(729,218)	(2,002,352)
Administrative expense	<u>(14,581)</u>	<u>(36,199)</u>
Net change in plan fiduciary net position	82,440	28,386
Plan fiduciary net position, beginning	<u>2,912,246</u>	<u>8,112,205</u>
Plan fiduciary net position, ending (b)	\$ <u>2,994,686</u>	<u>8,140,591</u>
Plan net pension liability - ending (a-b)	\$ <u>3,759,117</u>	<u>10,329,095</u>
Plan fiduciary net position as a % of total pension liability	<u>44.34%</u>	<u>44.08%</u>
Covered employee payroll ³	<u>N/A</u>	<u>N/A</u>
Net pension liability as a % of covered employee payroll ³	<u>N/A</u>	<u>N/A</u>

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

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

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

Notes to schedule

Changes of benefit terms: There were no changes to benefit provisions since the last valuation.

Changes of assumptions: The following changes in actuarial assumptions were made since the last valuation.

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

SCHEDULE 4

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

	Meridian General <u>2015</u>²	Meridian Fire & Police <u>2015</u>²
Actuarially determined contribution	\$ 729,047	1,809,952
Contributions in relation to the actuarially required contribution	<u>729,047</u>	<u>1,809,952</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>
City's covered-employee payroll ³	\$ <u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered-employee payroll ³	<u>N/A</u>	<u>N/A</u>

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

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

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

Notes to schedule

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year ended September, 30, 2015 were based on the June 30, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Ultimate Asset Reserve
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Five year smoothed market
Inflation	3.50%
Salary increases	4.50 - 6.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund

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

Capital Projects Funds

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

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

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

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

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

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

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

2011 General Obligation Bonds – This fund is used to account for the proceeds and disbursements of the 2011 general obligation bonds.

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

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds (Continued)

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

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

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

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

Highway 39 Signalization – This fund is used to account for the local and grant revenues used to upgrade traffic signals along Highway 39 at its intersection with Old Country Club Road and its intersection with Windmill Drive.

Velma Young Community Center – This fund is used to account for the local and grant revenues used to construct a new community center at Velma Young Park.

SCHEDULE 5

CITY OF MERIDIAN, MISSISSIPPI

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2015

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 8,992	-	8,992
Due from other funds	2,678	-	2,678
Restricted assets:			
Cash and cash equivalents	1,561,622	4,059,085	5,620,707
Intergovernmental receivables	<u>319,094</u>	<u>67,639</u>	<u>386,733</u>
Total assets	\$ <u>1,892,386</u>	<u>4,126,724</u>	<u>6,019,110</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 21,396	-	21,396
Due to other funds	218,099	94,333	312,432
Liabilities payable from restricted assets:			
Accounts payable	656,297	16,339	672,636
Unearned revenue	<u>5,631</u>	<u>-</u>	<u>5,631</u>
Total liabilities	<u>901,423</u>	<u>110,672</u>	<u>1,012,095</u>
Fund balances:			
Restricted for:			
Sowashee Creek maintenance	-	327,124	327,124
Construction/acquisition of capital assets	-	2,310,615	2,310,615
Flood damage repairs	-	77,180	77,180
Paving and sidewalk projects	-	1,301,133	1,301,133
Purposes of grantors/donors	351,254	-	351,254
Law enforcement	276,770	-	276,770
Committed to:			
Urban renewal and redevelopment	345,378	-	345,378
Assigned to:			
Public safety	8,992	-	8,992
Sports events	<u>8,569</u>	<u>-</u>	<u>8,569</u>
Total fund balances	<u>990,963</u>	<u>4,016,052</u>	<u>5,007,015</u>
Total liabilities and fund balances	\$ <u>1,892,386</u>	<u>4,126,724</u>	<u>6,019,110</u>

SCHEDULE 6**CITY OF MERIDIAN, MISSISSIPPI**

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

Nonmajor Governmental Funds

For the Fiscal Year Ended September 30, 2015

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
Revenues:			
Intergovernmental	\$ 439,803	432,725	872,528
Fines and forfeitures	285,365	-	285,365
Local contributions	13,898	-	13,898
Interest on investments	694	9,927	10,621
Miscellaneous	9,218	-	9,218
Total revenues	<u>748,978</u>	<u>442,652</u>	<u>1,191,630</u>
Expenditures:			
Current:			
Public safety	472,862	-	472,862
Culture and recreation	14,451	-	14,451
Economic development	713	-	713
Capital outlay	-	415,348	415,348
Total expenditures	<u>488,026</u>	<u>415,348</u>	<u>903,374</u>
Deficiency of revenues under expenditures	<u>260,952</u>	<u>27,304</u>	<u>288,256</u>
Other financing sources (uses):			
Transfers in	5,000	521,680	526,680
Transfers out	<u>(206)</u>	<u>(15,177)</u>	<u>(15,383)</u>
Total other financing sources (uses)	<u>4,794</u>	<u>506,503</u>	<u>511,297</u>
Net change in fund balances	265,746	533,807	799,553
Fund balances, October 1, 2014	<u>725,217</u>	<u>3,482,245</u>	<u>4,207,462</u>
Fund balances, September 30, 2015	\$ <u>990,963</u>	<u>4,016,052</u>	<u>5,007,015</u>

CITY OF MERIDIAN, MISSISSIPPI
Combining Balance Sheet
Nonmajor Capital Projects Funds
September 30, 2015

<u>ASSETS</u>	<u>Sowashee Project</u>	<u>2003 General Obligation Bonds</u>	<u>2003 Flood Damage</u>	<u>Highway 19 Drainage</u>	<u>City Hall Improvements</u>	<u>Safe Routes to School Project</u>
Restricted assets:						
Cash and cash equivalents	\$ 327,124	208,703	77,180	-	137,767	26,766
Intergovernmental receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,639</u>
Total assets	\$ <u>327,124</u>	<u>208,703</u>	<u>77,180</u>	<u>-</u>	<u>137,767</u>	<u>94,405</u>
 <u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Due to other funds	\$ -	-	-	-	-	94,333
Liabilities payable from restricted assets - Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,333</u>
Fund balances:						
Restricted for:						
Sowashee Creek maintenance	327,124	-	-	-	-	-
Construction/acquisition of capital assets	-	208,703	-	-	137,767	-
Flood damage repairs	-	-	77,180	-	-	-
Paving and sidewalk projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72</u>
Total fund balances	<u>327,124</u>	<u>208,703</u>	<u>77,180</u>	<u>-</u>	<u>137,767</u>	<u>72</u>
Total liabilities and fund balances	\$ <u>327,124</u>	<u>208,703</u>	<u>77,180</u>	<u>-</u>	<u>137,767</u>	<u>94,405</u>

SCHEDULE 7

<u>2011 General Obligation Bonds</u>	<u>35th Avenue & 40th Street Bridge Replacement</u>	<u>STP Milling, Leveling, & Overlay</u>	<u>2012 General Obligation Bonds</u>	<u>Highland Park Gabions</u>	<u>Downtown Streetscape</u>	<u>Highway 39 Signalization</u>	<u>Velma Young Community Center</u>	<u>Total Nonmajor Capital Projects Funds</u>
1,329,146	42,623	-	1,125,496	-	175,565	38,715	570,000	4,059,085
-	-	-	-	-	-	-	-	67,639
<u>1,329,146</u>	<u>42,623</u>	<u>-</u>	<u>1,125,496</u>	<u>-</u>	<u>175,565</u>	<u>38,715</u>	<u>570,000</u>	<u>4,126,724</u>
-	-	-	-	-	-	-	-	94,333
-	-	-	-	-	-	11,339	5,000	16,339
-	-	-	-	-	-	11,339	5,000	110,672
-	-	-	-	-	-	-	-	327,124
1,329,146	42,623	-	-	-	-	27,376	565,000	2,310,615
-	-	-	-	-	-	-	-	77,180
-	-	-	1,125,496	-	175,565	-	-	1,301,133
<u>1,329,146</u>	<u>42,623</u>	<u>-</u>	<u>1,125,496</u>	<u>-</u>	<u>175,565</u>	<u>27,376</u>	<u>565,000</u>	<u>4,016,052</u>
<u>1,329,146</u>	<u>42,623</u>	<u>-</u>	<u>1,125,496</u>	<u>-</u>	<u>175,565</u>	<u>38,715</u>	<u>570,000</u>	<u>4,126,724</u>

CITY OF MERIDIAN, MISSISSIPPI

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

Nonmajor Capital Projects Funds

For the Fiscal Year Ended September 30, 2015

	<u>Sowashee Project</u>	<u>2003 General Obligation Bonds</u>	<u>2003 Flood Damage</u>	<u>Highway 19 Drainage</u>	<u>City Hall Improvements</u>	<u>Safe Routes to School Project</u>
Revenues:						
Intergovernmental -						
Federal	\$ -	-	-	-	-	377,725
Meridian Housing Authority	-	-	-	-	-	-
Interest on investments	<u>937</u>	<u>590</u>	<u>218</u>	<u>5</u>	<u>390</u>	<u>72</u>
Total revenues	<u>937</u>	<u>590</u>	<u>218</u>	<u>5</u>	<u>390</u>	<u>377,797</u>
Expenditures:						
Construction contracts	-	-	-	-	-	359,309
Engineering and other	<u>4,349</u>	-	-	-	-	<u>18,416</u>
Total expenditures	<u>4,349</u>	-	-	-	-	<u>377,725</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,412)</u>	<u>590</u>	<u>218</u>	<u>5</u>	<u>390</u>	<u>72</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	<u>(2,593)</u>	-	-
Total other financing sources (uses)	-	-	-	<u>(2,593)</u>	-	-
Net change in fund balances	(3,412)	590	218	(2,588)	390	72
Fund Balances, October 1, 2014	<u>330,536</u>	<u>208,113</u>	<u>76,962</u>	<u>2,588</u>	<u>137,377</u>	-
Fund balances, September 30, 2015	\$ <u><u>327,124</u></u>	<u><u>208,703</u></u>	<u><u>77,180</u></u>	<u><u>-</u></u>	<u><u>137,767</u></u>	<u><u>72</u></u>

SCHEDULE 8

<u>2011 General Obligation Bonds</u>	<u>35th Avenue & 40th Street Bridge Replacement</u>	<u>STP Milling, Leveling, & Overlay</u>	<u>2012 General Obligation Bonds</u>	<u>Highland Park Gabions</u>	<u>Downtown Streetscape</u>	<u>Highway 39 Signalization</u>	<u>Velma Young Community Center</u>	<u>Total Nonmajor Capital Projects Funds</u>
-	-	-	-	-	-	-	5,000	382,725
-	-	-	-	-	-	-	50,000	50,000
<u>3,751</u>	<u>121</u>	<u>5</u>	<u>3,203</u>	<u>10</u>	<u>514</u>	<u>111</u>	<u>-</u>	<u>9,927</u>
<u>3,751</u>	<u>121</u>	<u>5</u>	<u>3,203</u>	<u>10</u>	<u>514</u>	<u>111</u>	<u>55,000</u>	<u>442,652</u>
-	-	-	11,870	-	-	-	-	371,179
-	-	-	-	-	5,066	11,338	5,000	44,169
-	-	-	<u>11,870</u>	-	<u>5,066</u>	<u>11,338</u>	<u>5,000</u>	<u>415,348</u>
<u>3,751</u>	<u>121</u>	<u>5</u>	<u>(8,667)</u>	<u>10</u>	<u>(4,552)</u>	<u>(11,227)</u>	<u>50,000</u>	<u>27,304</u>
6,680	-	-	-	-	-	-	515,000	521,680
-	-	(6,680)	-	(5,904)	-	-	-	(15,177)
<u>6,680</u>	<u>-</u>	<u>(6,680)</u>	<u>-</u>	<u>(5,904)</u>	<u>-</u>	<u>-</u>	<u>515,000</u>	<u>506,503</u>
10,431	121	(6,675)	(8,667)	(5,894)	(4,552)	(11,227)	565,000	533,807
<u>1,318,715</u>	<u>42,502</u>	<u>6,675</u>	<u>1,134,163</u>	<u>5,894</u>	<u>180,117</u>	<u>38,603</u>	<u>-</u>	<u>3,482,245</u>
<u>1,329,146</u>	<u>42,623</u>	<u>-</u>	<u>1,125,496</u>	<u>-</u>	<u>175,565</u>	<u>27,376</u>	<u>565,000</u>	<u>4,016,052</u>

SCHEDULE 9**CITY OF MERIDIAN, MISSISSIPPI****Debt Service Fund****Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2015**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis) <u>Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$ 4,200,000	4,700,000	5,073,935	373,935
Expenditures - debt service	<u>4,200,000</u>	<u>4,700,000</u>	<u>4,669,808</u>	<u>30,192</u>
Net change in fund balances	\$ <u>-</u>	<u>-</u>	404,127	<u>404,127</u>
Fund Balance, October 1, 2014			<u>2,955,925</u>	
Fund Balance, September 30, 2015			\$ <u>3,360,052</u>	

SCHEDULE 10**CITY OF MERIDIAN, MISSISSIPPI**

Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis) Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$ 1,320,000	1,315,000	851,259	(463,741)
Expenditures -				
Project costs	<u>3,000,000</u>	<u>2,995,000</u>	<u>545,060</u>	<u>2,449,940</u>
Net change in fund balances	\$ <u>(1,680,000)</u>	<u>(1,680,000)</u>	306,199	<u>1,986,199</u>
Fund balances, October 1, 2014			<u>738,616</u>	
Fund balances, September 30, 2015			\$ <u>1,044,815</u>	

SCHEDULE 11

CITY OF MERIDIAN, MISSISSIPPI

Capital Projects Funds

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual (Budgetary Basis)

For the Fiscal Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis) Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$ 1,112,000	1,112,000	1,060,603	(51,397)
Expenditures - capital outlay	<u>3,000,000</u>	<u>3,000,000</u>	<u>1,554,383</u>	<u>1,445,617</u>
Net change in fund balances	\$ <u>(1,888,000)</u>	<u>(1,888,000)</u>	(493,780)	<u>1,394,220</u>
Fund balance, October 1, 2014			<u>5,420,052</u>	
Fund balance, September 30, 2015			\$ <u>4,926,272</u>	

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CITY OF MERIDIAN, MISSISSIPPI
Schedule of General Fund Expenditures
By Departments and Divisions
For the Fiscal Year Ended September 30, 2015
(With Comparative Totals for the Fiscal Year Ended September 30, 2014)

	<u>Executive, Legislative and Judicial</u>	<u>Finance and Records</u>	<u>Community Development</u>	<u>Fire Department</u>	<u>Police Department</u>	<u>Public Safety & Training Facility</u>
Personnel services:						
Salaries - regular	\$ 812,301	758,591	650,545	3,536,840	3,614,549	143,901
Salaries - overtime	819	8,500	34	890,179	222,141	-
Salaries - temporaries	53,846	30,036	135,587	9,203	31,316	-
Fringe benefits	340,896	312,147	287,494	1,567,348	1,406,436	53,004
Total personnel services	<u>1,207,862</u>	<u>1,109,274</u>	<u>1,073,660</u>	<u>6,003,570</u>	<u>5,274,442</u>	<u>196,905</u>
Contractual services and supplies:						
Supplies - office	7,656	7,246	3,011	1,920	4,521	188
Supplies - operating	450	5,107	1,749	5,715	56,730	27,646
Supplies - household	207	7,098	2,076	12,166	4,591	1,348
Supplies - uniforms and clothing	324	-	3,331	16,671	63,725	989
Supplies - materials direct	-	-	1,012	-	-	-
Materials - small tools and workorders	100	240	1,029	1,889	2,978	793
Professional services	805,320	95,119	16,475	6,571	416,320	7,331
Telephone	10,696	88,562	7,732	6,835	21,515	3,174
Postage	272	666	6	116	447	-
Travel	12,221	6,854	4,412	18,221	15,961	204
Freight	-	-	-	204	-	-
Advertising and publishing	5,731	3,896	1,011	1,433	-	-
Printing and binding	2,811	4,493	535	521	3,835	-
Insurance	108,722	36,691	36,705	184,985	309,620	15,312
Utilities	2,315	1,242,177	9,291	121,525	40,155	33,533
Operating and maintenance - buildings	682	18,300	2,657	32,607	16,959	2,157
Operating and maintenance - grounds	-	-	325	446	175	4,511
Operating and maintenance - equipment	2,736	8,345	1,326	14,928	9,454	5,972
Operating and maintenance - vehicles	1,126	227	20,099	93,698	403,089	9,676
Operating and maintenance - computer services	10,628	72,360	24,379	71,594	92,968	18,768
Rentals	3,210	11,539	2,033	50	-	-
Judgments and claims	3,648	623	8,595	48,605	195,530	4,461
Dues and subscriptions	38,982	1,746	3,892	1,261	1,277	50
Public relations	145,604	-	-	2,886	2,750	493
Refunds	-	3,806	826	-	-	-
Job training	3,185	3,537	3,430	33,856	16,363	195
Safety	106	-	-	19,314	-	527
Hospital and medical	5,980	-	-	21,675	11,378	-
Total contractual services & supplies	<u>1,172,712</u>	<u>1,618,632</u>	<u>155,937</u>	<u>719,692</u>	<u>1,690,341</u>	<u>137,328</u>
Capital outlay:						
Buildings	-	-	-	-	305,000	-
Machinery and equipment	8,385	100,697	4,400	19,944	237,994	-
Improvement other than buildings	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-
Total capital outlay	<u>8,385</u>	<u>100,697</u>	<u>4,400</u>	<u>19,944</u>	<u>542,994</u>	<u>-</u>
Debt service:						
Principal	-	64,136	-	160,745	25,925	-
Interest	-	7,090	-	3,907	-	-
Bond issuance costs	-	-	-	-	-	-
Total debt service	<u>-</u>	<u>71,226</u>	<u>-</u>	<u>164,652</u>	<u>25,925</u>	<u>-</u>
Transfers and other charges:						
Transfer to other funds	876,040	-	295,999	-	40,000	-
Special projects	12,500	5,837	132,950	12,500	12,500	-
Miscellaneous contributions	380,828	-	-	-	-	-
Loss on disposal of assets	1,290,380	-	-	-	-	-
Other projects and charges	-	-	-	-	-	-
Total transfers and other charges	<u>2,559,748</u>	<u>5,837</u>	<u>428,949</u>	<u>12,500</u>	<u>52,500</u>	<u>-</u>
Total General Fund expenditures - 2015	4,948,707	2,905,666	1,662,946	6,920,358	7,586,202	334,233
Total General Fund expenditures - 2014	4,500,390	3,150,263	1,473,181	6,950,963	7,960,655	404,482
Increase (decrease)	\$ <u>448,317</u>	<u>(244,597)</u>	<u>189,765</u>	<u>(30,605)</u>	<u>(374,453)</u>	<u>(70,249)</u>

SCHEDULE 12

Public Works	Parks, Recreation & Cultural Affairs	Arts District Parking Garage	Totals		Increase (Decrease)
			2015	2014	
1,754,184	644,660	-	11,915,571	12,307,092	(391,521)
63,225	21,625	-	1,206,523	842,241	364,282
250,002	487,289	-	997,279	928,502	68,777
619,087	347,740	-	4,934,152	5,968,131	(1,033,979)
<u>2,686,498</u>	<u>1,501,314</u>	<u>-</u>	<u>19,053,525</u>	<u>20,045,966</u>	<u>(992,441)</u>
1,104	502	-	26,148	26,874	(726)
61,097	111,014	226	269,734	237,285	32,449
4,637	18,513	241	50,877	54,720	(3,843)
26,620	4,776	-	116,436	93,414	23,022
189,611	11,354	-	201,977	162,003	39,974
6,500	5,567	-	19,096	25,886	(6,790)
91,546	68,457	-	1,507,139	1,153,231	353,908
6,329	4,298	769	149,910	140,792	9,118
-	-	-	1,507	24,982	(23,475)
3,359	2,822	-	64,054	49,314	14,740
952	-	-	1,156	480	676
548	1,007	-	13,626	17,508	(3,882)
-	4,729	-	16,924	12,707	4,217
273,062	77,077	10,790	1,052,964	1,062,356	(9,392)
58,432	235,452	26,301	1,769,181	1,738,808	30,373
87,479	27,153	11,387	199,381	251,581	(52,200)
9,455	46,561	-	61,473	90,201	(28,728)
71,719	38,612	806	153,898	168,486	(14,588)
349,353	46,900	-	924,168	1,038,025	(113,857)
34,572	18,879	-	344,148	350,605	(6,457)
29,281	1,671	-	47,784	43,808	3,976
320,256	65,168	-	646,886	435,192	211,694
2,725	325	-	50,258	28,362	21,896
-	2,270	-	154,003	15,020	138,983
-	-	-	4,632	2,558	2,074
2,893	1,745	-	65,204	54,360	10,844
16,050	2,918	-	38,915	38,794	121
350	-	-	39,383	35,581	3,802
<u>1,647,930</u>	<u>797,770</u>	<u>50,520</u>	<u>7,990,862</u>	<u>7,352,933</u>	<u>637,929</u>
-	-	-	305,000	320,320	(15,320)
175,145	26,204	-	572,769	471,816	100,953
12,281	-	-	12,281	-	12,281
-	-	-	-	304,703	(304,703)
<u>187,426</u>	<u>26,204</u>	<u>-</u>	<u>890,050</u>	<u>1,096,839</u>	<u>(206,789)</u>
-	-	-	250,806	217,418	33,388
-	-	-	10,997	18,459	(7,462)
-	-	-	-	73,579	(73,579)
-	-	-	261,803	309,456	(47,653)
-	160,000	-	1,372,039	2,692,319	(1,320,280)
25,290	750	-	202,327	167,007	35,320
-	-	-	380,828	411,960	(31,132)
-	-	-	1,290,380	-	1,290,380
24,811	-	-	24,811	27,629	(2,818)
<u>50,101</u>	<u>160,750</u>	<u>-</u>	<u>3,270,385</u>	<u>3,298,915</u>	<u>(28,530)</u>
4,571,955	2,486,038	50,520	31,466,625	32,104,109	(637,484)
4,975,411	2,632,882	55,882	32,104,109		
<u>(403,456)</u>	<u>(146,844)</u>	<u>(5,362)</u>	<u>(637,484)</u>		

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NONMAJOR ENTERPRISE FUNDS

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

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

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

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

SCHEDULE 13

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2015

	<u>Golf Course</u>	<u>Union Station</u>	<u>Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 14,365	283	99,599	114,247
Receivables - miscellaneous	-	10,153	-	10,153
Due from general fund	-	109,029	-	109,029
Inventory	16,238	-	1,510	17,748
Prepaid items	<u>649</u>	<u>1,387</u>	<u>-</u>	<u>2,036</u>
Total current assets	<u>31,252</u>	<u>120,852</u>	<u>101,109</u>	<u>253,213</u>
Capital assets:				
Buildings	126,628	-	-	126,628
Improvements other than buildings	98,924	6,300	-	105,224
Machinery and equipment	<u>427,961</u>	<u>60,774</u>	<u>-</u>	<u>488,735</u>
Total capital assets	653,513	67,074	-	720,587
Less accumulated depreciation	<u>(569,073)</u>	<u>(55,729)</u>	<u>-</u>	<u>(624,802)</u>
Capital assets (net of accumulated depreciation)	<u>84,440</u>	<u>11,345</u>	<u>-</u>	<u>95,785</u>
Total assets	<u>115,692</u>	<u>132,197</u>	<u>101,109</u>	<u>348,998</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows related to net pension liability	<u>71,960</u>	<u>27,261</u>	<u>7,158</u>	<u>106,379</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	44,995	11,603	1,273	57,871
Accrued liabilities:				
Payroll	18,237	6,588	654	25,479
Sales tax	1,092	-	189	1,281
Due to other funds	11	64,926	-	64,937
Current portion of capital leases	<u>332</u>	<u>-</u>	<u>-</u>	<u>332</u>
Total current liabilities	<u>64,667</u>	<u>83,117</u>	<u>2,116</u>	<u>149,900</u>
Noncurrent liabilities -				
Capital lease payable	86	-	-	86
Net pension liability	<u>469,151</u>	<u>158,339</u>	<u>46,162</u>	<u>673,652</u>
Total noncurrent liabilities	<u>469,237</u>	<u>158,339</u>	<u>46,162</u>	<u>673,738</u>
Total liabilities	<u>533,904</u>	<u>241,456</u>	<u>48,278</u>	<u>823,638</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows related to net pension liability	<u>8,875</u>	<u>3,550</u>	<u>888</u>	<u>13,313</u>
<u>NET POSITION</u>				
Net investment in capital assets	84,022	11,345	-	95,367
Unrestricted (deficit)	<u>(439,149)</u>	<u>(96,893)</u>	<u>59,101</u>	<u>(476,941)</u>
Total net position	<u>\$ (355,127)</u>	<u>(85,548)</u>	<u>59,101</u>	<u>(381,574)</u>

SCHEDULE 14**CITY OF MERIDIAN, MISSISSIPPI**

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

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2015

	<u>Golf Course</u>	<u>Union Station</u>	<u>Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:				
Charges for sales and services:				
Memberships	\$ 35,818	-	-	35,818
Green fees	51,036	-	-	51,036
Cart rental	44,357	-	-	44,357
Concessions	47,818	-	30,349	78,167
Rental income	-	47,734	-	47,734
Miscellaneous	<u>76</u>	<u>-</u>	<u>894</u>	<u>970</u>
Total operating revenues	<u>179,105</u>	<u>47,734</u>	<u>31,243</u>	<u>258,082</u>
Operating expenses:				
Personnel services	238,130	101,808	17,854	357,792
Supplies and materials	56,893	8,081	14,884	79,858
Rent and utilities	14,625	53,387	-	68,012
Operation, maintenance, and repairs	44,560	34,428	-	78,988
Depreciation	12,559	2,006	-	14,565
Miscellaneous	<u>12,009</u>	<u>95,904</u>	<u>957</u>	<u>108,870</u>
Total operating expenses	<u>378,776</u>	<u>295,614</u>	<u>33,695</u>	<u>708,085</u>
Operating loss	<u>(199,671)</u>	<u>(247,880)</u>	<u>(2,452)</u>	<u>(450,003)</u>
Nonoperating revenues (expenses):				
Interest income	19	36	280	335
Interest expense	<u>(35)</u>	<u>-</u>	<u>-</u>	<u>(35)</u>
Total nonoperating revenues (expenses)	<u>(16)</u>	<u>36</u>	<u>280</u>	<u>300</u>
Loss before transfers	<u>(199,687)</u>	<u>(247,844)</u>	<u>(2,172)</u>	<u>(449,703)</u>
Transfers -				
Transfers in	<u>140,000</u>	<u>240,999</u>	<u>-</u>	<u>380,999</u>
Change in net position	<u>(59,687)</u>	<u>(6,845)</u>	<u>(2,172)</u>	<u>(68,704)</u>
Net position, October 1, 2014, as restated	<u>(295,440)</u>	<u>(78,703)</u>	<u>61,273</u>	<u>(312,870)</u>
Net position, September 30, 2015	<u>\$ (355,127)</u>	<u>(85,548)</u>	<u>59,101</u>	<u>(381,574)</u>

SCHEDULE 15

CITY OF MERIDIAN, MISSISSIPPI
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended September 30, 2015

	<u>Golf Course</u>	<u>Union Station</u>	<u>Concessions</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash flows from operating activities:				
Receipts from customers and users	\$ 179,105	(66,144)	31,243	144,204
Payments to suppliers	(89,622)	(139,523)	(15,788)	(244,933)
Payments to employees	<u>(235,650)</u>	<u>(94,551)</u>	<u>(16,602)</u>	<u>(346,803)</u>
Net cash used in operating activities	<u>(146,167)</u>	<u>(300,218)</u>	<u>(1,147)</u>	<u>(447,532)</u>
Cash flows from noncapital financing activities -				
Transfers from other funds	<u>140,000</u>	<u>240,999</u>	<u>-</u>	<u>380,999</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(28,045)	(6,301)	-	(34,346)
Principal payments - capital lease	(313)	-	-	(313)
Interest payments - capital lease	<u>(35)</u>	<u>-</u>	<u>-</u>	<u>(35)</u>
Net cash used in capital and related financing activities	<u>(28,393)</u>	<u>(6,301)</u>	<u>-</u>	<u>(34,694)</u>
Cash flows from investing activities -				
Interest received	<u>19</u>	<u>36</u>	<u>280</u>	<u>335</u>
Net decrease in cash and cash equivalents	(34,541)	(65,484)	(867)	(100,892)
Cash and cash equivalents, October 1, 2014	<u>48,906</u>	<u>65,767</u>	<u>100,466</u>	<u>215,139</u>
Cash and cash equivalents, September 30, 2015	\$ <u>14,365</u>	<u>283</u>	<u>99,599</u>	<u>114,247</u>
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (199,671)	(247,880)	(2,452)	(450,003)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation	12,559	2,006	-	14,565
Changes in assets and liabilities:				
Accounts receivable	-	(4,849)	-	(4,849)
Due from general fund	-	(109,029)	-	(109,029)
Inventory	1,948	-	352	2,300
Prepaid items	(28)	(52)	-	(80)
Deferred outflows related to net pension liability	(63,762)	(24,887)	(6,361)	(95,010)
Accounts payable	37,273	(12,529)	(284)	24,460
Accrued liabilities	(10,411)	413	(52)	(10,050)
Due to other funds	(252)	64,858	-	64,606
Net pension liability	67,302	28,181	6,762	102,245
Deferred inflows related to net pension liability	<u>8,875</u>	<u>3,550</u>	<u>888</u>	<u>13,313</u>
Total adjustments	<u>53,504</u>	<u>(52,338)</u>	<u>1,305</u>	<u>2,471</u>
Net cash used in operating activities	\$ <u>(146,167)</u>	<u>(300,218)</u>	<u>(1,147)</u>	<u>(447,532)</u>

INTERNAL SERVICE FUNDS

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

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

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

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

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

CITY OF MERIDIAN, MISSISSIPPI

Combining Statement of Net Position

Internal Service Funds

September 30, 2015

	<u>Municipal Supply</u>	<u>Municipal Office Supply</u>	<u>Health and Life Insurance Reserve</u>	<u>Unemployment Compensation</u>	<u>Total Internal Service Funds</u>
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 124,523	49,071	584,356	10,252	768,202
Due from other funds:					
General fund	68,902	-	-	-	68,902
Water and sewer fund	23,074	-	-	-	23,074
Golf course fund	11	-	-	-	11
Union Station fund	4	-	-	-	4
Inventory	<u>52,202</u>	<u>2,245</u>	<u>-</u>	<u>-</u>	<u>54,447</u>
Total current assets	<u>268,716</u>	<u>51,316</u>	<u>584,356</u>	<u>10,252</u>	<u>914,640</u>
<u>LIABILITIES</u>					
Current liabilities -					
Accounts payable	<u>45,457</u>	<u>4,686</u>	<u>490,406</u>	<u>-</u>	<u>540,549</u>
Total current liabilities	<u>45,457</u>	<u>4,686</u>	<u>490,406</u>	<u>-</u>	<u>540,549</u>
<u>NET POSITION</u>					
Unrestricted	\$ <u>223,259</u>	<u>46,630</u>	<u>93,950</u>	<u>10,252</u>	<u>374,091</u>

CITY OF MERIDIAN, MISSISSIPPI

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the Fiscal Year Ended September 30, 2015

	<u>Municipal Supply</u>	<u>Municipal Office Supply</u>	<u>Health and Life Insurance Reserve</u>	<u>Unemployment Compensation</u>	<u>Total Internal Service Funds</u>
Operating revenues:					
Charges for sales and services	\$ 509,033	20,510	-	-	529,543
Premiums	-	-	3,092,026	-	3,092,026
Reinsurance reimbursement	<u>-</u>	<u>-</u>	<u>32,460</u>	<u>-</u>	<u>32,460</u>
Total operating revenues	<u>509,033</u>	<u>20,510</u>	<u>3,124,486</u>	<u>-</u>	<u>3,654,029</u>
Operating expenses:					
Administration fees	-	-	44,029	-	44,029
Costs of sales and services	516,215	4,960	-	-	521,175
Claims paid	<u>-</u>	<u>-</u>	<u>2,986,630</u>	<u>25,039</u>	<u>3,011,669</u>
Total operating expenses	<u>516,215</u>	<u>4,960</u>	<u>3,030,659</u>	<u>25,039</u>	<u>3,576,873</u>
Operating income (loss)	(7,182)	15,550	93,827	(25,039)	77,156
Nonoperating revenues -					
Interest income	<u>433</u>	<u>111</u>	<u>123</u>	<u>45</u>	<u>712</u>
Income (loss) before transfers in	(6,749)	15,661	93,950	(24,994)	77,868
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
Change in net position	(6,749)	15,661	93,950	5,006	107,868
Net position, October 1, 2014	<u>230,008</u>	<u>30,969</u>	<u>-</u>	<u>5,246</u>	<u>266,223</u>
Net position, September 30, 2015	\$ <u><u>223,259</u></u>	<u><u>46,630</u></u>	<u><u>93,950</u></u>	<u><u>10,252</u></u>	<u><u>374,091</u></u>

CITY OF MERIDIAN, MISSISSIPPI
 Combining Statement of Cash Flows
 Internal Service Funds
 For the Fiscal Year Ended September 30, 2015

	<u>Municipal Supply</u>	<u>Municipal Office Supply</u>	<u>Health and Life Insurance Reserve</u>	<u>Unemployment Compensation</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities:					
Receipts from internal users	\$ 525,406	20,510	3,733,761	-	4,279,677
Payments to suppliers	<u>(533,264)</u>	<u>(1,750)</u>	<u>(3,151,933)</u>	<u>(25,039)</u>	<u>(3,711,986)</u>
Net cash provided by (used in) operating activities	(7,858)	18,760	581,828	(25,039)	567,691
Cash flows from noncapital financing activities -					
Transfers from other funds	-	-	-	30,000	30,000
Cash flows from investing activities -					
Interest received	<u>433</u>	<u>111</u>	<u>123</u>	<u>45</u>	<u>712</u>
Net increase (decrease) in cash and cash equivalents	(7,425)	18,871	581,951	5,006	598,403
Cash and cash equivalents, October 1, 2014	<u>131,948</u>	<u>30,200</u>	<u>2,405</u>	<u>5,246</u>	<u>169,799</u>
Cash and cash equivalents, September 30, 2015	\$ <u>124,523</u>	<u>49,071</u>	<u>584,356</u>	<u>10,252</u>	<u>768,202</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ <u>(7,182)</u>	<u>15,550</u>	<u>93,827</u>	<u>(25,039)</u>	<u>77,156</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in assets and liabilities:					
Receivables - miscellaneous	-	-	7,768	-	7,768
Due from other funds	15,966	-	601,506	-	617,472
Due from component unit	407	-	-	-	407
Inventory	3,189	(1,225)	-	-	1,964
Accounts payable	<u>(20,238)</u>	<u>4,435</u>	<u>(121,273)</u>	<u>-</u>	<u>(137,076)</u>
Total adjustments	<u>(676)</u>	<u>3,210</u>	<u>488,001</u>	<u>-</u>	<u>490,535</u>
Net cash provided by (used in) operating activities	\$ <u>(7,858)</u>	<u>18,760</u>	<u>581,828</u>	<u>(25,039)</u>	<u>567,691</u>

FIDUCIARY FUNDS

Agency Funds

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

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

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

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

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

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

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

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

CITY OF MERIDIAN, MISSISSIPPI
 Combining Statement of Fiduciary Assets and Liabilities
 Agency Funds
 September 30, 2015

	Firemen & Policemen Disability & Relief	General Retirement	Meridian Community College	Meridian Separate School District	Hospital Insurance	State Police Fines & Fees	Meridian Separate School District Bonds & Interest	Total Agency Funds
<u>ASSETS</u>								
Cash and cash equivalents	\$ 124,142	44,202	102,556	877,187	-	71,976	116,914	1,336,977
Intergovernmental receivables - County	<u>12,896</u>	<u>4,853</u>	<u>15,101</u>	<u>118,327</u>	<u>-</u>	<u>-</u>	<u>17,215</u>	<u>168,392</u>
Total assets	\$ <u>137,038</u>	<u>49,055</u>	<u>117,657</u>	<u>995,514</u>	<u>-</u>	<u>71,976</u>	<u>134,129</u>	<u>1,505,369</u>
<u>LIABILITIES</u>								
Intergovernmental payables:								
Schools	\$ -	-	117,657	995,514	-	-	134,129	1,247,300
PERS	137,038	49,055	-	-	-	-	-	186,093
State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,976</u>	<u>-</u>	<u>71,976</u>
Total liabilities	\$ <u>137,038</u>	<u>49,055</u>	<u>117,657</u>	<u>995,514</u>	<u>-</u>	<u>71,976</u>	<u>134,129</u>	<u>1,505,369</u>

CITY OF MERIDIAN, MISSISSIPPI
 Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 For the Fiscal Year Ended September 30, 2015

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015
	Firemen & Policemen Disability & Relief			
	<hr/>			
<u>ASSETS</u>				
Cash and cash equivalents	\$ 105,864	1,852,970	1,834,692	124,142
Intergovernmental - county	<u>10,982</u>	<u>12,896</u>	<u>10,982</u>	<u>12,896</u>
Total assets	\$ <u>116,846</u>	<u>1,865,866</u>	<u>1,845,674</u>	<u>137,038</u>
<u>LIABILITIES</u>				
Intergovernmental - PERS	\$ <u>116,846</u>	<u>1,865,866</u>	<u>1,845,674</u>	<u>137,038</u>
	General Retirement			
	<hr/>			
<u>ASSETS</u>				
Cash and cash equivalents	\$ 66,565	696,153	718,516	44,202
Intergovernmental - county	<u>6,896</u>	<u>4,853</u>	<u>6,896</u>	<u>4,853</u>
Total assets	\$ <u>73,461</u>	<u>701,006</u>	<u>725,412</u>	<u>49,055</u>
<u>LIABILITIES</u>				
Intergovernmental - PERS	\$ <u>73,461</u>	<u>701,006</u>	<u>725,412</u>	<u>49,055</u>
	Meridian Community College			
	<hr/>			
<u>ASSETS</u>				
Cash and cash equivalents	\$ 108,090	2,208,686	2,214,220	102,556
Intergovernmental - county	<u>15,306</u>	<u>15,101</u>	<u>15,306</u>	<u>15,101</u>
Total assets	\$ <u>123,396</u>	<u>2,223,787</u>	<u>2,229,526</u>	<u>117,657</u>
<u>LIABILITIES</u>				
Intergovernmental - schools	\$ <u>123,396</u>	<u>2,223,787</u>	<u>2,229,526</u>	<u>117,657</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
 Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 For the Fiscal Year Ended September 30, 2015

	Balance October 1, 2014	Additions	Deletions	Balance September 30, 2015
Meridian Separate School District				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 913,019	17,446,948	17,482,780	877,187
Intergovernmental - county	<u>122,491</u>	<u>118,327</u>	<u>122,491</u>	<u>118,327</u>
Total assets	\$ <u>1,035,510</u>	<u>17,565,275</u>	<u>17,605,271</u>	<u>995,514</u>
<u>LIABILITIES</u>				
Intergovernmental - schools	\$ <u>1,035,510</u>	<u>17,565,275</u>	<u>17,605,271</u>	<u>995,514</u>
Hospital Insurance				
<u>ASSETS</u>				
Cash and cash equivalents	\$ <u>49,192</u>	<u>3,122,793</u>	<u>3,171,985</u>	<u>-</u>
<u>LIABILITIES</u>				
Employee insurance withheld	\$ <u>49,192</u>	<u>3,122,793</u>	<u>3,171,985</u>	<u>-</u>
State Police Fines & Fees				
<u>ASSETS</u>				
Cash and cash equivalents	\$ <u>37,413</u>	<u>687,297</u>	<u>652,734</u>	<u>71,976</u>
<u>LIABILITIES</u>				
Intergovernmental - state	\$ <u>37,413</u>	<u>687,297</u>	<u>652,734</u>	<u>71,976</u>
Meridian Separate School District Bonds & Interest				
<u>ASSETS</u>				
Cash and cash equivalents	\$ 122,969	2,517,780	2,523,835	116,914
Intergovernmental - county	<u>17,327</u>	<u>17,215</u>	<u>17,327</u>	<u>17,215</u>
Total assets	\$ <u>140,296</u>	<u>2,534,995</u>	<u>2,541,162</u>	<u>134,129</u>
<u>LIABILITIES</u>				
Intergovernmental - schools	\$ <u>140,296</u>	<u>2,534,995</u>	<u>2,541,162</u>	<u>134,129</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
 Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 For the Fiscal Year Ended September 30, 2015

	Balance October 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2015</u>
	Total Agency Funds			
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,403,112	28,532,627	28,598,762	1,336,977
Intergovernmental receivables	<u>173,002</u>	<u>168,392</u>	<u>173,002</u>	<u>168,392</u>
Total assets	\$ <u>1,576,114</u>	<u>28,701,019</u>	<u>28,771,764</u>	<u>1,505,369</u>
<u>LIABILITIES</u>				
Intergovernmental payables	\$ 1,526,922	25,578,226	25,599,779	1,505,369
Employee insurance withheld	<u>49,192</u>	<u>3,122,793</u>	<u>3,171,985</u>	<u>-</u>
Total liabilities	\$ <u>1,576,114</u>	<u>28,701,019</u>	<u>28,771,764</u>	<u>1,505,369</u>

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NONMAJOR COMPONENT UNITS

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

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

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

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

SCHEDULE 21**CITY OF MERIDIAN, MISSISSIPPI**

Combining Statement of Net Position

Nonmajor Component Units

September 30, 2015

	<u>Meridian Urban Renewal Authority</u>	<u>The Meridian Transportation Commission</u>	<u>Meridian and Bonita Lakes Development Authority</u>	<u>Total Nonmajor Component Units</u>
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 75,671	-	8,749	84,420
Receivables:				
Interest	48,721	-	-	48,721
Contribution	<u>-</u>	<u>27,497</u>	<u>-</u>	<u>27,497</u>
Total current assets	124,392	27,497	8,749	160,638
MLEC leverage loans receivable	<u>5,691,198</u>	<u>-</u>	<u>-</u>	<u>5,691,198</u>
Total assets	<u>5,815,590</u>	<u>27,497</u>	<u>8,749</u>	<u>5,851,836</u>
<u>LIABILITIES</u>				
Current liabilities:				
Current portion of note payable	78,576	-	-	78,576
Accounts payable	9,989	41,758	-	51,747
Accrued interest	<u>29,476</u>	<u>-</u>	<u>-</u>	<u>29,476</u>
Total current liabilities	<u>118,041</u>	<u>41,758</u>	<u>-</u>	<u>159,799</u>
Noncurrent liabilities -				
Note payable, less current portion	<u>2,065,000</u>	<u>-</u>	<u>-</u>	<u>2,065,000</u>
Total liabilities	<u>2,183,041</u>	<u>41,758</u>	<u>-</u>	<u>2,224,799</u>
<u>NET POSITION</u>				
Unrestricted (deficit)	<u>3,632,549</u>	<u>(14,261)</u>	<u>8,749</u>	<u>3,627,037</u>
Total net position	<u>\$ 3,632,549</u>	<u>(14,261)</u>	<u>8,749</u>	<u>3,627,037</u>

CITY OF MERIDIAN, MISSISSIPPI
 Combining Statement of Activities
 Nonmajor Component Units
 For the Fiscal Year Ended September 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Meridian Urban Renewal Authority</u>	<u>The Meridian Transportation Commission</u>	<u>Meridian and Bonita Lakes Development Authority</u>	<u>Total Nonmajor Component Units</u>
Nonmajor component units:								
Meridian Urban Renewal Authority	\$ 134,819	194,866	400	-	60,447	-	-	60,447
The Meridian Transportation Commission	8,338	-	8,338	-	-	-	-	-
Meridian and Bonita Lakes Development Authority	<u>2,120</u>	<u>-</u>	<u>3,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,376</u>	<u>1,376</u>
Total nonmajor component units	\$ <u>145,277</u>	<u>194,866</u>	<u>12,234</u>	<u>-</u>	60,447	-	1,376	61,823
General revenues -								
Interest income					<u>41</u>	<u>-</u>	<u>-</u>	<u>41</u>
Change in net position					60,488	-	1,376	61,864
Net position (deficit), October 1, 2014					<u>3,572,061</u>	<u>(14,261)</u>	<u>7,373</u>	<u>3,565,173</u>
Net position (deficit), September 30, 2015					\$ <u>3,632,549</u>	<u>(14,261)</u>	<u>8,749</u>	<u>3,627,037</u>

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OTHER SUPPLEMENTARY INFORMATION

CITY OF MERIDIAN, MISSISSIPPI
 Schedule Reconciling Original Ad Valorem
 Tax Rolls to Fund Collections
 For the Fiscal Year Ended September 30, 2015

	<u>Assessed Value</u>	<u>Millage</u>	<u>Ad Valorem Taxes</u>
City of Meridian:			
Realty	\$ 221,317,040	50.84	\$ 11,251,758
Personal property - other than auto	53,182,054	50.84	2,703,776
Public utilities	30,803,176	50.84	1,566,033
Personal autos - 2013 rates	13,637	50.84	693
Personal autos - 2014 rates	3,571,705	50.84	181,585
Personal autos - 2015 rates	<u>29,730,532</u>	50.84	<u>1,511,500</u>
Total City of Meridian valuation	\$ <u>338,618,144</u>		17,215,345
Less homestead exemption allowed			<u>(947,878)</u>
Total City ad valorem taxes			16,267,467
Adjustments to original tax roll:			
Lauderdale County tax collector refund		\$ (3,501)	
Realty		(55,168)	
Personal		(9,351)	
Homestead exemption		<u>(5,435)</u>	(73,455)
Add (deduct):			
Actual homestead reimbursement		586,575	
Motor vehicle rent tax		85,873	
Payments in lieu of taxes		112,560	
Prior year tax collections (refunds)		(34,086)	
Mobile homes		5,600	
Aircraft		<u>10,488</u>	<u>767,010</u>
Total City to account for			<u>16,961,022</u>
Separate School District:			
Realty	\$ 215,493,156	69.82	15,045,732
Personal property - other than auto	56,059,422	69.82	3,914,069
Public utilities	44,113,077	69.82	3,079,975
Personal autos - 2013 rates	13,637	68.15	929
Personal autos - 2014 rates	3,388,283	69.82	236,570
Personal autos - 2015 rates	<u>28,017,903</u>	69.82	<u>1,956,210</u>
Total Separate School District valuation	\$ <u>347,085,478</u>		24,233,485
Less homestead exemption allowed			<u>(1,790,131)</u>
Total Separate School District ad valorem taxes			22,443,354
Adjustments to original tax roll:			
Lauderdale County tax collector refund		(4,554)	
Realty		(59,946)	
Personal		(6,356)	
Homestead exemption		<u>(2,232)</u>	(73,088)
Add (deduct):			
Prior year tax collections (refunds)		(73,124)	
Mobile homes		22,743	<u>(50,381)</u>
Total Separate School District to account for			<u>22,319,885</u>
Total City of Meridian and Separate School District to account for			\$ <u>39,280,907</u>

(Continued)

CITY OF MERIDIAN, MISSISSIPPI
Schedule Reconciling Original Ad Valorem
Tax Rolls to Fund Collections
For the Fiscal Year Ended September 30, 2015

	<u>Taxes</u>	<u>Homestead Reimbursement</u>	<u>Total</u>
Accounted for as follows:			
General Fund	\$ 9,373,622	342,553	9,716,175
General Fund - Pilot	112,560	-	112,560
General Bond and Interest	4,217,191	154,143	4,371,334
School Bond and Interest	2,517,780	-	2,517,780
Police and Fire Disability	1,787,552	65,419	1,852,971
General Retirement	671,693	24,460	696,153
School Fund	<u>19,512,164</u>	<u>-</u>	<u>19,512,164</u>
Total accounted for	\$ <u>38,192,562</u>	<u>586,575</u>	38,779,137
Balance represented by:			
Real property held from tax sale			11,723
Unpaid personal property			229,437
Sold to state			63,801
Tax collector's commission			194,374
Held by tax collector			<u>2,435</u>
Total ad valorem taxes		\$	<u>39,280,907</u>

SCHEDULE 24

CITY OF MERIDIAN, MISSISSIPPI

Schedule of Investments

September 30, 2015

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
General fund - unrestricted:				
Certificate of deposit	06/30/15	12/30/15	0.15%	\$ 675,000
Certificate of deposit	07/02/15	12/31/15	0.20%	<u>675,000</u>
Total general fund investments - unrestricted				\$ <u><u>1,350,000</u></u>
Debt service fund - restricted -				
Certificate of deposit	11/10/14	11/10/15	0.45%	\$ <u><u>400,000</u></u>

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Surety Bonds for Municipal Officials
September 30, 2015

<u>Name</u>	<u>Position</u>	<u>Insurance Company</u>	<u>Bond</u>
Percy Bland, III	Mayor	Travelers	\$ 100,000 *
George M Thomas	Councilman	Western Surety Company	100,000
K. Dustin Markham	Councilman	Western Surety Company	100,000
Barbara Henson	Councilwoman	Western Surety Company	100,000
Kim Houston	Councilwoman	Western Surety Company	100,000
Randy Hammon	Councilman	Western Surety Company	100,000
Richie McAlister	Chief Administrative Officer	Western Surety Company	50,000
David Whitaker	City Clerk/CFO	Western Surety Company	50,000
Benny Dubose	Police Chief	Western Surety Company	50,000
Hugh Smith	Public Works Director	Western Surety Company	50,000
Blanket Policy	All city employees	Travelers	100,000

* Bond coverage for the City's Mayor represents coverage under the blanket bond for all City employees.

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CITY OF MERIDIAN, MISSISSIPPI
 Schedule of Changes in Long-Term Debt
 For the Fiscal Year Ended September 30, 2015

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance October 1, 2014</u>	<u>Principal Payments</u>	<u>New Issues</u>	<u>Balance September 30, 2015</u>
Governmental activities:							
Public Improvement of 2006	06/01/2006	4.00-5.50%	\$ 10,000,000	1,935,000	450,000	-	1,485,000
Water and Sewer Improvement of 2007	04/01/2007	3.75-5.25%	3,600,000	2,680,000	155,000	-	2,525,000
Public Improvement of 2008	04/22/2008	2.90-3.65%	1,000,000	670,000	65,000	-	605,000
Public Improvement of 2009	06/01/2009	3.50-4.00%	10,000,000	8,295,000	400,000	-	7,895,000
Refunding Bonds of 2011	06/30/2011	2.00-2.50%	3,960,000	2,150,000	640,000	-	1,510,000
Public Improvement of 2011	03/01/2011	3.10-4.40%	4,500,000	4,040,000	165,000	-	3,875,000
Public Improvement of 2012	04/12/2012	1.90-2.70%	4,500,000	4,155,000	355,000	-	3,800,000
Water and Sewer Improvement of 2013	03/05/2014	2.20%	1,200,000	1,095,000	110,000	-	985,000
Refunding Bonds of 2014	08/14/2014	2.0-3.0%	8,410,000	8,410,000	-	-	8,410,000
Total general obligations bonds			<u>47,170,000</u>	<u>33,430,000</u>	<u>2,340,000</u>	<u>-</u>	<u>31,090,000</u>
Special Obligation Bonds 2003B	07/01/2003	3.30-5.375%	1,500,000	885,000	75,000	-	810,000
Total special obligation bonds			<u>1,500,000</u>	<u>885,000</u>	<u>75,000</u>	<u>-</u>	<u>810,000</u>
Limited Obligation Tax Increment Bonds	12/17/2009	8.75%	4,000,000	3,385,000	190,000	-	3,195,000
Limited Obligation Tax Increment Bonds	03/01/2010	5.00%	300,000	220,000	25,000	-	195,000
Total tax increment bonds			<u>4,300,000</u>	<u>3,605,000</u>	<u>215,000</u>	<u>-</u>	<u>3,390,000</u>
Capital improvements loan	06/01/2001	3.00%	1,000,000	133,013	80,125	-	52,888
Energy Conservation Loan	03/01/2011	0.25%	210,000	120,449	30,000	-	90,449
Total promissory loans			<u>1,210,000</u>	<u>253,462</u>	<u>110,125</u>	<u>-</u>	<u>143,337</u>
Taxable Negotiable Notes	02/18/2010	2.71%	1,100,000	220,000	220,000	-	-
Total taxable negotiable notes			<u>1,100,000</u>	<u>220,000</u>	<u>220,000</u>	<u>-</u>	<u>-</u>
Special Assessment Public Improvement	06/01/1996	5.60%	2,000,000	320,000	155,000	-	165,000
Special Assessment Public Improvement	06/01/2000	5.50-6.00%	1,125,000	485,000	70,000	-	415,000
Special Assessment Public Imp 2001	08/01/2001	4.80-5.10%	500,000	235,000	30,000	-	205,000
Total special assessment			<u>3,625,000</u>	<u>1,040,000</u>	<u>255,000</u>	<u>-</u>	<u>785,000</u>
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	709,066	154,411	64,136	-	90,275
Oshkosh Capital lease - pumper truck	12/21/2012	2.43%	475,614	160,745	160,745	-	-
Municipal Asset Management - tasers	06/22/2015	3.77%	120,387	-	25,925	120,387	94,462
Total capital leases			<u>1,305,067</u>	<u>315,156</u>	<u>250,806</u>	<u>120,387</u>	<u>184,737</u>
Total governmental activities			\$ <u>60,210,067</u>	<u>39,748,618</u>	<u>3,465,931</u>	<u>120,387</u>	<u>36,403,074</u>
Business-type activities:							
Water and sewer promissory loan	01/31/2013	0.50-4.0%	\$ 12,415,000	10,360,000	1,465,000	-	8,895,000
EPA Clean Water State Revolving Fund Loan	10/01/2010	1.75%	8,955,225	1,608,323	-	-	1,608,323
Total promissory loans			<u>21,370,225</u>	<u>11,968,323</u>	<u>1,465,000</u>	<u>-</u>	<u>10,503,323</u>
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	1,053,181	222,465	95,263	-	127,202
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	3,460	731	313	-	418
Total capital leases			<u>1,056,641</u>	<u>223,196</u>	<u>95,576</u>	<u>-</u>	<u>127,620</u>
Total business-type activities			\$ <u>22,426,866</u>	<u>12,191,519</u>	<u>1,560,576</u>	<u>-</u>	<u>10,630,943</u>

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Long-Term Debt Maturities
September 30, 2015

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance September 30, 2015</u>	<u>2016</u>
<u>Governmental activities:</u>					
Public Improvement of 2006	06/01/2006	4.00-5.50%	\$ 10,000,000	1,485,000	475,000
Water and Sewer Improvement of 2007	04/01/2007	3.75-5.25%	3,600,000	2,525,000	165,000
Public Improvement of 2008	04/22/2008	2.90-3.65%	1,000,000	605,000	65,000
Public Improvement of 2009	06/01/2009	3.50-4.00%	10,000,000	7,895,000	410,000
Refunding Bonds of 2011	06/30/2011	2.00-2.50%	3,960,000	1,510,000	490,000
Public Improvement of 2011	03/01/2011	3.10-4.40%	4,500,000	3,875,000	175,000
Public Improvement of 2012	04/12/2012	1.90-2.70%	4,500,000	3,800,000	365,000
Water and Sewer Improvement of 2013	03/05/2014	2.20%	1,200,000	985,000	110,000
Refunding Bonds of 2014	08/14/2014	2.0-3.0%	8,410,000	8,410,000	230,000
Total general obligations bonds			<u>47,170,000</u>	<u>31,090,000</u>	<u>2,485,000</u>
Special Obligation Bonds 2003B	07/01/2003	3.30-5.375%	1,500,000	810,000	80,000
Total special obligation bonds			<u>1,500,000</u>	<u>810,000</u>	<u>80,000</u>
Limited Obligation Tax Increment Bonds	12/17/2009	8.75%	4,000,000	3,195,000	210,000
Limited Obligation Tax Increment Bonds	03/01/2010	5.00%	300,000	195,000	25,000
Total tax increment bonds			<u>4,300,000</u>	<u>3,390,000</u>	<u>235,000</u>
Capital improvements loan	06/01/2001	3.00%	1,000,000	52,888	52,888
Energy Conservation Loan	03/01/2011	0.25%	210,000	90,449	30,074
Total promissory loans			<u>1,210,000</u>	<u>143,337</u>	<u>82,962</u>
Special Assessment Public Improvement	06/01/1996	5.60%	2,000,000	165,000	165,000
Special Assessment Public Improvement	06/01/2000	5.50-6.00%	1,125,000	415,000	75,000
Special Assessment Public Imp 2001	08/01/2001	4.80-5.10%	500,000	205,000	30,000
Total special assessment			<u>3,625,000</u>	<u>785,000</u>	<u>270,000</u>
CitiCapital Lease - energy saving equipment	05/21/2002	5.87%	709,066	90,275	68,007
Municipal Asset Management - tasers	06/22/2015	3.77%	120,387	94,462	22,298
Total capital leases			<u>829,453</u>	<u>184,737</u>	<u>90,305</u>
Total governmental activities			\$ <u>58,634,453</u>	<u>36,403,074</u>	<u>3,243,267</u>
<u>Business-type activities:</u>					
Water and sewer promissory loan	01/31/2013	0.50-4.0%	\$ 12,415,000	8,895,000	1,525,000
EPA Clean Water State Revolving Fund Loan	10/01/2010	1.75%	8,955,225	1,608,323	51,471
Total promissory loans			<u>21,370,225</u>	<u>10,503,323</u>	<u>1,576,471</u>
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	1,053,181	127,202	101,011
CitiCapital lease - energy saving equipment	05/21/2002	5.87%	3,460	418	332
Total capital leases			<u>1,056,641</u>	<u>127,620</u>	<u>101,343</u>
Total business-type activities			\$ <u>22,426,866</u>	<u>10,630,943</u>	<u>1,677,814</u>

Maturities for the Years Ending September 30,

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021- 2025</u>	<u>2026- 2030</u>	<u>2031- 2035</u>	<u>2036- 2040</u>
495,000	515,000	-	-	-	-	-	-
170,000	180,000	185,000	195,000	1,110,000	520,000	-	-
70,000	70,000	75,000	75,000	250,000	-	-	-
425,000	445,000	470,000	495,000	2,845,000	2,805,000	-	-
500,000	520,000	-	-	-	-	-	-
180,000	190,000	195,000	205,000	1,170,000	1,435,000	325,000	-
380,000	395,000	405,000	420,000	1,835,000	-	-	-
115,000	120,000	120,000	125,000	395,000	-	-	-
400,000	410,000	970,000	1,000,000	4,650,000	750,000	-	-
<u>2,735,000</u>	<u>2,845,000</u>	<u>2,420,000</u>	<u>2,515,000</u>	<u>12,255,000</u>	<u>5,510,000</u>	<u>325,000</u>	<u>-</u>
<u>85,000</u>	<u>90,000</u>	<u>100,000</u>	<u>105,000</u>	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>85,000</u>	<u>90,000</u>	<u>100,000</u>	<u>105,000</u>	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
230,000	250,000	270,000	295,000	1,940,000	-	-	-
25,000	25,000	30,000	30,000	60,000	-	-	-
<u>255,000</u>	<u>275,000</u>	<u>300,000</u>	<u>325,000</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
<u>30,150</u>	<u>30,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>30,150</u>	<u>30,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
80,000	80,000	85,000	95,000	-	-	-	-
30,000	35,000	35,000	35,000	40,000	-	-	-
<u>110,000</u>	<u>115,000</u>	<u>120,000</u>	<u>130,000</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
22,268	-	-	-	-	-	-	-
<u>23,154</u>	<u>24,043</u>	<u>24,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>45,422</u>	<u>24,043</u>	<u>24,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,260,572</u>	<u>3,379,268</u>	<u>2,964,967</u>	<u>3,075,000</u>	<u>14,645,000</u>	<u>5,510,000</u>	<u>325,000</u>	<u>-</u>
1,165,000	1,225,000	865,000	895,000	3,040,000	180,000	-	-
<u>69,687</u>	<u>70,916</u>	<u>72,167</u>	<u>73,441</u>	<u>387,100</u>	<u>422,470</u>	<u>461,071</u>	<u>-</u>
<u>1,234,687</u>	<u>1,295,916</u>	<u>937,167</u>	<u>968,441</u>	<u>3,427,100</u>	<u>602,470</u>	<u>461,071</u>	<u>-</u>
26,191	-	-	-	-	-	-	-
<u>86</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>26,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,260,964</u>	<u>1,295,916</u>	<u>937,167</u>	<u>968,441</u>	<u>3,427,100</u>	<u>602,470</u>	<u>461,071</u>	<u>-</u>

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STATISTICAL SECTION

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

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Financial trends information	161 - 168
<i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	
Revenue capacity information	169 - 172
<i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i>	
Debt capacity information.....	173 - 177
<i>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i>	
Demographic and economic information.....	178 - 179
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	
Operating information.....	180 - 182
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities:										
Net investment in capital assets	\$ 48,025	\$ 48,799	\$ 50,692	\$ 75,492	\$ 72,823	\$ 74,694	\$ 75,049	\$ 69,358	\$ 68,410	\$ 66,592
Restricted	5,626	6,881	5,810	6,429	6,985	6,519	5,755	3,538	3,572	4,783
Unrestricted	<u>7,197</u>	<u>3,920</u>	<u>4,076</u>	<u>3,700</u>	<u>4,198</u>	<u>2,324</u>	<u>3,721</u>	<u>5,118</u>	<u>4,398</u>	<u>(35,407)</u>
Total governmental activities net position	<u>\$ 60,848</u>	<u>\$ 59,600</u>	<u>\$ 60,578</u>	<u>\$ 85,621</u>	<u>\$ 84,006</u>	<u>\$ 83,537</u>	<u>\$ 84,525</u>	<u>\$ 78,014</u>	<u>\$ 76,380</u>	<u>\$ 35,968</u>
Business-type activities:										
Net investment in capital assets	\$ 19,534	\$ 18,938	\$ 17,684	\$ 19,326	\$ 19,767	\$ 19,795	\$ 20,841	\$ 18,824	\$ 20,214	\$ 21,704
Restricted	4,021	7,509	7,717	5,441	4,354	5,151	5,657	6,619	7,076	7,647
Unrestricted	<u>3,440</u>	<u>3,354</u>	<u>3,167</u>	<u>2,253</u>	<u>2,682</u>	<u>3,825</u>	<u>4,179</u>	<u>6,528</u>	<u>8,350</u>	<u>4,479</u>
Total business-type activities net position	<u>\$ 26,995</u>	<u>\$ 29,801</u>	<u>\$ 28,568</u>	<u>\$ 27,020</u>	<u>\$ 26,803</u>	<u>\$ 28,771</u>	<u>\$ 30,677</u>	<u>\$ 31,971</u>	<u>\$ 35,640</u>	<u>\$ 33,830</u>
Primary government:										
Net investment in capital assets	\$ 67,559	\$ 67,737	\$ 68,376	\$ 94,818	\$ 92,590	\$ 94,489	\$ 95,890	\$ 88,182	\$ 88,624	\$ 88,296
Restricted	9,647	14,390	13,527	11,870	11,339	11,670	11,412	10,157	10,648	12,430
Unrestricted	<u>10,637</u>	<u>7,274</u>	<u>7,243</u>	<u>5,953</u>	<u>6,880</u>	<u>6,149</u>	<u>7,900</u>	<u>11,646</u>	<u>12,748</u>	<u>(30,928)</u>
Total primary government net position	<u>\$ 87,843</u>	<u>\$ 89,401</u>	<u>\$ 89,146</u>	<u>\$ 112,641</u>	<u>\$ 110,809</u>	<u>\$ 112,308</u>	<u>\$ 115,202</u>	<u>\$ 109,985</u>	<u>\$ 112,020</u>	<u>\$ 69,798</u>

Source: Audit Reports - Statement of Net Position

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Expenses</u>										
Governmental activities:										
General government	\$ 6,288	\$ 6,526	\$ 7,211	\$ 7,017	\$ 8,825	\$ 6,907	\$ 6,852	\$ 7,385	\$ 7,899	\$ 9,234
Public safety	16,074	15,037	15,017	16,010	16,238	15,528	15,584	16,486	16,394	16,054
Public works	6,741	6,896	6,573	7,482	8,198	7,896	7,695	12,022	7,864	7,934
Culture and recreation	2,008	2,156	2,390	2,307	2,284	3,223	2,051	2,250	2,509	2,500
Economic development	105	98	134	22	2,976	124	169	2,115	21	1
Interest on long-term debt	1,333	1,918	1,772	1,615	2,071	2,061	1,908	1,835	1,706	1,565
Total governmental activities expenses	<u>32,549</u>	<u>32,631</u>	<u>33,097</u>	<u>34,453</u>	<u>40,592</u>	<u>35,739</u>	<u>34,259</u>	<u>42,093</u>	<u>36,393</u>	<u>37,288</u>
Business-type activities:										
Water and sewer	11,577	12,218	12,078	12,557	12,161	11,742	11,765	11,788	10,625	10,449
Waste collection and disposal	2,332	2,380	2,401	2,526	2,466	1,825	1,876	1,905	1,881	1,849
Golf course	394	400	419	418	397	446	466	423	435	379
Union Station	335	323	331	388	352	364	353	366	235	295
Concessions	37	26	32	29	29	28	27	27	28	34
Total business-type activities expenses	<u>14,675</u>	<u>15,347</u>	<u>15,261</u>	<u>15,918</u>	<u>15,405</u>	<u>14,405</u>	<u>14,487</u>	<u>14,509</u>	<u>13,204</u>	<u>13,006</u>
Total primary government expenses	<u>\$ 47,224</u>	<u>\$ 47,978</u>	<u>\$ 48,358</u>	<u>\$ 50,371</u>	<u>\$ 55,997</u>	<u>\$ 50,144</u>	<u>\$ 48,746</u>	<u>\$ 56,602</u>	<u>\$ 49,597</u>	<u>\$ 50,294</u>
<u>Program revenues</u>										
Governmental activities:										
Charges for services:										
General government	\$ 1,063	\$ 587	\$ 640	\$ 581	\$ 355	\$ 501	\$ 412	\$ 705	\$ 336	\$ 577
Public safety	2,484	2,856	1,730	1,590	1,220	1,037	1,039	950	860	988
Culture and recreation	162	164	180	173	376	182	327	136	166	179
Operating grants and contributions	3,229	2,194	1,379	1,572	1,645	608	515	1,261	992	733
Capital grants and contributions	2,169	250	500	1,497	3,699	1,654	1,786	265	314	378
Total governmental activities program revenues	<u>9,107</u>	<u>6,051</u>	<u>4,429</u>	<u>5,413</u>	<u>7,295</u>	<u>3,982</u>	<u>4,079</u>	<u>3,317</u>	<u>2,668</u>	<u>2,855</u>
Business-type activities:										
Charges for services:										
Water and sewer	11,036	10,907	11,125	11,715	12,145	12,404	13,187	13,553	13,699	13,284
Waste collection and disposal	1,564	1,560	1,570	1,611	1,870	1,828	1,871	1,838	1,887	1,850
Golf course	343	324	318	284	271	249	296	271	244	179
Union Station	117	114	103	80	84	81	64	42	41	47
Concessions	36	35	43	44	46	42	35	38	27	31
Capital grants and contributions	494	740	87	65	-	328	1,314	148	47	1,611
Total business-type activities program revenues	<u>13,590</u>	<u>13,680</u>	<u>13,246</u>	<u>13,799</u>	<u>14,416</u>	<u>14,932</u>	<u>16,767</u>	<u>15,890</u>	<u>15,945</u>	<u>17,002</u>
Total primary government program revenues	<u>\$ 22,697</u>	<u>\$ 19,731</u>	<u>\$ 17,675</u>	<u>\$ 19,212</u>	<u>\$ 21,711</u>	<u>\$ 18,914</u>	<u>\$ 20,846</u>	<u>\$ 19,207</u>	<u>\$ 18,613</u>	<u>\$ 19,857</u>

(Continued)

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Net (expense)/revenue</u>										
Governmental activities	\$ (23,442)	\$ (26,580)	\$ (28,668)	\$ (29,040)	\$ (33,297)	\$ (31,757)	\$ (30,180)	\$ (38,776)	\$ (33,725)	\$ (34,433)
Business-type activities	(1,085)	(1,667)	(2,015)	(2,119)	(989)	527	2,280	1,381	2,741	3,996
Total primary government net (expense)/revenue	<u>\$ (24,527)</u>	<u>\$ (28,247)</u>	<u>\$ (30,683)</u>	<u>\$ (31,159)</u>	<u>\$ (34,286)</u>	<u>\$ (31,230)</u>	<u>\$ (27,900)</u>	<u>\$ (37,395)</u>	<u>\$ (30,984)</u>	<u>\$ (30,437)</u>
<u>General revenues and other changes in net position</u>										
Governmental activities:										
Taxes:										
Property taxes	\$ 10,121	\$ 10,098	\$ 10,826	\$ 12,085	\$ 14,173	\$ 14,722	\$ 14,439	\$ 13,767	\$ 14,232	\$ 14,466
Sales taxes	14,170	13,574	14,166	13,744	13,502	13,708	14,082	14,682	14,901	14,845
Franchise taxes	2,381	2,587	2,568	2,744	2,647	2,529	2,462	2,643	2,955	2,922
County road taxes	971	1,040	1,042	1,194	1,224	982	781	752	678	692
Motor fuel taxes	19	19	19	19	19	19	20	20	20	31
Unrestricted grants and contributions	69	65	70	74	73	70	75	77	78	80
Unrestricted investment earnings	564	1,131	628	146	196	194	123	79	63	60
Special item - annexed property	-	-	-	23,549	-	-	-	-	-	-
Transfers	353	(3,182)	327	528	(152)	(936)	66	245	(836)	266
Total governmental activities general revenues and other changes in net position	<u>28,648</u>	<u>25,332</u>	<u>29,646</u>	<u>54,083</u>	<u>31,682</u>	<u>31,288</u>	<u>32,048</u>	<u>32,265</u>	<u>32,091</u>	<u>33,362</u>
Business-type activities:										
Property taxes	975	811	810	999	506	400	40	71	49	57
Unrestricted investment earnings	210	480	299	100	114	105	103	86	43	116
Transfers	(353)	3,182	(327)	(528)	152	936	(66)	(245)	836	(266)
Total business-type activities general revenues and other changes in net position	<u>832</u>	<u>4,473</u>	<u>782</u>	<u>571</u>	<u>772</u>	<u>1,441</u>	<u>77</u>	<u>(88)</u>	<u>928</u>	<u>(93)</u>
Total primary government general revenues and other changes in net position	<u>\$ 29,480</u>	<u>\$ 29,805</u>	<u>\$ 30,428</u>	<u>\$ 54,654</u>	<u>\$ 32,454</u>	<u>\$ 32,729</u>	<u>\$ 32,125</u>	<u>\$ 32,177</u>	<u>\$ 33,019</u>	<u>\$ 33,269</u>
<u>Change in net position</u>										
Governmental activities	\$ 5,206	\$ (1,248)	\$ 978	\$ 25,043	\$ (1,615)	\$ (469)	\$ 1,868	\$ (6,511)	\$ (1,634)	\$ (1,071)
Business-type activities	(253)	2,806	(1,233)	(1,548)	(217)	1,968	2,357	1,293	3,669	3,903
Total primary government change in net position	<u>\$ 4,953</u>	<u>\$ 1,558</u>	<u>\$ (255)</u>	<u>\$ 23,495</u>	<u>\$ (1,832)</u>	<u>\$ 1,499</u>	<u>\$ 4,225</u>	<u>\$ (5,218)</u>	<u>\$ 2,035</u>	<u>\$ 2,832</u>

Source: Audit Reports - Statement of Activities

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

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>County Road Tax</u>	<u>Motor Fuel Tax</u>	<u>Total</u>
2006	\$ 10,121	\$ 14,170	\$ 2,381	\$ 971	\$ 19	\$ 27,662
2007	10,098	13,574	2,587	1,040	19	27,318
2008	10,826	14,166	2,568	1,042	19	28,621
2009	12,085	13,744	2,744	1,194	19	29,786
2010	14,173	13,502	2,647	1,224	19	31,565
2011	14,722	13,708	2,529	982	19	31,960
2012	14,439	14,082	2,462	781	20	31,784
2013	13,767	14,682	2,643	752	20	31,864
2014	14,232	14,901	2,955	678	20	32,786
2015	14,466	14,845	2,922	692	31	32,956

Source: Audit Reports - Statement of Activities

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund:										
Nonspendable	\$ 99	\$ 1,297	\$ 1,297	\$ 1,469	\$ 1,454	\$ 1,571	\$ 1,594	\$ 1,678	\$ 1,597	\$ 321
Committed	-	486	515	339	220	151	2	12	-	71
Assigned	1,069	141	742	677	1,011	1,204	1,931	1,889	1,799	1,917
Unassigned	<u>6,301</u>	<u>6,753</u>	<u>5,618</u>	<u>4,275</u>	<u>5,684</u>	<u>6,433</u>	<u>7,582</u>	<u>8,341</u>	<u>8,371</u>	<u>8,966</u>
Total general fund	<u>\$ 7,469</u>	<u>\$ 8,677</u>	<u>\$ 8,172</u>	<u>\$ 6,760</u>	<u>\$ 8,369</u>	<u>\$ 9,359</u>	<u>\$11,109</u>	<u>\$11,920</u>	<u>\$ 11,767</u>	<u>\$ 11,275</u>
All other governmental funds:										
Nonspendable	\$ 1,198	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	15,278	14,947	11,544	16,857	12,992	11,194	13,457	6,875	6,788	7,999
Committed	-	-	-	-	347	344	345	345	345	345
Assigned	<u>16</u>	<u>17</u>	<u>16</u>	<u>12</u>	<u>24</u>	<u>16</u>	<u>30</u>	<u>21</u>	<u>30</u>	<u>18</u>
Total all other governmental funds	<u>\$16,492</u>	<u>\$14,964</u>	<u>\$11,560</u>	<u>\$16,869</u>	<u>\$13,363</u>	<u>\$11,554</u>	<u>\$13,832</u>	<u>\$ 7,241</u>	<u>\$ 7,163</u>	<u>\$ 8,362</u>

Source: Audit Reports - Governmental Funds Balance Sheet

Note: Fiscal years 2006 through 2010 have been reclassified with the implementation of GASB Statement 54 in fiscal year 2011.

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues:										
Taxes	\$ 25,121	\$ 24,562	\$ 25,889	\$ 26,859	\$ 28,716	\$ 29,113	\$ 29,196	\$ 28,999	\$ 29,579	\$ 29,746
Franchise	2,381	2,587	2,568	2,744	2,647	2,529	2,462	2,644	2,955	2,922
Licenses and permits	305	373	386	256	301	271	251	251	296	277
Intergovernmental	4,913	2,203	1,514	1,951	3,888	2,257	1,513	1,588	1,354	1,177
Charges for services	162	164	180	173	375	182	157	136	166	179
Fines and forfeitures	2,484	2,855	1,730	1,580	1,219	1,037	1,039	950	860	988
Special assessments	79	75	86	67	74	72	74	69	72	73
Payments in lieu of taxes	80	77	66	67	68	152	156	100	150	93
Local contributions	555	307	434	98	461	55	-	7	12	14
Investment earnings	564	1,131	628	146	196	193	123	79	63	60
Interest costs and damages	91	92	99	117	132	169	141	126	104	197
Miscellaneous	<u>758</u>	<u>234</u>	<u>302</u>	<u>389</u>	<u>85</u>	<u>268</u>	<u>301</u>	<u>573</u>	<u>63</u>	<u>299</u>
Total revenues	<u>37,493</u>	<u>34,660</u>	<u>33,882</u>	<u>34,447</u>	<u>38,162</u>	<u>36,298</u>	<u>35,413</u>	<u>35,522</u>	<u>35,674</u>	<u>36,025</u>
Expenditures:										
General government	5,843	6,033	6,760	6,836	7,634	6,711	6,200	6,407	6,617	7,034
Public safety	16,420	15,684	14,731	16,117	14,732	15,144	15,352	16,811	16,008	15,083
Public works	4,223	4,425	4,146	4,671	4,441	4,422	4,195	4,206	4,933	4,572
Culture and recreation	2,027	2,065	2,484	2,639	3,406	2,673	2,186	2,175	2,492	2,341
Economic development	105	98	134	118	3,201	158	231	2,127	230	1
Other	268	150	56	42	11	19	23	23	-	-
Capital outlay	4,647	2,772	5,868	5,860	6,071	5,657	2,221	4,357	470	415
Debt service:										
Principal	2,356	3,019	3,467	3,062	3,498	3,687	3,682	4,020	3,675	3,466
Interest	1,354	1,736	1,790	1,555	1,982	2,043	1,995	1,885	1,773	1,471
Bond issuance costs	<u>186</u>	<u>86</u>	<u>36</u>	<u>165</u>	<u>304</u>	<u>240</u>	<u>110</u>	<u>-</u>	<u>328</u>	<u>-</u>
Total expenditures	<u>37,429</u>	<u>36,068</u>	<u>39,472</u>	<u>41,065</u>	<u>45,280</u>	<u>40,754</u>	<u>36,195</u>	<u>42,011</u>	<u>36,526</u>	<u>34,383</u>
Excess (deficiency) of revenues over (under) expenditures	<u>64</u>	<u>(1,408)</u>	<u>(5,590)</u>	<u>(6,618)</u>	<u>(7,118)</u>	<u>(4,456)</u>	<u>(782)</u>	<u>(6,489)</u>	<u>(852)</u>	<u>1,642</u>

(Continued)

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Other financing sources (uses):										
Transfers in	\$ 2,960	\$ 4,531	\$ 9,599	\$ 10,304	\$ 6,017	\$ 2,448	\$ 2,236	\$ 3,583	\$ 2,182	\$ 1,622
Transfers out	(2,629)	(7,733)	(9,283)	(9,789)	(6,197)	(3,447)	(2,234)	(3,350)	(3,034)	(1,387)
Bonds issued	10,000	3,600	1,000	10,000	4,300	8,460	4,500	-	9,610	-
Negotiable notes issued	1,225	-	-	-	1,100	-	210	-	-	-
Capital leases	-	690	365	-	-	-	-	476	-	120
Premium on refunding bonds issued	-	-	-	-	-	71	-	-	491	-
Principal retirement from refunding bond proceeds	-	-	-	-	-	(3,895)	-	-	(3,110)	-
Payment to bond escrow agent	-	-	-	-	-	-	-	-	(5,518)	-
Loss on disposal of asset	-	-	-	-	-	-	-	-	-	(1,290)
Total other financing source (uses)	<u>11,556</u>	<u>1,088</u>	<u>1,681</u>	<u>10,515</u>	<u>5,220</u>	<u>3,637</u>	<u>4,712</u>	<u>709</u>	<u>621</u>	<u>(935)</u>
Net change in fund balance	<u>\$ 11,620</u>	<u>\$ (320)</u>	<u>\$ (3,909)</u>	<u>\$ 3,897</u>	<u>\$ (1,898)</u>	<u>\$ (819)</u>	<u>\$ 3,930</u>	<u>\$ (5,780)</u>	<u>\$ (231)</u>	<u>\$ 707</u>
Debt service as a percentage of noncapital expenditures	<u>11.6%</u>	<u>15.0%</u>	<u>16.0%</u>	<u>13.7%</u>	<u>14.5%</u>	<u>16.5%</u>	<u>17.2%</u>	<u>14.4%</u>	<u>15.6%</u>	<u>15.0%</u>

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

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

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

<u>Fiscal</u> <u>Year</u>	<u>Property</u> <u>Tax</u>	<u>Sales</u> <u>Tax¹</u>	<u>Franchise</u> <u>Tax</u>	<u>County</u> <u>Road</u> <u>Tax</u>	<u>Motor</u> <u>Fuel</u> <u>Tax</u>	<u>Total</u>
2006	\$ 9,961	\$ 14,170	\$ 2,381	\$ 971	\$ 19	\$ 27,502
2007	9,929	13,574	2,587	1,040	19	27,149
2008	10,662	14,166	2,568	1,042	19	28,457
2009	11,902	13,744	2,744	1,194	19	29,603
2010	13,971	13,502	2,647	1,224	19	31,363
2011	14,404	13,708	2,529	982	19	31,642
2012	14,313	14,082	2,462	781	20	31,658
2013	13,545	14,682	2,644	752	20	31,643
2014	13,980	14,901	2,955	678	20	32,534
2015	14,178	14,845	2,922	692	31	32,668

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

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

SCHEDULE 34

CITY OF MERIDIAN, MISSISSIPPI
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Fiscal Year Ended September 30,	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
2006	\$ 58,094	\$ 122,836	\$ 36,032	\$ 44,443	\$ 2,530	\$ 258,875	50.08	\$ 1,657,502	15.62%
2007	59,190	124,049	34,299	43,847	2,527	258,858	50.08	1,662,921	15.57%
2008	60,176	123,601	32,352	44,701	3,139	257,691	53.08	1,657,190	15.55%
2009	76,714	154,532	32,355	49,060	5,131	307,530	50.84	2,002,797	15.36%
2010	87,063	170,953	31,722	56,584	4,120	342,202	50.84	2,234,043	15.32%
2011	87,731	171,111	30,877	53,247	3,973	338,993	50.84	2,221,081	15.26%
2012	86,209	171,700	31,118	53,388	6,845	335,570	50.84	2,195,722	15.28%
2013	83,798	169,181	31,818	52,750	6,725	330,822	50.84	2,161,650	15.30%
2014	84,862	171,468	33,023	51,816	8,101	333,068	50.84	2,177,062	15.30%
2015	84,100	168,020	33,316	53,182	4,052	334,566	50.84	2,212,754	15.12%

Source: Lauderdale County real and personal property tax rolls.

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

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

Fiscal Year	City of Meridian					Overlapping Rates							
						Lauderdale County			Meridian Separate School District				
	Operating Millage	Debt Service Millage	Special Revenue Pension Millage	Solid Waste Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School District Millage	Meridian Community College	Total Millage
2006	25.56	12.47	8.05	4.00	50.08	38.36	7.09	45.45	53.30	3.35	56.65	7.00	159.18
2007	26.51	11.17	8.40	4.00	50.08	39.27	8.40	47.67	54.00	1.87	55.87	7.00	160.62
2008	29.23	11.19	8.66	4.00	53.08	40.66	7.78	48.44	54.40	6.68	61.08	7.00	169.60
2009	25.71	12.38	8.75	4.00	50.84	39.66	10.95	50.61	49.89	6.09	55.98	7.00	164.43
2010	29.92	11.88	7.44	1.60	50.84	39.36	7.47	46.83	51.42	5.81	57.23	7.00	161.90
2011	29.65	12.41	7.48	1.30	50.84	41.66	9.12	50.78	54.84	5.67	60.51	7.00	169.13
2012	28.72	13.24	7.93	0.95	50.84	41.66	9.12	50.78	54.84	5.47	60.31	7.00	168.93
2013	29.34	13.12	7.92	0.46	50.84	41.66	9.12	50.78	54.84	6.31	61.15	7.00	169.77
2014	29.72	13.17	7.77	0.18	50.84	41.66	9.12	50.78	54.84	7.98	62.82	7.00	171.44
2015	29.51	13.36	7.79	0.18	50.84	41.66	9.12	50.78	54.84	7.98	62.82	7.00	171.44

Source: Office of the City Clerk.

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

CITY OF MERIDIAN, MISSISSIPPI

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

<u>Taxpayer</u>	<u>2015</u>			<u>2006</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Mississippi Power Company	\$ 20,281	1	5.99%	\$ 10,514	1	4.06%
Wal-Mart Supercenters	8,494	2	2.51%	4,562	4	1.76%
Bonita Lakes Mall/Bonita Properties, Inc./CBL	8,082	3	2.39%	7,549	2	2.92%
Anderson Regional Medical Center	4,581	4	1.35%	2,752	6	1.06%
Avery Dennison Corporation	4,220	5	1.25%	---	---	---
AT&T	3,311	6	0.98%	7,402	3	2.86%
Meridian Crossroads	2,983	7	0.88%	---	---	---
Norfolk Southern Railway Company	2,679	8	0.79%	1,903	8	0.74%
Atmos Energy Corporation	2,596	9	0.77%	1,841	9	0.71%
Rush Health Systems	2,163	10	0.64%	1,483	10	0.57%
Meridian HMA/Riley Hospital	---	---	---	4,344	5	1.68%
Peavey Electronics Corporation	---	---	---	2,682	7	1.04%
Totals	<u>\$ 59,390</u>		<u>17.55%</u>	<u>\$ 45,032</u>		<u>17.40%</u>

Source: Lauderdale County real and personal property tax rolls.

SCHEDULE 37**CITY OF MERIDIAN, MISSISSIPPI**

Property Tax Levies and Collections

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 12,962	\$ 12,835	99.02%	\$ 42	\$ 12,877	99.34%
2007	12,850	12,745	99.18%	30	12,775	99.42%
2008	13,570	13,505	99.52%	54	13,559	99.92%
2009	15,634	15,462	98.90%	76	15,538	99.39%
2010	16,960	16,824	99.20%	43	16,867	99.45%
2011	16,956	16,766	98.88%	71	16,837	99.30%
2012	16,938	16,540	97.65%	(46)	16,494	97.38%
2013	16,111	15,971	99.13%	17	15,988	99.24%
2014	16,704	16,424	98.32%	(30)	16,394	98.14%
2015	16,961	16,832	99.24%	-	16,832	99.24%

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

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

Fiscal Year	Governmental Activities							Business-Type Activities			Unamortized Premiums (Discounts) ¹	Total Primary Government	Percentage of Personal Income ²	Per Capita ¹
	General Obligation Bonds	Special Assessment Bonds	Limited Obligation Bonds	Special Obligation Bonds	Promissory Loans	Taxable Negotiable Notes	Capital Leases	Water & Sewer Revenue Bonds	Water & Sewer Promissory Loans	Capital Leases				
2006	\$ 19,070	\$ 3,780	\$ 3,765	\$ 6,335	\$ 694	\$ 1,225	\$ 785	\$ 12,490	\$ 16,088	\$ 837	\$ (667)	\$ 64,402	5.87%	\$ 1,629
2007	21,415	3,520	2,960	6,085	631	1,005	1,309	11,260	15,051	896	(587)	63,545	5.65%	1,605
2008	20,985	3,245	2,135	5,835	566	774	1,283	9,955	13,973	785	(507)	59,029	4.93%	1,492
2009	29,555	2,955	1,770	5,565	500	529	887	8,575	12,858	673	(426)	63,441	5.41%	1,598
2010	27,750	2,650	5,680	5,280	431	1,372	500	6,090	11,697	554	(346)	61,658	5.03%	1,498
2011	31,170	1,720	5,100	4,985	359	880	326	5,420	10,520	479	(406)	60,553	4.77%	1,472
2012	33,520	1,505	4,475	4,670	467	660	272	4,705	10,913	398	(81)	61,504	4.49%	1,504
2013	31,270	1,280	3,800	4,340	361	440	533	-	14,163	313	607	57,107	3.98%	1,396
2014	33,430	1,040	3,605	885	254	220	315	-	11,968	223	1,246	53,186	3.86%	1,323
2015	31,090	785	3,390	810	143	-	185	-	10,503	128	1,131	48,165	3.50%	1,198

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

¹For fiscal years 2006 to 2011, prior to implementation of GASB 65 unamortized bond issuance costs on refunding debt are included in this amount.

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

SCHEDULE 39

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Unamortized Premiums (Discounts)</u>	<u>Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value¹ of Property</u>	<u>Per Capita²</u>
2006	\$ 19,070	\$ -	\$ 473	\$ 18,597	1.12%	\$ 470
2007	21,415	-	554	20,861	1.25%	527
2008	20,985	-	589	20,396	1.23%	515
2009	29,555	-	720	28,835	1.44%	726
2010	27,750	-	695	27,055	1.21%	658
2011	31,170	69	855	30,384	1.37%	738
2012	33,520	58	899	32,679	1.49%	799
2013	31,270	48	852	30,466	1.41%	745
2014	33,430	526	701	33,255	1.53%	827
2015	31,090	475	683	30,882	1.40%	768

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

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

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

SCHEDULE 40

CITY OF MERIDIAN, MISSISSIPPI
Direct and Overlapping Governmental Activities Debt
As of September 30, 2015
(amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County	\$ 46,640	48.99%	\$ 22,849
Debt repaid with property taxes: School	<u>20,085</u>	89.18%	<u>17,912</u>
Subtotal, overlapping debt	66,725		40,761
City of Meridian direct debt	<u>36,878</u>	100.00%	<u>36,878</u>
Total direct and overlapping debt	<u>\$ 103,603</u>		<u>\$ 77,639</u>

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

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

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

SCHEDULE 41

CITY OF MERIDIAN, MISSISSIPPI

Legal Debt Margin Information

Last Ten Fiscal Years

(amounts expressed in thousands)

	Fiscal year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 39,211	\$ 39,208	\$ 39,125	\$ 46,899	\$ 51,948	\$ 51,445	\$ 51,362	\$ 50,632	\$ 51,175	\$ 50,793
Total net debt applicable to limit	<u>18,597</u>	<u>20,861</u>	<u>20,396</u>	<u>28,835</u>	<u>27,055</u>	<u>30,315</u>	<u>32,621</u>	<u>30,418</u>	<u>32,729</u>	<u>30,407</u>
Legal debt margin	<u>\$ 20,614</u>	<u>\$ 18,347</u>	<u>\$ 18,729</u>	<u>\$ 18,064</u>	<u>\$ 24,893</u>	<u>\$ 21,130</u>	<u>\$ 18,741</u>	<u>\$ 20,214</u>	<u>\$ 18,446</u>	<u>\$ 20,386</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>47.43%</u>	<u>53.21%</u>	<u>52.13%</u>	<u>61.48%</u>	<u>52.08%</u>	<u>58.93%</u>	<u>63.51%</u>	<u>60.08%</u>	<u>63.96%</u>	<u>59.86%</u>

Legal Debt Margin Calculation for Fiscal Year 2015:

Assessed value	\$ 334,566
Add back: exempt real property	<u>4,052</u>
Total assessed value	<u>\$ 338,618</u>
Debt limit (15% of total assessed value)	<u>\$ 50,793</u>
Debt applicable to limit:	
General obligation bonds	31,090
Less: Amount set aside for repayment of general obligation debt	<u>(683)</u>
Total net debt applicable to limit	<u>30,407</u>
Legal debt margin	<u>\$ 20,386</u>

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

SCHEDULE 42

CITY OF MERIDIAN, MISSISSIPPI
Pledged-Revenue Bond Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Water & Sewer Charges and Other	Less: Operating Expenses¹	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2006	\$ 11,036	\$ 6,416	\$ 4,620	\$ 2,125	\$ 1,399	\$ 3,524	131.10%
2007	10,907	7,016	3,891	2,230	1,298	3,528	110.29%
2008	11,125	6,976	4,149	2,345	1,193	3,538	117.27%
2009	11,715	7,510	4,205	2,455	1,072	3,527	119.22%
2010	12,145	7,239	4,906	3,605	963	4,568	107.40%
2011	12,404	7,017	5,387	1,840	789	2,629	204.91%
2012	13,187	7,544	5,643	1,930	706	2,636	214.07%
2013	13,553	7,569	5,984	2,042	652	2,694	222.12%
2014	13,699	7,647	6,052	2,195	437	2,632	229.94%
2015	13,284	7,511	5,773	1,465	355	1,820	317.20%

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

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

¹Total operating expenses exclusive of depreciation and amortization expense.

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

<u>Fiscal Year</u>	<u>Population</u>¹	<u>Personal Income (amounts expressed in thousands)</u>²	<u>Per Capita Personal Income</u>²	<u>Median Age</u>³	<u>School Enrollment</u>⁴	<u>Unemployment Rate</u>⁵
2006	39,541	\$ 2,929,104	\$ 27,745	35.9	6,722	7.8%
2007	39,596	3,015,930	28,415	36.5	6,630	8.6%
2008	39,572	3,233,755	30,270	36.6	6,612	9.1%
2009	39,695	3,172,001	29,515	36.2	6,461	12.7%
2010	41,148	3,200,882	29,764	35.7	6,418	14.8%
2011	41,146	3,319,247	30,873	34.9	6,250	14.6%
2012	40,894	3,591,963	33,515	34.8	6,209	12.6%
2013	40,921	3,747,649	35,037	33.9	6,168	11.9%
2014	40,196	3,638,085	34,257	35.0	5,880	10.0%
2015	40,196	3,638,085	34,257	35.0	5,664	8.5%

Sources: ¹U.S. Census Bureau, 2010-2014 Estimates of the Resident Population for Incorporated Places at www.census.gov.

²U.S. Department of Commerce, Bureau of Economic Analysis website at www.bea.gov.

Per capita personal income estimates reflect population estimates available as of November, 2015.

³U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates at www.census.gov.

⁴Meridian Separate School District.

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

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

CITY OF MERIDIAN, MISSISSIPPI

Principal Employers
Current and Nine Years Ago

<u>Taxpayer</u>	<u>2015</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Rush Foundation Hospital	2,610	1	17.48%	1,123	3	7.77%
East Mississippi State Hospital	1,500	2	10.05%	1,150	2	7.96%
Anderson Regional Medical Center	1,275	3	8.54%	1,065	4	7.37%
Mississippi Air National Guard	1,100	4	7.37%	370	10	2.56%
Meridian Public Schools	1,000	5	6.70%	995	5	5.54%
Walmart Supercenters	626	6	4.19%	---	---	---
City of Meridian	426	7	2.85%	509	7	3.52%
Alliance Health Center	385	8	2.58%	---	---	---
Structural Steel Services	350	9	2.34%	---	---	---
Meridian Community College	327	10	2.19%	389	9	2.69%
Peavey Electronics Corporation	---	---	---	1,500	1	10.38%
Riley Memorial Hospital	---	---	---	550	6	6.83%
Avery Dennison	---	---	---	<u>471</u>	8	<u>3.26%</u>
Totals	<u>9,599</u>		<u>64.29%</u>	<u>8,122</u>		<u>57.88%</u>

Source: East Mississippi Business Development Corporation

SCHEDULE 45

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

<u>Function</u>	Full-time Equivalent Employees as of September 30,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government	47	49	54	49	50	46	59	47	48	49
Public safety:										
Police:										
Officers	106	112	105	111	108	109	108	100	92	90
Civilians	18	14	18	19	15	15	19	17	13	18
Fire:										
Firefighters and officers	104	106	98	101	108	112	114	106	103	97
Civilians	10	8	9	9	11	10	11	9	7	9
Highways and streets	75	70	72	72	60	65	57	56	55	67
Sanitation	1	1	1	1	1	1	1	1	1	1
Culture and recreation	45	49	49	49	56	42	42	40	39	32
Water	50	44	50	48	47	48	48	45	39	39
Sewer	44	45	45	46	44	42	39	36	31	31
Golf course	3	3	3	3	5	7	8	8	10	8
Union Station	2	2	2	2	2	2	2	2	2	2
Municipal Garage	14	11	14	14	13	11	11	11	10	10
Homeland Security	7	6	5	5	5	4	5	4	4	3
Community Development	21	20	19	19	19	16	16	18	18	22
Totals	<u>547</u>	<u>540</u>	<u>544</u>	<u>548</u>	<u>544</u>	<u>530</u>	<u>540</u>	<u>500</u>	<u>472</u>	<u>478</u>

Source: City's payroll department.

CITY OF MERIDIAN, MISSISSIPPI

Operating Indicators by Function

Last Ten Fiscal Years

<u>Function</u>	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police:										
Physical arrests	4,376	4,289	4,785	4,967	4,952	5,089	6,254	5,847	3,917	4,012
Parking violations	7,717	6,481	5,565	6,088	5,329	4,347	3,699	3,186	2,027	1,960
Traffic violations	14,766	10,763	12,663	10,816	8,676	12,089	9,533	9,163	8,801	8,366
Fire:										
Number calls answered	3,273	3,209	3,357	1,666	1,636	2,070	1,550	1,621	1,596	1,456
Inspections	3,734	3,673	2,907	2,814	1,375	1,810	2,053	1,414	2,365	2,573
Highways and streets:										
Street resurfacing (miles)	-	1	-	-	-	-	4	19	19	-
Potholes repaired ¹	260	277	351	352	271	394	1,003	936	1,191	364
Culture and recreation:										
Meridian Activity Center/Velma Young Park/Highland Park classes	1,096	1,175	1,194	1,215	1,290	1,255	1,248	1,594	1,624	1,652
Water:										
New connections	112	93	88	45	30	50	28	46	88	46
Water leak repairs	948	1,130	823	1,190	1,291	1,344	1,196	644	640	564
Average daily consumption (millions of gallons)	4.495	5.079	5.221	4.447	4.211	5.033	5.066	5.236	5.453	5.640
Wastewater:										
Average daily sewerage treatment (millions of gallons)	10.800	6.350	9.230	5.730	7.100	6.390	7.060	8.380	6.130	6.490

Source: Various City departments.

¹For fiscal years 2012 through 2015, the City calculated the number of potholes repaired based on an average number of potholes repaired in a week. The number of potholes repaired for fiscal years 2006 through 2011 is based on the number of service orders issued for pothole repair.

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	71	67	77	73	84	84	88	86	93	90
Fire stations	7	7	8	8	8	7	8	8	8	8
Highways and streets:										
Streets (miles)	306.83	306.83	307.50	330.35	330.35	330.35	330.35	330.35	330.35	330.35
Streetlights	6,351	6,400	6,411	6,570	6,589	6,603	6,639	6,693	6,729	6,735
Traffic signals	121	121	120	120	120	117	117	117	117	117
Culture and recreation:										
Parks acreage	443	443	443	443	443	443	443	443	443	443
Parks	17	17	17	17	17	17	17	17	17	17
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	18	18	18	18	18	18	16	16	16	16
Community centers	3	3	3	3	3	3	3	3	3	3
Softball/Baseball fields	18	18	18	18	18	18	18	18	18	19
Soccer fields	12	12	12	14	14	14	14	14	14	14
Golf course	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	428	428	428	429	429	430	430	430	430	431
Fire hydrants	3,832	2,105	2,113	2,131	2,136	2,141	2,180	2,180	2,181	2,183
Maximum daily capacity (thousands of gallons)	14,500	14,500	14,500	14,500	14,500	14,500	13,952	13,952	13,952	13,952
Sewer:										
Sanitary sewers (miles)	442	444	444	445	445	445	445	445	445	445
Storm sewers (miles)	200	200	225	225	225	225	225	225	225	225
Maximum daily treatment capacity (thousands of gallons)	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000

Source: Various City departments.

SINGLE AUDIT SECTION

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

CITY OF MERIDIAN, MISSISSIPPI
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended September 30, 2015

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number/ Federal Contract</u>	<u>Program or Award Amount</u>	<u>Accrued (Unearned) Revenue 9/30/2014</u>	<u>Federal Receipts</u>	<u>Federal Share Disbursements/ Expenditures</u>	<u>Accrued (Unearned) Revenue 9/30/2015</u>	<u>Cumulative Federal Receipts</u>	<u>Cumulative Federal Share Disbursements/ Expenditures</u>	<u>Fund Type</u>
U. S. Department of Housing & Urban Development										
Pass-through Mississippi Development Authority:										
Katrina CDBG Downtown Drainage Improvements	14.228	R-110-258-02-GZ	\$ 3,500,000	\$ 47,115	\$ 656,851	\$ 1,610,622	\$ 1,000,886	\$ 804,601	\$ 1,805,487	Enterprise fund
Velma Young Community Center Improvements	14.228	1131-14-258-PF-01	600,000	-	5,000	5,000	-	5,000	5,000	Capital project
Total U.S. Department of Housing & Urban Development				<u>47,115</u>	<u>661,851</u>	<u>1,615,622</u>	<u>1,000,886</u>	<u>809,601</u>	<u>1,810,487</u>	
U. S. Department of Justice										
Direct program -										
ARRA-COPS Hiring Recovery Program	16.710	2009RKWX0503	581,680	-	118,433	118,433	-	527,342	527,342	Special revenue
Pass-through Mississippi Department of Public Safety:										
MS Stop Violence Against Women Program	16.013	13SL2221	33,361	6,367	33,250	26,883	-	33,250	33,250	Special revenue
MS Stop Violence Against Women Program	16.013	14SL2221	31,961	-	-	6,593	6,593	-	6,593	Special revenue
Bulletproof Vests Partnership	16.607	2012BUBX12063189	4,225	1,680	1,761	81	-	4,225	4,225	Special revenue
Bulletproof Vests Partnership	16.607	2013BUBX13068660	7,235	-	5,631	-	(5,631)	5,631	-	Special revenue
Bulletproof Vests Partnership	16.607	2014BUBX14074534	8,685	-	-	-	-	-	-	Special revenue
Bulletproof Vests Partnership	16.607	2015BUBX15078506	5,126	-	-	-	-	-	-	Special revenue
Total pass-through programs				<u>8,047</u>	<u>40,642</u>	<u>33,557</u>	<u>962</u>	<u>43,106</u>	<u>44,068</u>	
JAG Program cluster:										
Direct programs:										
Edward Byrne Memorial Justice Assistance	16.738	2012-DJ-BX-0964	33,867	(930)	-	930	-	33,867	33,867	Special revenue
Edward Byrne Memorial Justice Assistance	16.738	2013-DJ-BX-0919	33,999	-	33,999	33,999	-	33,999	33,999	Special revenue
Edward Byrne Memorial Justice Assistance	16.738	2014-DJ-BX-0655	35,750	-	35,750	35,750	-	35,750	35,750	Special revenue
Total JAG Program cluster				<u>(930)</u>	<u>69,749</u>	<u>70,679</u>	<u>-</u>	<u>103,616</u>	<u>103,616</u>	
Total U.S. Department of Justice				<u>7,117</u>	<u>228,824</u>	<u>222,669</u>	<u>962</u>	<u>674,064</u>	<u>675,026</u>	
U. S. Department of Transportation										
Pass-through Mississippi Department of Public Safety:										
Police Traffic Services	20.600	14-PT-222-1	34,330	3,717	8,128	4,411	-	11,793	11,793	Special revenue
Police Traffic Services	20.600	15-PT-222-1	34,340	-	-	21,717	21,717	-	21,717	Special revenue
DUI Enforcement	20.616	14-MD-222-1	143,736	1,235	32,392	31,157	-	66,275	66,275	Special revenue
DUI Enforcement	20.607	15-ST-222-1	84,305	-	18,855	45,028	26,173	18,855	45,028	Special revenue
Pass-through MS Department of Transportation:										
Safe Routes to School Project	20.205	SRSP-0320-00(023) & (024)	800,626	180,013	490,100	377,726	67,639	645,114	712,753	Capital project
Replacement of Bridges on 35th Ave. and 40th St.	20.205	STP-0320-00(025)	549,600	-	-	-	-	-	-	Capital project
Milling, Leveling, and Overlay of Various City Routes	20.205	STP-0320-00(026)	1,084,560	6,675	6,675	-	-	1,033,052	1,033,052	Capital project
Downtown (5th Street) Streetscape	20.205	STP-7234-00(001)	1,000,000	-	-	-	-	-	-	Capital project
Highway 39 Signals	20.205	STP-0074-00(020)	350,000	-	-	-	-	-	-	Capital project
Total U.S. Department of Transportation				<u>191,640</u>	<u>556,150</u>	<u>480,039</u>	<u>115,529</u>	<u>1,775,089</u>	<u>1,890,618</u>	

(continued)

CITY OF MERIDIAN, MISSISSIPPI
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended September 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number/ Federal Contract	Program or Award Amount	Accrued (Unearned) Revenue 9/30/2014	Federal Receipts	Federal Share Disbursements/ Expenditures	Accrued (Unearned) Revenue 9/30/2015	Cumulative Federal Receipts	Cumulative Federal Share Disbursements/ Expenditures	Fund Type
<u>U. S. Department of Health and Human Services</u>										
Pass-through Mississippi State Department of Health - Fire Academy for Kids	93.758	2B01OT009032-14	\$ 500	-	-	500	500	-	500	Special revenue
<u>U. S. Department of Homeland Security</u>										
Pass-through Mississippi Department of Public Safety:										
Hurricane Ivan Clean Up	97.036	FEMA-1550-MS-DR	661,805	157,631	-	-	157,631	504,174	661,805	Special revenue
Homeland Security - CERT Class & Kit Resupplies	97.053	12CC258	2,749	2,749	2,749	-	-	2,749	2,749	Special revenue
Homeland Security - Training	97.073	13HS258	75,000	6,005	-	68,995	75,000	-	75,000	Special revenue
Homeland Security - Training	97.073	A11HS258T	143,500	143,500	143,500	-	-	143,500	143,500	Special revenue
Homeland Security - Swift Water Rescue Training	97.073	M11HS258T	37,935	37,935	37,935	-	-	37,935	37,935	Special revenue
Homeland Security - NSAR Training Materials	97.073	S12HS258	20,000	-	-	-	-	-	-	Special revenue ¹
Homeland Security - Equipment	97.073	13HS258T	8,000	-	-	8,000	8,000	-	8,000	Special revenue
Homeland Security - Training	97.073	14HS258	75,000	-	-	19,524	19,524	-	19,524	Special revenue
Homeland Security - Training	97.073	14HS258T	37,000	-	-	-	-	-	-	Special revenue
Homeland Security - Training	97.073	15HS258	75,000	-	-	-	-	-	-	Special revenue
Total U.S. Department of Homeland Security				<u>347,820</u>	<u>184,184</u>	<u>96,519</u>	<u>260,155</u>	<u>688,358</u>	<u>948,513</u>	
Total federal financial assistance				<u>\$ 593,692</u>	<u>\$ 1,631,009</u>	<u>\$ 2,415,349</u>	<u>\$ 1,378,032</u>	<u>\$ 3,947,112</u>	<u>\$ 5,325,144</u>	

¹ The beginning accrued revenue and cumulative Federal share disbursements/expenditures for this grant have been adjusted to reflect that the 2014 expenditures were not reimbursed by the grant.

CITY OF MERIDIAN, MISSISSIPPI
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2015

(1) Basis of Presentation

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

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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Meridian, Mississippi ("City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 31, 2016. Our report includes a reference to other auditors who audited the financial statements of the Meridian Airport Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated March 31, 2016.

Purpose of this Report

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



Jackson, Mississippi
March 31, 2016

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

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

Report on Compliance for Each Major Federal Program

We have audited City of Meridian, Mississippi's ("City") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2015. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control Over Compliance

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

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

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

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

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

Reyes, Sanders & O'Neil, Ltd.

Jackson, Mississippi
March 31, 2016

CITY OF MERIDIAN, MISSISSIPPI
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended September 30, 2015

Section I - Summary of Audit Results

Financial Statements

Type of auditors' report issued:	Unmodified
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:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major program tested:

CFDA Number

Name of Federal Program or Cluster

14.228
20.205

Community Development Block Grants
Highway Planning and Construction

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

CITY OF MERIDIAN, MISSISSIPPI
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2015

Section II - Findings - Financial Statement Audit

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

Section III - Findings and Questioned Costs - Federal Award Programs

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

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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Meridian, Mississippi ("City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 31, 2016. Our report includes a reference to other auditors who audited the financial statements of the Meridian Airport Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

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

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



Jackson, Mississippi
March 31, 2016

