

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended September 30, 2009  
City of Meridian, Mississippi

MERIDIAN



A better longitude on life.

# **CITY OF MERIDIAN, MISSISSIPPI**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2009**

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



**CITY OF MERIDIAN, MISSISSIPPI**  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended September 30, 2009

**TABLE OF CONTENTS (Page 1 of 4)**

|   | <b><u>Page</u></b> |
|---|--------------------|
| <b><u>INTRODUCTORY SECTION</u></b> .....  | 1                  |
| Letter of Transmittal .....   | 3 - 7              |
| GFOA Certificate of Achievement .....   | 8                  |
| Organizational Structure .....  | 9                  |
| Listing of City Officials .....   | 10                 |
| <b><u>FINANCIAL SECTION</u></b> .....   | 11                 |
| <b>Independent Auditors' Report</b> .....   | 13 - 14            |
| <b>Management's Discussion and Analysis</b> .....   | 15 - 24            |
| <b>Basic Financial Statements:</b> .....  | 25                 |
| <b>Government-Wide Financial Statements:</b>  |                    |
| Statement of Net Assets .....   | 26 - 27            |
| Statement of Activities .....   | 28 - 29            |
| <b>Fund Financial Statements:</b>   |                    |
| <b>Governmental Funds:</b>  |                    |
| Balance Sheet .....   | 30                 |
| Reconciliation of the Balance Sheet of Governmental Funds to the<br>Statement of Net Assets .....   | 31                 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances .....   | 32                 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes<br>in Fund Balances of Governmental Funds to the Statement of Activities ..... | 33                 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances –<br>Budget and Actual (Budgetary Basis) – General Fund .....                       | 34 - 36            |
| Statement of Revenues, Expenditures, and Changes in Fund Balances –<br>Budget and Actual (Budgetary Basis) – Special Revenue Fund .....               | 37                 |
| <b>Proprietary Funds:</b>   |                    |
| Statement of Net Assets .....   | 38 - 39            |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets .....   | 41                 |
| Statement of Cash Flows .....   | 42 - 43            |
| <b>Fiduciary Funds:</b>   |                    |
| Statement of Fiduciary Assets and Liabilities .....   | 44                 |
| <b>Component Units:</b>   |                    |
| Statement of Net Assets .....   | 45                 |
| Statement of Activities .....   | 46                 |

**CITY OF MERIDIAN, MISSISSIPPI**  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended September 30, 2009

**TABLE OF CONTENTS (Page 2 of 4)**

| <b><u>FINANCIAL SECTION (Continued)</u></b>  | <b><u>Schedule</u></b> | <b><u>Page</u></b> |
|--|------------------------|--------------------|
| <b>Notes to Financial Statements</b> .....   |                        | 47 - 91            |
| <b>Required Supplementary Information:</b> .....   |                        | 93                 |
| Mississippi Municipal Retirement System – Schedule of<br>Funding Progress .....  | 1                      | 94                 |
| <b>Supplementary Information:</b>  |                        |                    |
| <b>Combining and Individual Fund Statements and Schedules:</b> .....   |                        | 95                 |
| <b>Nonmajor Governmental Funds:</b> .....  |                        | 97                 |
| Combining Balance Sheet – Nonmajor Capital Projects Funds .....  | 2                      | 98 - 99            |
| Combining Statement of Revenues, Expenditures, and Changes<br>in Fund Balances – Nonmajor Capital Projects Funds ..... | 3                      | 100 - 101          |
| Schedules of Revenues, Expenditures, and Changes in Fund<br>Balances – Budget and Actual (Budgetary Basis):            |                        |                    |
| Debt Service Fund .....  | 4                      | 102                |
| Capital Projects Funds .....   | 5                      | 103                |
| Schedule of General Fund Expenditures by Departments<br>and Divisions .....  | 6                      | 104 - 105          |
| <b>Nonmajor Enterprise Funds:</b> .....  |                        | 107                |
| Combining Statement of Net Assets .....  | 7                      | 108                |
| Combining Statement of Revenues, Expenses, and Changes<br>in Fund Net Assets .....                                     | 8                      | 109                |
| Combining Statement of Cash Flows .....  | 9                      | 110                |
| <b>Internal Service Funds:</b> .....   |                        | 111                |
| Combining Statement of Net Assets .....  | 10                     | 112                |
| Combining Statement of Revenues, Expenses, and Changes<br>in Fund Net Assets .....                                     | 11                     | 113                |
| Combining Statement of Cash Flows .....  | 12                     | 114                |
| <b>Fiduciary Funds:</b> .....  |                        | 115                |
| Combining Statement of Fiduciary Assets and Liabilities .....  | 13                     | 116                |
| Combining Statement of Changes in Fiduciary Assets and<br>Liabilities .....  | 14                     | 117- 119           |

**CITY OF MERIDIAN, MISSISSIPPI**  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended September 30, 2009

**TABLE OF CONTENTS (Page 3 of 4)**

|   | <b><u>Schedule</u></b> | <b><u>Page</u></b> |
|---|------------------------|--------------------|
| <b><u>FINANCIAL SECTION (Continued)</u></b>                                     |                        |                    |
| <b>Nonmajor Component Units:</b> .....  |                        | 121                |
| Combining Statement of Net Assets .....   | 15                     | 122                |
| Combining Statement of Activities .....   | 16                     | 123                |
| <b>Other Supplementary Information:</b> .....                                   |                        | 125                |
| Schedule Reconciling Original Ad Valorem Tax Rolls to<br>Fund Collections ..... | 17                     | 126 - 127          |
| Schedule of Investments .....   | 18                     | 128                |
| Schedule of Surety Bonds for Municipal Officials .....                          | 19                     | 129                |
| Schedule of Changes in Long-Term Debt .....                                     | 20                     | 131                |
| Schedule of Long-Term Debt Maturities .....                                     | 21                     | 132 - 133          |
| <b><u>STATISTICAL SECTION</u></b> .....   |                        | 135                |
| Net Assets by Component .....   | 22                     | 137                |
| Changes in Net Assets .....   | 23                     | 138 - 139          |
| Governmental Activities Tax Revenues by Source .....                            | 24                     | 140                |
| Fund Balances of Governmental Funds .....                                       | 25                     | 141                |
| Changes in Fund Balances of Governmental Funds .....                            | 26                     | 142 - 143          |
| General Government Tax Revenues by Source .....                                 | 27                     | 144                |
| Assessed Value and Estimated Actual Value of Taxable Property .....             | 28                     | 145                |
| Property Tax Rates – Direct and Overlapping Governments .....                   | 29                     | 146                |
| Principal Property Taxpayers .....  | 30                     | 147                |
| Property Tax Levies and Collections .....                                       | 31                     | 148                |
| Ratios of Outstanding Debt by Type .....  | 32                     | 149                |
| Ratios of General Obligation Bonded Debt Outstanding .....                      | 33                     | 150                |
| Direct and Overlapping Governmental Activities Debt .....                       | 34                     | 151                |
| Legal Debt Margin Information .....   | 35                     | 152                |
| Pledged-Revenue Bond Coverage .....   | 36                     | 153                |
| Demographic and Economic Statistics .....                                       | 37                     | 154                |
| Principal Employers .....   | 38                     | 155                |
| Full-time Equivalent City Government Employees by Function .....                | 39                     | 156                |
| Operating Indicators by Function .....  | 40                     | 157                |
| Capital Asset Statistics by Function .....                                      | 41                     | 158                |

**CITY OF MERIDIAN, MISSISSIPPI**  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended September 30, 2009

**TABLE OF CONTENTS (Page 4 of 4)**

|  | <b><u>Schedule</u></b> | <b><u>Page</u></b> |
|--|------------------------|--------------------|
| <b><u>SINGLE AUDIT SECTION</u></b> .....   |                        | 159                |
| Schedule of Expenditures of Federal Awards .....   | 42                     | 160 - 161          |
| Notes to the Schedule of Expenditures of Federal Awards .....  |                        | 162                |
| Summary Schedule of Prior Audit Findings.....  |                        | 163                |
| Independent Auditors' Report on Internal Control Over Financial<br>Reporting and on Compliance and Other Matters Based on an<br>Audit of Financial Statements Performed in Accordance With<br><i>Government Auditing Standards</i> ..... |                        | 165 - 166          |
| Independent Auditors' Report on Compliance with Requirements<br>Applicable to Each Major Program and Internal Control Over<br>Compliance in Accordance with OMB Circular A-133 .....   |                        | 167 - 168          |
| Schedule of Findings and Questioned Costs .....  |                        | 169 - 170          |
| Independent Auditors' Report on Compliance with State of<br>Mississippi Office of the State Auditor Requirements .....   |                        | 171                |

## **INTRODUCTORY SECTION**

**(This page intentionally left blank)**



March 29, 2010

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

**Mayor:**

CHERI BARRY  
(601) 485-1927  
FAX: (601) 485-1911

**Council members:**

GEORGE M THOMAS  
Ward 1

MARY A. B. PERRY  
Ward 2

BARBARA HENSON  
Ward 3

JESSE E. PALMER, SR.  
Ward 4

BOBBY R. SMITH  
Ward 5

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

**CITY DEPARTMENTS:**

**Chief Administrative Officer**

(601) 485-1929  
FAX: (601) 485-1911

**Community Development:**

(601) 485-1910  
FAX: (601) 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

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, 2009.

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, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2009, 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.

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 55 square miles and has an official 2000 population of 39,968. 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 stating the reasons for such veto, and no ordinance so vetoed shall take effect unless council within fifteen (15) days resolves to override the veto by a vote of two-thirds (2/3) of the members present and voting to override. The mayor and council serve concurrent, four-year terms.

The City provides a full range of services, including police and fire protection; 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 Redevelopment Authority and the Meridian and Bonita Lakes Development 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 manufacturing ranging from electronic music and sound equipment to aircraft parts to steel fabrication and roofing material. The City serves as a retail center for an area encompassing numerous counties in east Mississippi and west Alabama.

While the City is not immune to the economic environment that exists in our nation at this time, the City fared better than many communities did in 2009. Some future adjustments will be made, as sales tax revenues began to decline in late 2009 and budget projections were adjusted accordingly. Historically, Meridian has not suffered the severe swings in revenue that other areas suffered during economic downturns.

Additionally, the City serves as a regional health center, with six hospitals that employ over 5,000 healthcare professionals and staff. The federal government has a major presence in the area with the Meridian Naval Air Station (“NAS Meridian”), which provides training for both naval carrier pilots and technical training for various enlisted personnel. The base also provides the RCTA or Regional Counter-Drug Training Academy. This provides training for a variety of law enforcement entities from throughout the southeast in the war on drugs. The City’s Public Safety Training Facility is now recognized as a Level 2 law enforcement academy by the Mississippi Police Board of Standards and offered two academies during the year for those interested in becoming reserve or part-time officers. Each officer logged more than 250 hours of

classroom and field training. The City is also home to the first municipal Department of Homeland Security in the state and serves as the lead for 3 regional response teams covering 9 counties each, for a total task force coverage of 27 counties. A major training center, the Department offered 164 courses during the year spanning 295 calendar days. This training included the basic Firefighter 1001 class, three water-rescue classes, a rope technician specialty course, community emergency response team training for Meridian police cadets, teen driving programs attended by nearly 100 students, and arms training on the ranges, which were used by 36 different agencies. Additionally, the Public Safety Training Center serves as the location of a seven-state passenger rail emergency response training program funded by a Federal Railroad Administration grant.

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. Meridian saw the opening of the N.E.W. Customer Service Companies, Inc. Direct TV call center and Handy Hardware, a member-owned hardware buying group, has announced plans to open a distribution center in Meridian. The City is also working with Mississippi Power Company to provide treated wastewater for a proposed lignite plant in Kemper County.

Continuing efforts in the revitalization of downtown, the MSU Riley Center began its fourth season and continues to attract more than 60,000 visitors to downtown Meridian annually for conferences, meetings, and performances. The State Games of Mississippi held their opening-night ceremony downtown for a second year and drew a crowd of more than 10,000 people for the Parade of Athletes, torch lighting, and fireworks show. Efforts began to renovate the 22<sup>nd</sup> Avenue Bridge, known as the gateway into downtown. This project, paid from \$1,000,000 in bonds, includes replacing concrete approaches and the installation of new rails and antique lighting, similar to that around the MSU Riley Center. The restoration of historic 1915 City Hall continued with the issuance of \$10,000,000 in bonds for the Phase IV interior package. This project will return the National Register of Historic Places building to its original look while integrating modern technology.

A grand opening was held for the Carousel Place phase of the Hope VI project, creating safe, wholesome housing and neighborhoods for those who need public housing, with a mix of rental and homeowner units. Construction was also being completed for a 9<sup>th</sup> grade facility at Meridian High School thanks to community support of a \$19,500,000 school bond issue.

As of November 23, 2008, the annexation of approximately 9 square miles into the City of Meridian was finalized when affirmed by the Mississippi Supreme Court. This additional territory increased the City size by about 20% and added approximately 1,400 new residents.

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

**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.** One significant project initiated and to be completed includes a major computer and software project to replace and improve the City information technology systems. Another project initiated was extensive repair of the Bonita Lakes dam which had been damaged by Hurricane Katrina. 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, a new police complex and a new fire station in the recently annexed north portion of the City.

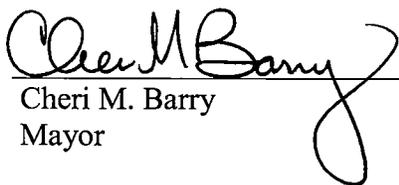
**Awards and Acknowledgements**

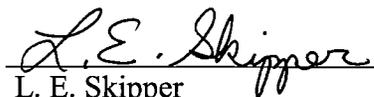
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report ("CAFR") for the fiscal year ended September 30, 2009. This was the thirteenth consecutive 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,

  
Cheri M. Barry  
Mayor

  
L. E. Skipper  
Chief Financial Officer

# 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, 2008

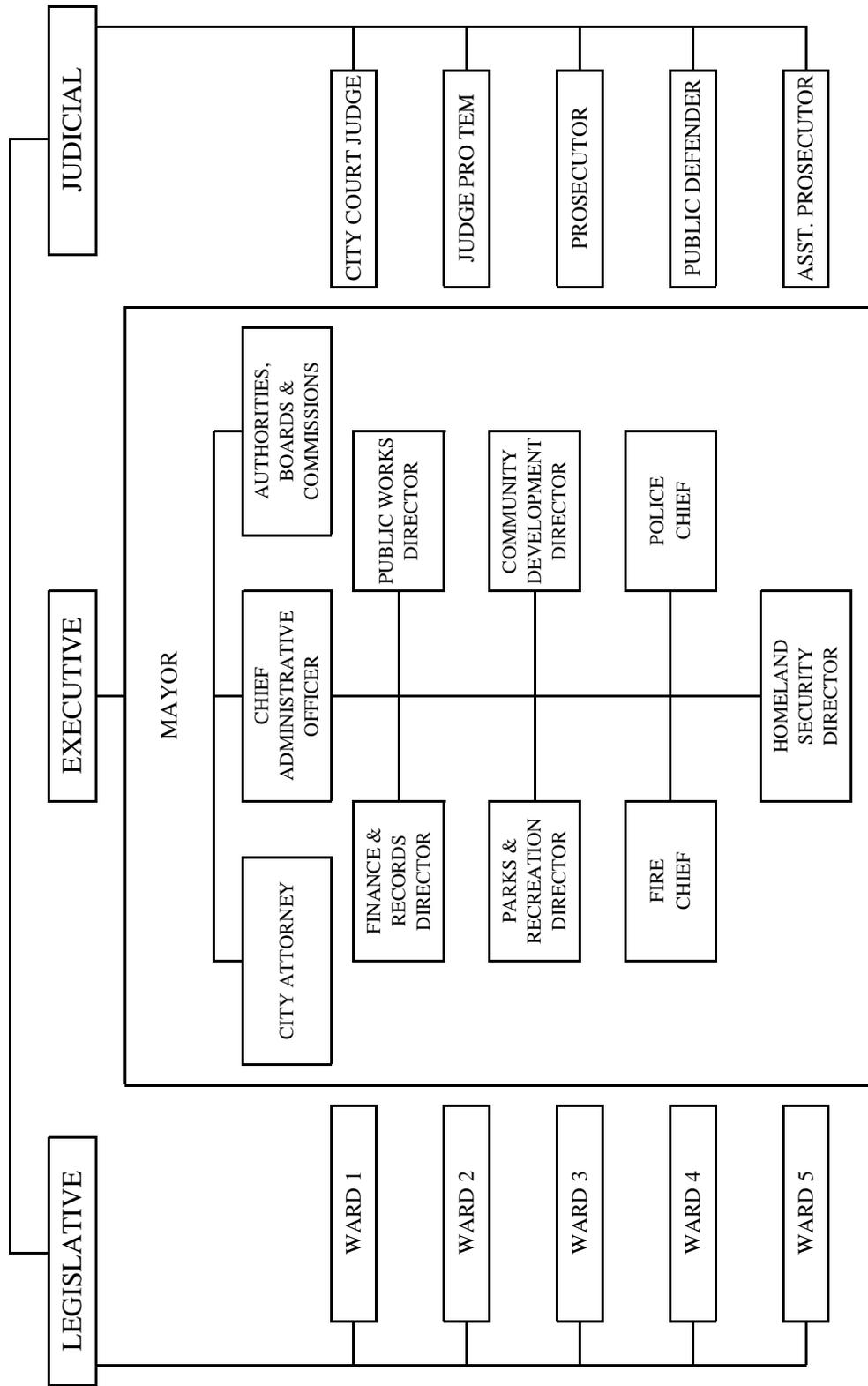
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

**CITY OF MERIDIAN, MISSISSIPPI**  
 Organizational Structure  
 September 30, 2009



**CITY OF MERIDIAN, MISSISSIPPI**

Listing of City Officials

September 30, 2009

**Elected Officials**

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

**Appointed Officials**

|   |                 |
|---|-----------------|
| Chief Administrative Officer .....          | Mark McDonald   |
| Finance & Records Director/City Clerk ..... | Ed Skipper      |
| Public Works Director .....                 | Monty Jackson   |
| Parks & Recreation Director .....           | Mark Naylor     |
| Community Development Director .....        | Don Farrar      |
| Fire Chief .....                            | Anthony Clayton |
| Police Chief .....                          | Lee Shelbourn   |
| Homeland Security Director .....            | Tim Miller      |
| City Attorney .....                         | Bill Ready, Sr. |

**FINANCIAL SECTION**

**(This page intentionally left blank)**

**INDEPENDENT AUDITORS' REPORT**

**The Honorable Mayor Cheri M. Barry and  
Honorable Members of the City Council  
City of Meridian, Mississippi:**

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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Meridian Transportation Commission or the Meridian Airport Authority, which represent 98.04% and 99.95%, respectively, of the assets and revenues of the component units column. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for these component units, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of 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, 2009, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and

**The Honorable Mayor Cheri M. Barry and  
Honorable Members of the City Council  
City of Meridian, Mississippi:  
Page two**

other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 24 and the schedule of funding progress on page 94 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 express no opinion on them.

*Brigade, Saden & O'Neil, P.C.*

Jackson, Mississippi  
March 29, 2010

**CITY OF MERIDIAN, MISSISSIPPI**  
Management's Discussion and Analysis  
Fiscal Year Ended September 30, 2009

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, 2009. 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 \$112,641 (*net assets*). Of this amount, \$5,953 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$23,495. This change in net assets is largely attributable to the capital infrastructure assets contributed by developers and acquired through annexation.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$23,629, an increase of \$3,897 in comparison with the prior year. Approximately 27 percent of this total amount, \$6,352, is *available for spending* at the City's discretion (*unreserved, undesignated fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$4,276 or 15 percent of total general fund expenditures.
- The City's total debt increased by \$4,331 (7 percent) during the current fiscal year. During the year, the City issued \$10,000 in new debt and retired \$5,669 of previously issued debt.

**Overview of the Financial Statements**

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

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

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 Transportation Commission, (3) Meridian and Bonita Lakes Development Authority, and (4) Meridian Redevelopment 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 26 - 29 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 15 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, special revenue fund, and City Hall improvements fund all of which are considered to be major funds. Data from the other 11 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 and its special revenue fund. A budgetary comparison statement has been provided for the general fund and the special revenue fund to demonstrate compliance with these budgets.

The basic governmental funds financial statements can be found on pages 30 - 37 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 38 - 43 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 statements can be found on page 44 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 47 - 91 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 94 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 95 - 123 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$112,641 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (84 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Meridian's Net Assets

| <u>Description</u>                                 | <u>Governmental Activities</u> |                | <u>Business-type Activities</u> |               | <u>Total</u>   |                |
|--|--------------------------------|----------------|---------------------------------|---------------|----------------|----------------|
|  | <u>2009</u>                    | <u>2008</u>    | <u>2009</u>                     | <u>2008</u>   | <u>2009</u>    | <u>2008</u>    |
| Current and other assets                           | \$ 29,292                      | 24,921         | 12,970                          | 13,718        | 42,262         | 38,639         |
| Capital assets, net                                | <u>103,490</u>                 | <u>76,017</u>  | <u>38,483</u>                   | <u>41,891</u> | <u>141,973</u> | <u>117,908</u> |
| <b>Total assets</b>                                | <u>132,782</u>                 | <u>100,938</u> | <u>51,453</u>                   | <u>55,609</u> | <u>184,235</u> | <u>156,547</u> |
| Long-term liabilities outstanding                  | 43,271                         | 36,366         | 22,115                          | 24,704        | 65,386         | 61,070         |
| Other liabilities                                  | <u>3,890</u>                   | <u>3,994</u>   | <u>2,318</u>                    | <u>2,337</u>  | <u>6,208</u>   | <u>6,331</u>   |
| <b>Total liabilities</b>                           | <u>47,161</u>                  | <u>40,360</u>  | <u>24,433</u>                   | <u>27,041</u> | <u>71,594</u>  | <u>67,401</u>  |
| Net assets:  |                                |                |                                 |               |                |                |
| Invested in capital assets,<br>net of related debt | 75,492                         | 50,692         | 19,326                          | 17,684        | 94,818         | 68,376         |
| Restricted   | 6,429                          | 5,810          | 5,441                           | 7,717         | 11,870         | 13,527         |
| Unrestricted                                       | <u>3,700</u>                   | <u>4,076</u>   | <u>2,253</u>                    | <u>3,167</u>  | <u>5,953</u>   | <u>7,243</u>   |
| <b>Total net assets</b>                            | <u>\$ 85,621</u>               | <u>60,578</u>  | <u>27,020</u>                   | <u>28,568</u> | <u>112,641</u> | <u>89,146</u>  |

An additional portion of the City's net assets (11 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,953 in *unrestricted net assets* may be used to meet the City's ongoing obligations to citizens and creditors.

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

There was a decrease of \$2,276 in restricted net assets reported in connection with the City's business-type activities. This is a result of decreased funds available for capital projects in the water and sewer system.

The City's net assets increased \$23,495 during the current fiscal year. This change in net assets is largely attributable to the capital infrastructure assets contributed by developers and acquired through annexation.

**Governmental activities.** Governmental activities increased the City's net assets by \$25,043. Key elements of these changes in net assets are as follows:

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

| <b><u>Description</u></b>   | <b><u>Governmental Activities</u></b> |                    | <b><u>Business-type Activities</u></b> |                    | <b><u>Total</u></b> |                    |
|---|---------------------------------------|--------------------|--|--------------------|---------------------|--------------------|
|   | <b><u>2009</u></b>                    | <b><u>2008</u></b> | <b><u>2009</u></b>                     | <b><u>2008</u></b> | <b><u>2009</u></b>  | <b><u>2008</u></b> |
| <b>Revenues:</b>  |                                       |                    |  |                    |                     |                    |
| Program revenues:   |                                       |                    |  |                    |                     |                    |
| Charges for services  | \$ 2,344                              | 2,550              | 13,734                                 | 13,159             | 16,078              | 15,709             |
| Operating grants and contributions  | 1,572                                 | 1,379              | -                                      | -                  | 1,572               | 1,379              |
| Capital grants and contributions  | 1,497                                 | 500                | 65                                     | 87                 | 1,562               | 587                |
| General revenues:   |                                       |                    |  |                    |                     |                    |
| Property taxes  | 12,085                                | 10,826             | 999                                    | 810                | 13,084              | 11,636             |
| Other taxes   | 17,701                                | 17,795             | -                                      | -                  | 17,701              | 17,795             |
| Grants and contributions not restricted to specific programs                                    | 74                                    | 70                 | -                                      | -                  | 74                  | 70                 |
| Other   | <u>146</u>                            | <u>628</u>         | <u>100</u>                             | <u>299</u>         | <u>246</u>          | <u>927</u>         |
| Total revenues  | <u>35,419</u>                         | <u>33,748</u>      | <u>14,898</u>                          | <u>14,355</u>      | <u>50,317</u>       | <u>48,103</u>      |
| <b>Expenses:</b>  |                                       |                    |  |                    |                     |                    |
| General government  | 7,017                                 | 7,211              | -                                      | -                  | 7,017               | 7,211              |
| Public safety   | 16,010                                | 15,017             | -                                      | -                  | 16,010              | 15,017             |
| Public works  | 7,440                                 | 6,567              | -                                      | -                  | 7,440               | 6,567              |
| Culture and recreation  | 2,307                                 | 2,390              | -                                      | -                  | 2,307               | 2,390              |
| Economic development  | 22                                    | 134                | -                                      | -                  | 22                  | 134                |
| Sanitation  | -                                     | -                  | 2,526                                  | 2,401              | 2,526               | 2,401              |
| Interest on long-term debt  | 1,615                                 | 1,772              | -                                      | -                  | 1,615               | 1,772              |
| Other   | 42                                    | 6                  | 835                                    | 782                | 877                 | 788                |
| Water and sewer   | <u>-</u>                              | <u>-</u>           | <u>12,557</u>                          | <u>12,078</u>      | <u>12,557</u>       | <u>12,078</u>      |
| Total expenses  | <u>34,453</u>                         | <u>33,097</u>      | <u>15,918</u>                          | <u>15,261</u>      | <u>50,371</u>       | <u>48,358</u>      |
| <b>Excess (deficiency) of revenues over (under) expenses before transfers and special items</b> | 966                                   | 651                | (1,020)                                | (906)              | (54)                | (255)              |
| Special item - annexed property   | 23,549                                | -                  | -                                      | -                  | 23,549              | -                  |
| Transfers   | <u>528</u>                            | <u>327</u>         | <u>(528)</u>                           | <u>(327)</u>       | <u>-</u>            | <u>-</u>           |
| <b>Change in net assets</b>   | 25,043                                | 978                | (1,548)                                | (1,233)            | 23,495              | (255)              |
| <b>Net assets - beginning</b>   | <u>60,578</u>                         | <u>59,600</u>      | <u>28,568</u>                          | <u>29,801</u>      | <u>89,146</u>       | <u>89,401</u>      |
| <b>Net assets - ending</b>  | \$ <u>85,621</u>                      | <u>60,578</u>      | <u>27,020</u>                          | <u>28,568</u>      | <u>112,641</u>      | <u>89,146</u>      |

- Property taxes increased \$1,259 or 12% in 2009 over 2008. This increase in 2009 property tax receipts for the City was mostly due to the 2008 reappraisal of property in Lauderdale County by the Lauderdale County Tax Assessor.
- Charges for services decreased \$206 or 8 percent in 2009 under 2008.
- Operating grants and contributions increased \$193 or 14 percent in 2009 over 2008. This was mostly due to an increase in operating grants for public safety, including a \$135 Justice Assistance Grant funded by the American Recovery and Reinvestment Act.
- Capital grants and contributions increased \$997 or 199 percent in 2009 over 2008. This was largely due to capital infrastructure assets contributed by developers.
- Other taxes (which include sales taxes) decreased \$94 or .5 percent.
- There is a special item in 2009 of \$23,549 that represents capital infrastructure assets acquired through annexation.
- Total revenues increased \$1,671 or 5 percent.
- Total expenses increased \$1,356 or 4 percent.

**Business-type activities.** Business-type activities decreased the City's net assets by \$1,548. This is primarily due to increased sanitation expenses of \$125, increased water and sewer expenses of \$479, and decreased unrestricted investment earnings of \$199. Rates for garbage pickup and for water and sewer usage were increased during fiscal year 2009.

### **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, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$23,629, an increase of \$3,897 in comparison with the prior year. Approximately 27 percent of this total amount constitutes an *unreserved, undesignated fund balance* of \$6,352, which is available for spending at the City's discretion. \$1,984 is unreserved, but designated for subsequent years' expenditures for capital projects. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to liquidate contracts and pay purchase orders in the amount of \$11,145 for the prior period and for a variety of other restricted purposes in the amount of \$4,148.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$4,276, while total fund balance was \$6,760. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to the total fund expenditures. Unreserved fund balance represents 15 percent of total general fund expenditures, while total fund balance represents 23 percent of that same amount. The fund balance of the City's general fund decreased by \$1,411, during the current fiscal year. This was primarily due to increased public safety expenditures and increased public works projects.

The debt service fund has a total fund balance of \$2,680, all of which is reserved for the payment of debt service. The net increase of \$355 during the current year in the debt service fund is a result of the timing of payment due dates of long-term debt. The special revenue fund's total fund balance is \$4,019 at the end of the current fiscal year. \$1,943 of the special revenue fund balance is reserved for encumbrances. The remaining special revenue fund balance of \$2,075 is unreserved. The fund balance of the special revenue fund increased \$330 during the current fiscal year. This increase is largely due to the increase in intergovernmental revenues. More federal grants were received in fiscal year 2009 over 2008. The City Hall improvements fund has a total of \$7,784, all of which is reserved for encumbrances. The fund balance of the City Hall improvements fund increased \$4,194 during the current fiscal year. This increase is the unspent 2009 general obligation bond funds transferred in.

**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 assets of the water and sewer fund at the end of the year amounted to \$1,851, and those for the waste collection and disposal fund amounted to \$270. The total increase in net assets for the waste collection and disposal fund is \$43 and the water and sewer fund decreased by \$1,486.

### General Fund Budgetary Highlights

Difference between the original budget and the final amended budget was a \$579 increase in expenditures. Changes within the levels of expenditures can be briefly summarized as follows:

| <u>Description</u>    | <u>Increase<br/>(Decrease)</u> |
|-----------------------|--------------------------------|
| General government    | \$ 314                         |
| Finance and records   | (37)                           |
| Community development | (20)                           |
| Parks and recreation  | 121                            |
| Public works          | (127)                          |
| Police                | 213                            |
| Fire                  | <u>115</u>                     |
| <b>Total</b>          | <b>\$ <u>579</u></b>           |

Actual revenues exceeded the final amended budget by \$634.

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<br/>Budget</u> |
|------------------------------|--------------------------------|
| General government           | \$ 770                         |
| Finance and records          | 130                            |
| Community development        | 117                            |
| Parks and recreation         | 243                            |
| Public works                 | 377                            |
| Police                       | 271                            |
| Fire                         | 126                            |
| Homeland security            | 103                            |
| Arts district parking garage | <u>44</u>                      |
| <b>Total</b>                 | <b>\$ <u>2,181</u></b>         |

**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, 2009, amounts to \$141,973 (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 renovation and restoration of City Hall.
- Continued Hope VI street infrastructure and improvements (Carousel Place).
- Continued installation of an integrated financial, customer, and maintenance management software system.
- Repair and upgrades to the 22<sup>nd</sup> Avenue Bridge.
- Repairs to the Bonita Lakes Dam.
- Received \$1,094 in capital infrastructure assets contributed to the City by developers and \$23,549 acquired through annexation.

**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>2009</u>                    | <u>2008</u>   | <u>2009</u>                     | <u>2008</u>   | <u>2009</u>    | <u>2008</u>    |
| Land                              | \$ 7,818                       | 7,657         | 272                             | 272           | 8,090          | 7,929          |
| Right of ways                     | 3                              | 3             | -                               | -             | 3              | 3              |
| Building and system               | 17,984                         | 18,212        | 36,833                          | 40,279        | 54,817         | 58,491         |
| Improvements other than buildings | 2,253                          | 2,364         | 25                              | 25            | 2,278          | 2,389          |
| Machinery and equipment           | 4,975                          | 5,813         | 823                             | 937           | 5,798          | 6,750          |
| Infrastructure                    | 59,113                         | 37,020        | -                               | -             | 59,113         | 37,020         |
| Construction in progress          | <u>11,344</u>                  | <u>4,948</u>  | <u>530</u>                      | <u>378</u>    | <u>11,874</u>  | <u>5,326</u>   |
| <b>Total</b>                      | \$ <u>103,490</u>              | <u>76,017</u> | <u>38,483</u>                   | <u>41,891</u> | <u>141,973</u> | <u>117,908</u> |

Additional information on the City's capital assets can be found in note 5 on pages 69 - 72 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$48,420. Of this amount, \$29,555 comprises debt backed by the full faith and credit of the City, \$5,565 is special obligation bonds, \$1,770 is tax increment financing bonds and \$2,955 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City's total bonded debt increased by \$6,265 (15 percent) during the current fiscal year. The increase is due to the issuance of new bonds exceeding retirements.

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

| <b><u>Description</u></b>                            | <b><u>Governmental Activities</u></b> |                    | <b><u>Business-type Activities</u></b> |                    | <b><u>Total</u></b> |                    |
|--|---------------------------------------|--------------------|--|--------------------|---------------------|--------------------|
|  | <b><u>2009</u></b>                    | <b><u>2008</u></b> | <b><u>2009</u></b>                     | <b><u>2008</u></b> | <b><u>2009</u></b>  | <b><u>2008</u></b> |
| General obligation bonds                             | \$ 29,555                             | 20,985             | -                                      | -                  | 29,555              | 20,985             |
| Special obligation bonds                             | 5,565                                 | 5,835              | -                                      | -                  | 5,565               | 5,835              |
| Limited obligation tax increment financing bonds     | 1,770                                 | 2,135              | -                                      | -                  | 1,770               | 2,135              |
| Special assessment debt with governmental commitment | 2,955                                 | 3,245              | -                                      | -                  | 2,955               | 3,245              |
| Revenue bonds  | -                                     | -                  | <u>8,575</u>                           | <u>9,955</u>       | <u>8,575</u>        | <u>9,955</u>       |
| <b>Total</b>   | \$ <u>39,845</u>                      | <u>32,200</u>      | <u>8,575</u>                           | <u>9,955</u>       | <u>48,420</u>       | <u>42,155</u>      |

The City maintains excellent bond ratings for both general obligation and revenue bond debt. The general obligation bonds maintain an "A+" rating from Standard & Poor's Ratings Services and an "A2" rating from Moody's Investors Service. The revenue bonds of the water and sewer fund have been rated "BBB" by Standard and Poor's Ratings Services and "Baa1" by Moody's Investors Service.

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 \$46,899 which is significantly in excess of the City's net outstanding general obligation debt of \$26,875 applicable to the debt limitation.

Additional information on the City's long-term debt can be found in note 9 on pages 76 - 81 of this report.

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

- The unemployment rate for the City is currently 12.7 percent, which is an increase from the rate of 9.1 percent a year ago. The statewide average is 9.5 percent as compared to the national average of 9.3 percent.
- The revitalization of the City continued with the issuance of 772 building permits with a construction value of \$20 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 2.0 percent versus the national average decrease of 1.3 percent.
- Sales tax collections year to date in fiscal year 2010 are down 5% from the previous fiscal year. During the first six months of fiscal year 2010, the City has received \$6,654 in sales tax collections, compared to \$7,001 received during the same period of fiscal year 2009.

All of these factors were considered in preparing the City's budget for the 2010 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased to \$4,276. The City has appropriated \$1,850 of this amount for spending in the 2010 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 Assets

September 30, 2009

| <u>ASSETS</u>                                      | <u>Primary Government</u>          |                                     |                    | <u>Component<br/>Units</u> |
|--|------------------------------------|-------------------------------------|--------------------|----------------------------|
|  | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>       |                            |
| Cash and cash equivalents                          | \$ 20,444,767                      | 2,702,829                           | 23,147,596         | 1,564,042                  |
| Investments  | 1,350,000                          | -                                   | 1,350,000          | -                          |
| Receivables, net:                                  |                                    |                                     |                    |                            |
| Taxes  | 1,251,243                          | -                                   | 1,251,243          | -                          |
| Accounts   | 787,483                            | 1,118,700                           | 1,906,183          | 504,199                    |
| Special assessments                                | 975,575                            | -                                   | 975,575            | -                          |
| Intergovernmental                                  | 1,652,078                          | -                                   | 1,652,078          | 265,429                    |
| Interest   | 5,025                              | 888                                 | 5,913              | -                          |
| Miscellaneous                                      | 218,910                            | 5,842                               | 224,752            | -                          |
| Due from component units                           | 16,172                             | 1,365                               | 17,537             | -                          |
| Internal balances                                  | (52,004)                           | 52,004                              | -                  | -                          |
| Inventory  | 54,770                             | 399,494                             | 454,264            | 56,684                     |
| Prepaid items                                      | 96,814                             | 32,066                              | 128,880            | 28,633                     |
| Deferred charges                                   | 773,635                            | 364,869                             | 1,138,504          | -                          |
| Net pension asset                                  | 345,604                            | -                                   | 345,604            | -                          |
| Temporarily restricted assets -                    |                                    |                                     |                    |                            |
| Cash and investments                               | -                                  | 8,292,154                           | 8,292,154          | 228,589                    |
| Asset held for resale                              | 1,371,602                          | -                                   | 1,371,602          | -                          |
| Capital assets not being depreciated:              |                                    |                                     |                    |                            |
| Land   | 7,817,735                          | 271,666                             | 8,089,401          | 500,000                    |
| Right of ways                                      | 2,600                              | -                                   | 2,600              | -                          |
| Collections - historical treasures                 | 141,250                            | -                                   | 141,250            | -                          |
| Capital assets held for development                | -                                  | -                                   | -                  | 40,119                     |
| Construction in progress                           | 11,344,658                         | 530,494                             | 11,875,152         | 1,257,828                  |
| Capital assets net of<br>accumulated depreciation: |                                    |                                     |                    |                            |
| Buildings  | 17,984,447                         | 6,650                               | 17,991,097         | 3,413,378                  |
| Water and sewer system                             | -                                  | 36,826,326                          | 36,826,326         | -                          |
| Improvements other than buildings                  | 2,252,889                          | 24,975                              | 2,277,864          | 11,955,725                 |
| Machinery and equipment                            | 4,833,657                          | 823,279                             | 5,656,936          | 1,765,509                  |
| Infrastructure                                     | 59,113,260                         | -                                   | 59,113,260         | -                          |
| <b>Total assets</b>                                | <u>132,782,170</u>                 | <u>51,453,601</u>                   | <u>184,235,771</u> | <u>21,580,135</u>          |

(Continued)

**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Net Assets  
September 30, 2009

| <u><b>LIABILITIES</b></u>                          | <u><b>Primary Government</b></u>          |  |                     | <u><b>Component<br/>Units</b></u> |
|--|---|--|---------------------|-----------------------------------|
|  | <u><b>Governmental<br/>Activities</b></u> | <u><b>Business-type<br/>Activities</b></u> | <u><b>Total</b></u> |                                   |
| Accounts payable and<br>other current liabilities  | \$ 2,418,861                              | 1,009,742                                  | 3,428,603           | 532,279                           |
| Accrued interest                                   | 571,755                                   | -  | 571,755             | -                                 |
| Accrued salaries                                   | 641,637                                   | 141,318                                    | 782,955             | -                                 |
| Accrued sales tax                                  | -   | 12,329                                     | 12,329              | -                                 |
| Deposits payable                                   | 256,717                                   | 825,692                                    | 1,082,409           | -                                 |
| Notes payable                                      | -   | -  | -                   | 35,012                            |
| Liabilities payable from restricted assets         | -   | 328,893                                    | 328,893             | -                                 |
| Unearned revenue                                   | 1,278                                     | -  | 1,278               | 39,152                            |
| Noncurrent liabilities:                            |   |  |                     |                                   |
| Due within one year:                               |   |  |                     |                                   |
| Deferred revenue forward invested funds            | -   | 41,923                                     | 41,923              | -                                 |
| Bonds, loans and leases payable                    | 3,498,127                                 | 118,449                                    | 3,616,576           | -                                 |
| Bonds and loans payable from<br>restricted assets  | -   | 3,645,738                                  | 3,645,738           | -                                 |
| Compensated absences                               | 494,230                                   | 66,290                                     | 560,520             | -                                 |
| Claims and judgments                               | 27,146                                    | -  | 27,146              | -                                 |
| Due in more than one year:                         |   |  |                     |                                   |
| Deferred revenue forward invested funds            | -   | 193,079                                    | 193,079             | -                                 |
| Bonds, loans and leases payable                    | 38,262,866                                | 17,915,326                                 | 56,178,192          | -                                 |
| Compensated absences                               | 988,460                                   | 134,588                                    | 1,123,048           | -                                 |
| <b>Total liabilities</b>                           | <u>47,161,077</u>                         | <u>24,433,367</u>                          | <u>71,594,444</u>   | <u>606,443</u>                    |
| <u><b>NET ASSETS</b></u>                           |   |  |                     |                                   |
| Invested in capital assets,<br>net of related debt | 75,491,577                                | 19,326,255                                 | 94,817,832          | 18,932,559                        |
| Restricted for:                                    |   |  |                     |                                   |
| Debt service                                       | 2,108,105                                 | 4,463,010                                  | 6,571,115           | -                                 |
| Capital projects                                   | 302,252                                   | 977,873                                    | 1,280,125           | 228,589                           |
| Public safety                                      | 3,861,813                                 | -  | 3,861,813           | -                                 |
| Culture and recreation                             | 122,762                                   | -  | 122,762             | -                                 |
| Economic development                               | 34,150                                    | -  | 34,150              | -                                 |
| Unrestricted                                       | <u>3,700,434</u>                          | <u>2,253,096</u>                           | <u>5,953,530</u>    | <u>1,812,544</u>                  |
| <b>Total net assets</b>                            | <u>\$ 85,621,093</u>                      | <u>27,020,234</u>                          | <u>112,641,327</u>  | <u>20,973,692</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, 2009

| <u>Functions/Programs</u>             | <u>Expenses</u>             | <u>Program Revenues</u>         |   |   |
|---------------------------------------|-----------------------------|---------------------------------|---|---|
|                                       |                             | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> |
| <b>Primary government:</b>            |                             |                                 |   |   |
| Governmental activities:              |                             |                                 |   |   |
| General government                    | \$ 7,017,463                | 580,550                         | -   | -   |
| Public safety                         | 16,009,954                  | 1,590,428                       | 1,545,710   | 58,795  |
| Public works                          | 7,440,357                   | -                               | -   | 1,093,750                                       |
| Culture and recreation                | 2,306,590                   | 172,884                         | 4,784   | 182,177   |
| Economic development                  | 21,846                      | -                               | 21,290  | 162,554   |
| Other                                 | 41,536                      | -                               | -   | -   |
| Interest on long-term debt            | <u>1,614,612</u>            | <u>-</u>                        | <u>-</u>  | <u>-</u>  |
| <b>Total governmental activities</b>  | <b><u>34,452,358</u></b>    | <b><u>2,343,862</u></b>         | <b><u>1,571,784</u></b>                           | <b><u>1,497,276</u></b>                         |
| Business-type activities:             |                             |                                 |   |   |
| Water and sewer                       | 12,557,315                  | 11,715,171                      | -   | 65,205  |
| Waste collection and disposal         | 2,526,360                   | 1,611,349                       | -   | -   |
| Golf course                           | 418,386                     | 284,206                         | -   | -   |
| Union Station                         | 387,422                     | 79,632                          | -   | -   |
| Concessions                           | <u>29,219</u>               | <u>43,826</u>                   | <u>-</u>  | <u>-</u>  |
| <b>Total business-type activities</b> | <b><u>15,918,702</u></b>    | <b><u>13,734,184</u></b>        | <b><u>-</u></b>                                   | <b><u>65,205</u></b>                            |
| <b>Total primary government</b>       | <b><u>\$ 50,371,060</u></b> | <b><u>16,078,046</u></b>        | <b><u>1,571,784</u></b>                           | <b><u>1,562,481</u></b>                         |
| <b>Component units:</b>               |                             |                                 |   |   |
| Meridian Airport Authority            | \$ 7,101,804                | 6,407,523                       | 14,725  | 1,466,595                                       |
| Nonmajor component units              | <u>660,611</u>              | <u>135,914</u>                  | <u>520,234</u>                                    | <u>-</u>  |
| <b>Total component units</b>          | <b><u>\$ 7,762,415</u></b>  | <b><u>6,543,437</u></b>         | <b><u>534,959</u></b>                             | <b><u>1,466,595</u></b>                         |

**General revenues:**

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

**Special item - annexed property**

**Transfers**

**Total general revenues, special items, and transfers**

**Change in net assets**

**Net assets, October 1, 2008**

**Net assets, September 30, 2009**

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

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

| <b>Primary Government</b>          |                                     |                     |                            |
|------------------------------------|-------------------------------------|---------------------|----------------------------|
| <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>        | <b>Component<br/>Units</b> |
| (6,436,913)                        | -                                   | (6,436,913)         | -                          |
| (12,815,021)                       | -                                   | (12,815,021)        | -                          |
| (6,346,607)                        | -                                   | (6,346,607)         | -                          |
| (1,946,745)                        | -                                   | (1,946,745)         | -                          |
| 161,998                            | -                                   | 161,998             | -                          |
| (41,536)                           | -                                   | (41,536)            | -                          |
| <u>(1,614,612)</u>                 | <u>-</u>                            | <u>(1,614,612)</u>  | <u>-</u>                   |
| <u>(29,039,436)</u>                | <u>-</u>                            | <u>(29,039,436)</u> | <u>-</u>                   |
| -                                  | (776,939)                           | (776,939)           | -                          |
| -                                  | (915,011)                           | (915,011)           | -                          |
| -                                  | (134,180)                           | (134,180)           | -                          |
| -                                  | (307,790)                           | (307,790)           | -                          |
| <u>-</u>                           | <u>14,607</u>                       | <u>14,607</u>       | <u>-</u>                   |
| <u>-</u>                           | <u>(2,119,313)</u>                  | <u>(2,119,313)</u>  | <u>-</u>                   |
| <u>(29,039,436)</u>                | <u>(2,119,313)</u>                  | <u>(31,158,749)</u> | <u>-</u>                   |
| -                                  | -                                   | -                   | 787,039                    |
| <u>-</u>                           | <u>-</u>                            | <u>-</u>            | <u>(4,463)</u>             |
| <u>-</u>                           | <u>-</u>                            | <u>-</u>            | <u>782,576</u>             |
| 12,085,213                         | 999,015                             | 13,084,228          | -                          |
| 13,744,396                         | -                                   | 13,744,396          | -                          |
| 2,743,896                          | -                                   | 2,743,896           | -                          |
| 1,193,717                          | -                                   | 1,193,717           | -                          |
| 19,238                             | -                                   | 19,238              | -                          |
| 73,557                             | -                                   | 73,557              | -                          |
| 146,038                            | 99,826                              | 245,864             | 8,359                      |
| 23,549,415                         | -                                   | 23,549,415          | -                          |
| <u>527,537</u>                     | <u>(527,537)</u>                    | <u>-</u>            | <u>-</u>                   |
| <u>54,083,007</u>                  | <u>571,304</u>                      | <u>54,654,311</u>   | <u>8,359</u>               |
| 25,043,571                         | (1,548,009)                         | 23,495,562          | 790,935                    |
| <u>60,577,522</u>                  | <u>28,568,243</u>                   | <u>89,145,765</u>   | <u>20,182,757</u>          |
| \$ <u>85,621,093</u>               | <u>27,020,234</u>                   | <u>112,641,327</u>  | <u>20,973,692</u>          |

**CITY OF MERIDIAN, MISSISSIPPI**

Balance Sheet  
Governmental Funds  
September 30, 2009

|  | <u>General</u>      | <u>Debt<br/>Service</u> | <u>Special<br/>Revenue</u> | <u>City Hall<br/>Improvements</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|-------------------------|----------------------------|-----------------------------------|--|---|
| <b>ASSETS</b>  |                     |                         |                            |                                   |  |   |
| Cash and cash equivalents  | \$ 3,528,560        | 2,655,441               | 3,369,146                  | 8,088,568                         | 2,409,792                                  | 20,051,507                              |
| Investments  | 1,350,000           | -                       | -                          | -                                 | -  | 1,350,000                               |
| Receivables, net:  |                     |                         |                            |                                   |  |   |
| Taxes  | 1,225,391           | 25,852                  | -                          | -                                 | -  | 1,251,243                               |
| Accounts   | 787,483             | -                       | -                          | -                                 | -  | 787,483                                 |
| Special assessments  | -                   | 975,575                 | -                          | -                                 | -  | 975,575                                 |
| Intergovernmental  | 207,884             | -                       | 1,129,821                  | -                                 | 314,373                                    | 1,652,078                               |
| Interest   | 5,025               | -                       | -                          | -                                 | -  | 5,025                                   |
| Miscellaneous  | 15,494              | -                       | -                          | -                                 | -  | 15,494                                  |
| Due from other funds   | 617,312             | -                       | 175,713                    | -                                 | 69,188                                     | 862,213                                 |
| Due from component units   | 3,633               | -                       | -                          | -                                 | -  | 3,633                                   |
| Prepaid items  | 96,814              | -                       | -                          | -                                 | -  | 96,814                                  |
| Asset held for resale  | <u>1,371,602</u>    | <u>-</u>                | <u>-</u>                   | <u>-</u>                          | <u>-</u>                                   | <u>1,371,602</u>                        |
| <b>Total assets</b>  | \$ <u>9,209,198</u> | <u>3,656,868</u>        | <u>4,674,680</u>           | <u>8,088,568</u>                  | <u>2,793,353</u>                           | <u>28,422,667</u>                       |
| <b>LIABILITIES AND FUND BALANCES</b>                                     |                     |                         |                            |                                   |  |   |
| <b>Liabilities:</b>  |                     |                         |                            |                                   |  |   |
| Accounts payable   | \$ 1,220,909        | 1,433                   | 151,965                    | 304,677                           | 233,669                                    | 1,912,653                               |
| Accrued salaries   | 639,594             | -                       | 2,043                      | -                                 | -  | 641,637                                 |
| Deposits payable   | 256,717             | -                       | -                          | -                                 | -  | 256,717                                 |
| Due to other funds   | 331,518             | -                       | 500,669                    | -                                 | 173,567                                    | 1,005,754                               |
| Deferred revenue   | <u>-</u>            | <u>975,575</u>          | <u>1,278</u>               | <u>-</u>                          | <u>-</u>                                   | <u>976,853</u>                          |
| <b>Total liabilities</b>   | <u>2,448,738</u>    | <u>977,008</u>          | <u>655,955</u>             | <u>304,677</u>                    | <u>407,236</u>                             | <u>4,793,614</u>                        |
| <b>Fund balances:</b>  |                     |                         |                            |                                   |  |   |
| Reserved:  |                     |                         |                            |                                   |  |   |
| Encumbrances   | 1,015,555           | -                       | 1,943,248                  | 7,783,891                         | 401,993                                    | 11,144,687                              |
| Prepaid items  | 96,814              | -                       | -                          | -                                 | -  | 96,814                                  |
| Debt service   | -                   | 2,679,860               | -                          | -                                 | -  | 2,679,860                               |
| Asset held for resale  | 1,371,602           | -                       | -                          | -                                 | -  | 1,371,602                               |
| Unreserved, designated for subsequent years' expenditures, reported in - |                     |                         |                            |                                   |  |   |
| Capital projects funds   | -                   | -                       | -                          | -                                 | 1,984,124                                  | 1,984,124                               |
| Unreserved, reported in:   |                     |                         |                            |                                   |  |   |
| General fund   | 4,276,489           | -                       | -                          | -                                 | -  | 4,276,489                               |
| Special revenue fund   | <u>-</u>            | <u>-</u>                | <u>2,075,477</u>           | <u>-</u>                          | <u>-</u>                                   | <u>2,075,477</u>                        |
| <b>Total fund balances</b>   | <u>6,760,460</u>    | <u>2,679,860</u>        | <u>4,018,725</u>           | <u>7,783,891</u>                  | <u>2,386,117</u>                           | <u>23,629,053</u>                       |
| <b>Total liabilities and fund balances</b>                               | \$ <u>9,209,198</u> | <u>3,656,868</u>        | <u>4,674,680</u>           | <u>8,088,568</u>                  | <u>2,793,353</u>                           | <u>28,422,667</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 Assets  
 September 30, 2009

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

|  |                             |
|--|-----------------------------|
| <b>Fund balances - total governmental funds</b>  | \$ 23,629,053               |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance  | 103,490,496                 |
| Other long-term assets (special assessments and net pension assets) are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds balance sheet.   | 1,321,179                   |
| Bond issuance costs are amortized over the life of the bonds on the statement of net assets.   | 773,635                     |
| Long-term liabilities, including bonds and interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.   | (43,842,584)                |
| 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 assets (net of amount allocated to business-type activities of \$13,660). | <u>249,314</u>              |
| <b>Net assets of governmental activities</b>   | <b>\$ <u>85,621,093</u></b> |

*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, 2009

|  | <u>General</u>      | <u>Debt Service</u> | <u>Special Revenue</u> | <u>City Hall Improvements</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------|---------------------|------------------------|-------------------------------|------------------------------------|---------------------------------|
| <b>Revenues:</b>                                 |                     |                     |                        |                               |                                    |                                 |
| Taxes:   |                     |                     |                        |                               |                                    |                                 |
| Property   | \$ 7,989,621        | 3,912,280           | -                      | -                             | -                                  | 11,901,901                      |
| Sales  | 13,744,396          | -                   | -                      | -                             | -                                  | 13,744,396                      |
| Franchise  | 2,743,896           | -                   | -                      | -                             | -                                  | 2,743,896                       |
| County road                                      | 1,193,717           | -                   | -                      | -                             | -                                  | 1,193,717                       |
| Motor fuel                                       | 19,238              | -                   | -                      | -                             | -                                  | 19,238                          |
| Licenses and permits                             | 255,691             | -                   | -                      | -                             | -                                  | 255,691                         |
| Intergovernmental                                | 388,847             | -                   | 1,399,400              | -                             | 162,554                            | 1,950,801                       |
| Charges for services                             | 172,884             | -                   | -                      | -                             | -                                  | 172,884                         |
| Fines and forfeitures                            | 1,053,519           | -                   | 527,159                | -                             | -                                  | 1,580,678                       |
| Special assessments                              | -                   | 67,196              | -                      | -                             | -                                  | 67,196                          |
| Payments in lieu of taxes                        | 66,841              | -                   | -                      | -                             | -                                  | 66,841                          |
| Local contributions                              | -                   | -                   | 98,066                 | -                             | -                                  | 98,066                          |
| Interest on investments                          | 63,400              | 13,815              | 18,156                 | 11,514                        | 39,153                             | 146,038                         |
| Interest costs and damages                       | 116,770             | -                   | -                      | -                             | -                                  | 116,770                         |
| Miscellaneous                                    | 382,398             | -                   | 6,650                  | -                             | -                                  | 389,048                         |
| Total revenues                                   | <u>28,191,218</u>   | <u>3,993,291</u>    | <u>2,049,431</u>       | <u>11,514</u>                 | <u>201,707</u>                     | <u>34,447,161</u>               |
| <b>Expenditures:</b>                             |                     |                     |                        |                               |                                    |                                 |
| Current:   |                     |                     |                        |                               |                                    |                                 |
| General government                               | 6,835,513           | -                   | -                      | -                             | -                                  | 6,835,513                       |
| Public safety                                    | 14,426,151          | -                   | 1,690,957              | -                             | -                                  | 16,117,108                      |
| Public works                                     | 4,671,274           | -                   | -                      | -                             | -                                  | 4,671,274                       |
| Culture and recreation                           | 2,396,333           | -                   | 242,942                | -                             | -                                  | 2,639,275                       |
| Economic development                             | -                   | -                   | 118,113                | -                             | -                                  | 118,113                         |
| Other  | 41,536              | -                   | -                      | -                             | -                                  | 41,536                          |
| Capital outlay                                   | 424,550             | -                   | -                      | 4,567,890                     | 1,032,398                          | 6,024,838                       |
| Debt service:                                    |                     |                     |                        |                               |                                    |                                 |
| Principal retirement                             | 395,981             | 2,666,252           | -                      | -                             | -                                  | 3,062,233                       |
| Interest and fiscal charges                      | 51,496              | 1,503,650           | -                      | -                             | -                                  | 1,555,146                       |
| Total expenditures                               | <u>29,242,834</u>   | <u>4,169,902</u>    | <u>2,052,012</u>       | <u>4,567,890</u>              | <u>1,032,398</u>                   | <u>41,065,036</u>               |
| <b>Deficiency of revenues under expenditures</b> | <u>(1,051,616)</u>  | <u>(176,611)</u>    | <u>(2,581)</u>         | <u>(4,556,376)</u>            | <u>(830,691)</u>                   | <u>(6,617,875)</u>              |
| <b>Other financing sources (uses):</b>           |                     |                     |                        |                               |                                    |                                 |
| Transfers in                                     | 649,701             | 531,280             | 336,404                | 8,750,590                     | 35,866                             | 10,303,841                      |
| Transfers out                                    | (1,009,485)         | -                   | (3,496)                | -                             | (8,776,360)                        | (9,789,341)                     |
| General obligation bonds issued                  | -                   | -                   | -                      | -                             | 10,000,000                         | 10,000,000                      |
| Total other financing sources (uses)             | <u>(359,784)</u>    | <u>531,280</u>      | <u>332,908</u>         | <u>8,750,590</u>              | <u>1,259,506</u>                   | <u>10,514,500</u>               |
| <b>Net change in fund balances</b>               | (1,411,400)         | 354,669             | 330,327                | 4,194,214                     | 428,815                            | 3,896,625                       |
| <b>Fund balances, October 1, 2008</b>            | <u>8,171,860</u>    | <u>2,325,191</u>    | <u>3,688,398</u>       | <u>3,589,677</u>              | <u>1,957,302</u>                   | <u>19,732,428</u>               |
| <b>Fund balances, September 30, 2009</b>         | <u>\$ 6,760,460</u> | <u>2,679,860</u>    | <u>4,018,725</u>       | <u>7,783,891</u>              | <u>2,386,117</u>                   | <u>23,629,053</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, 2009

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

|  |                             |
|--|-----------------------------|
| <b>Net change in fund balances - total governmental funds</b>  | <b>\$ 3,896,625</b>         |
| 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 capital outlays exceeded depreciation in the current period.  | 2,943,836                   |
| 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.   | (113,917)                   |
| Governmental funds do not report contributed capital assets because they do not provide current financial resources. However, in the statement of activities the fair values of contributed capital assets is recorded as capital contributions or special items.  | 24,643,165                  |
| Special assessment revenues related to prior periods reported as revenues in the governmental funds are not reported as revenues in the statement of activities.   | (67,495)                    |
| 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 assets. Also, governmental funds report the effect of issuance costs, 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. | (6,937,767)                 |
| 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.  | 865,758                     |
| 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 (net of amount allocated to business-type activities of \$18,759).  | <u>(186,634)</u>            |
| <b>Change in net assets of governmental activities</b>   | <b>\$ <u>25,043,571</u></b> |

*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, 2009

|                                      | <u>Budgeted Amounts</u> |                   | <u>Actual</u>  | <u>Variance with</u>  |
|--------------------------------------|-------------------------|-------------------|--|---|
|                                      | <u>Original</u>         | <u>Final</u>      | <u>(Budgetary</u><br><u>Basis)</u><br><u>Amounts</u> | <u>Final Budget -</u><br><u>Positive</u><br><u>(Negative)</u> |
| <b>Revenues:</b>                     |                         |                   |  |   |
| Taxes:                               |                         |                   |  |   |
| Ad valorem                           | \$ 8,478,000            | 8,478,000         | 8,953,452  | 475,452   |
| Sales                                | 13,600,000              | 13,600,000        | 13,810,015   | 210,015   |
| County road                          | 985,000                 | 985,000           | 1,193,551  | 208,551   |
| Gasoline                             | 20,000                  | 20,000            | 19,238   | (762)   |
| Payment in lieu of taxes             | 70,000                  | 70,000            | 70,841   | 841   |
| Intergovernmental:                   |                         |                   |  |   |
| Alcoholic beverage                   | 50,000                  | 50,000            | 51,825   | 1,825   |
| State Fire Insurance Fund            | 195,000                 | 195,000           | 211,197  | 16,197  |
| Municipal aid                        | 20,000                  | 20,000            | 20,833   | 833   |
| Grant                                | 103,300                 | 103,300           | 97,002   | (6,298)   |
| Franchise:                           |                         |                   |  |   |
| Mississippi Power Company            | 2,100,000               | 2,100,000         | 2,064,839  | (35,161)  |
| Mississippi Valley Gas Company       | 250,000                 | 250,000           | 189,441  | (60,559)  |
| Comcast Cable Company                | 360,000                 | 360,000           | 382,280  | 22,280  |
| East Mississippi Electric Power Assn | -                       | -                 | 28,531   | 28,531  |
| Fines and forfeitures                | 1,180,000               | 1,180,000         | 1,053,519  | (126,481)   |
| Licenses and permits:                |                         |                   |  |   |
| Privilege license                    | 140,000                 | 140,000           | 132,003  | (7,997)   |
| Building and allied permits          | 180,000                 | 180,000           | 123,688  | (56,312)  |
| Charges for services:                |                         |                   |  |   |
| Garbage collection                   | 1,550,000               | 1,550,000         | 1,517,185  | (32,815)  |
| Recreation                           | 130,000                 | 130,000           | 134,206  | 4,206   |
| Enterprise Funds                     | 645,500                 | 645,500           | 645,500  | -   |
| Parking fees                         | 32,000                  | 32,000            | 29,278   | (2,722)   |
| Out-of-county tonnage                | -                       | -                 | 46,042   | 46,042  |
| Miscellaneous                        | 220,000                 | 220,000           | 312,294  | 92,294  |
| Interest on investments              | 250,000                 | 250,000           | 79,140   | (170,860)   |
| Interest costs and damages           | 90,000                  | 90,000            | 117,361  | 27,361  |
| <b>Total revenues</b>                | <u>30,648,800</u>       | <u>30,648,800</u> | <u>31,283,261</u>                                    | <u>634,461</u>  |
| <b>Expenditures:</b>                 |                         |                   |  |   |
| General government:                  |                         |                   |  |   |
| Personnel services                   | 1,373,450               | 1,373,450         | 1,251,378  | 122,072   |
| Supplies and expenses                | 650,225                 | 827,425           | 803,163  | 24,262  |
| Capital outlay                       | 12,600                  | 29,600            | 26,393   | 3,207   |
| Transfers and other charges          | <u>1,532,000</u>        | <u>1,652,000</u>  | <u>1,031,390</u>                                     | <u>620,610</u>  |
| Total general government             | <u>3,568,275</u>        | <u>3,882,475</u>  | <u>3,112,324</u>                                     | <u>770,151</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, 2009

|                                  | <u>Budgeted Amounts</u> |                  | <u>Actual</u>                    | <u>Variance with</u>                      |
|----------------------------------|-------------------------|------------------|----------------------------------|---|
|                                  | <u>Original</u>         | <u>Final</u>     | <u>(Budgetary Basis) Amounts</u> | <u>Final Budget - Positive (Negative)</u> |
| <b>Expenditures (continued):</b> |                         |                  |                                  |   |
| Finance and records:             |                         |                  |                                  |   |
| Personnel services               | \$ 1,315,300            | 1,277,800        | 1,231,002                        | 46,798                                    |
| Supplies and expenses            | 1,705,800               | 1,705,800        | 1,629,683                        | 76,117                                    |
| Capital outlay                   | 105,470                 | 105,470          | 98,639                           | 6,831                                     |
| Transfers and other charges      | 220,000                 | 220,000          | 219,967                          | 33  |
| Total finance and records        | <u>3,346,570</u>        | <u>3,309,070</u> | <u>3,179,291</u>                 | <u>129,779</u>                            |
| Community development:           |                         |                  |                                  |   |
| Personnel services               | 1,014,000               | 993,800          | 982,859                          | 10,941                                    |
| Supplies and expenses            | 277,700                 | 277,700          | 207,580                          | 70,120                                    |
| Capital outlay                   | 1,500                   | 1,500            | 1,333                            | 167                                       |
| Transfers and other charges      | 401,250                 | 401,250          | 365,893                          | 35,357                                    |
| Total community development      | <u>1,694,450</u>        | <u>1,674,250</u> | <u>1,557,665</u>                 | <u>116,585</u>                            |
| Parks and recreation:            |                         |                  |                                  |   |
| Personnel services               | 1,562,950               | 1,519,450        | 1,488,712                        | 30,738                                    |
| Supplies and expenses            | 714,700                 | 714,700          | 689,045                          | 25,655                                    |
| Capital outlay                   | 74,500                  | 74,500           | 54,845                           | 19,655                                    |
| Transfers and other charges      | 186,000                 | 351,000          | 183,814                          | 167,186                                   |
| Total parks and recreation       | <u>2,538,150</u>        | <u>2,659,650</u> | <u>2,416,416</u>                 | <u>243,234</u>                            |
| Public works:                    |                         |                  |                                  |   |
| Personnel services               | 3,668,200               | 3,500,700        | 3,284,801                        | 215,899                                   |
| Supplies and expenses            | 1,169,425               | 1,209,425        | 1,179,864                        | 29,561                                    |
| Capital outlay                   | 180,100                 | 180,100          | 48,274                           | 131,826                                   |
| Transfers and other charges      | 2,750,000               | 2,750,000        | 2,749,999                        | 1   |
| Total public works               | <u>7,767,725</u>        | <u>7,640,225</u> | <u>7,262,938</u>                 | <u>377,287</u>                            |
| Police:                          |                         |                  |                                  |   |
| Personnel services               | 5,740,590               | 5,953,590        | 5,913,809                        | 39,781                                    |
| Supplies and expenses            | 2,043,370               | 2,043,370        | 1,847,593                        | 195,777                                   |
| Capital outlay                   | 92,420                  | 92,420           | 84,414                           | 8,006                                     |
| Transfers and other charges      | 60,000                  | 60,000           | 33,066                           | 26,934                                    |
| Total police                     | <u>7,936,380</u>        | <u>8,149,380</u> | <u>7,878,882</u>                 | <u>270,498</u>                            |
| Fire:                            |                         |                  |                                  |   |
| Personnel services               | 5,372,250               | 5,487,250        | 5,465,110                        | 22,140                                    |
| Supplies and expenses            | 762,780                 | 762,780          | 666,152                          | 96,628                                    |
| Capital outlay                   | 366,920                 | 366,920          | 366,913                          | 7   |
| Transfers and other charges      | 10,000                  | 10,000           | 2,464                            | 7,536                                     |
| Total fire                       | <u>6,511,950</u>        | <u>6,626,950</u> | <u>6,500,639</u>                 | <u>126,311</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, 2009

|  | <u>Budgeted Amounts</u> |                    | <u>Actual<br/>(Budgetary<br/>Basis)<br/>Amounts</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|--------------------|---|---|
|  | <u>Original</u>         | <u>Final</u>       |   |   |
| <b>Expenditures (continued):</b>         |                         |                    |   |   |
| Homeland Security:                       |                         |                    |   |   |
| Personnel services                       | \$ 271,150              | 276,150            | 273,714   | 2,436   |
| Supplies and expenses                    | 267,850                 | 262,850            | 181,033   | 81,817  |
| Capital outlay                           | 14,300                  | 14,300             | 5,712   | 8,588   |
| Transfers and other charges              | 10,000                  | 10,000             | -   | 10,000  |
| Total homeland security                  | <u>563,300</u>          | <u>563,300</u>     | <u>460,459</u>                                      | <u>102,841</u>  |
| Arts District Parking Garage:            |                         |                    |   |   |
| Personnel services                       | 70,000                  | 70,000             | 61,303  | 8,697   |
| Supplies and expenses                    | 122,000                 | 142,000            | 121,625   | 20,375  |
| Transfers and other charges              | 35,000                  | 15,000             | -   | 15,000  |
| Total arts district parking garage       | <u>227,000</u>          | <u>227,000</u>     | <u>182,928</u>                                      | <u>44,072</u>   |
| <b>Total expenditures</b>                | <u>34,153,800</u>       | <u>34,732,300</u>  | <u>32,551,542</u>                                   | <u>2,180,758</u>  |
| <b>Net change in fund balances</b>       | \$ <u>(3,505,000)</u>   | <u>(4,083,500)</u> | (1,268,281)   | <u>2,815,219</u>  |
| <b>Fund balances, October 1, 2008</b>    |                         |                    | <u>4,724,854</u>                                    |   |
| <b>Fund balances, September 30, 2009</b> |                         |                    | \$ <u>3,456,573</u>                                 |   |

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

**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, 2009

|  | <b>Original<br/>and Final<br/>Budgeted<br/>Amounts</b> | <b>Actual<br/>(Budgetary<br/>Basis)<br/>Amounts</b> | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|--|--|---|---|
| <b>Revenues</b>                          | \$ 650,000   | 2,134,826   | 1,484,826   |
| <b>Expenditures -</b>                    |  |   |   |
| Project costs                            | <u>1,364,000</u>                                       | <u>3,839,326</u>                                    | <u>(2,475,326)</u>  |
| <b>Net change in fund balances</b>       | \$ <u>(714,000)</u>                                    | (1,704,500)   | <u>(990,500)</u>  |
| <b>Fund balances, October 1, 2008</b>    |  | <u>2,712,887</u>                                    |   |
| <b>Fund balances, September 30, 2009</b> |  | \$ <u>1,008,387</u>                                 |   |

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

## CITY OF MERIDIAN, MISSISSIPPI

## Statement of Net Assets

## Proprietary Funds

September 30, 2009

|   | <u>Business-type Activities - Enterprise Funds</u> |  |                                  |                               | <u>Governmental</u>                        |
|---|--|--|----------------------------------|-------------------------------|--|
|   | <u>Water &amp; Sewer</u>                           | <u>Waste Collection &amp; Disposal</u> | <u>Nonmajor Enterprise Funds</u> | <u>Total Enterprise Funds</u> | <u>Activities - Internal Service Funds</u> |
| <b>ASSETS</b>   |  |  |                                  |                               |  |
| <b>Current assets:</b>                                  |  |  |                                  |                               |  |
| Cash and cash equivalents                               | \$ 2,194,867                                       | 346,386                                | 161,576                          | 2,702,829                     | 393,260                                    |
| Restricted cash, cash equivalents and investments:      |  |  |                                  |                               |  |
| Revenue Bond Construction Funds                         | 2,866,995  | -                                      | -                                | 2,866,995                     | -  |
| Other Construction Funds                                | 667,392  | -                                      | -                                | 667,392                       | -  |
| Revenue Bond Debt Service Account                       | 3,869,669  | -                                      | -                                | 3,869,669                     | -  |
| Receivables:  |  |  |                                  |                               |  |
| Accounts  | 1,042,166  | 169,229                                | -                                | 1,211,395                     | -  |
| Less allowance for uncollectibles                       | (92,695)   | -                                      | -                                | (92,695)                      | -  |
| Interest  | 888  | -                                      | -                                | 888                           | -  |
| Miscellaneous   | -  | -                                      | 5,842                            | 5,842                         | 203,416                                    |
| Due from other funds                                    | 56,924   | 8,790                                  | -                                | 65,714                        | 105,197                                    |
| Due from component units                                | -  | -                                      | 1,365                            | 1,365                         | 12,539                                     |
| Inventory   | 359,483  | -                                      | 40,011                           | 399,494                       | 54,770                                     |
| Prepaid items   | 30,214   | -                                      | 1,852                            | 32,066                        | -  |
| <b>Total current assets</b>                             | <u>10,995,903</u>                                  | <u>524,405</u>                         | <u>210,646</u>                   | <u>11,730,954</u>             | <u>769,182</u>                             |
| <b>Noncurrent assets:</b>                               |  |  |                                  |                               |  |
| Restricted cash, cash equivalents and investments:      |  |  |                                  |                               |  |
| Revenue Bond Cushion Account                            | 732,962  | -                                      | -                                | 732,962                       | -  |
| Revenue Bond Contingent Account                         | 77,568   | -                                      | -                                | 77,568                        | -  |
| Revenue Bond Depreciation Account                       | 77,568   | -                                      | -                                | 77,568                        | -  |
| Total restricted cash, cash equivalents and investments | <u>888,098</u>                                     | <u>-</u>                               | <u>-</u>                         | <u>888,098</u>                | <u>-</u>                                   |
| Deferred charges  | <u>364,869</u>                                     | <u>-</u>                               | <u>-</u>                         | <u>364,869</u>                | <u>-</u>                                   |
| Capital assets:   |  |  |                                  |                               |  |
| Land  | 271,666  | -                                      | -                                | 271,666                       | -  |
| Buildings   | -  | -                                      | 126,628                          | 126,628                       | -  |
| Water and sewer system                                  | 92,633,277   | -                                      | -                                | 92,633,277                    | -  |
| Improvements other than buildings                       | -  | -                                      | 98,924                           | 98,924                        | -  |
| Machinery and equipment                                 | 3,155,840  | 19,626                                 | 379,327                          | 3,554,793                     | -  |
| Construction in progress                                | 530,494  | -                                      | -                                | 530,494                       | -  |
| Total capital assets                                    | <u>96,591,277</u>                                  | <u>19,626</u>                          | <u>604,879</u>                   | <u>97,215,782</u>             | <u>-</u>                                   |
| Less accumulated depreciation                           | <u>(58,168,358)</u>                                | <u>(17,663)</u>                        | <u>(546,371)</u>                 | <u>(58,732,392)</u>           | <u>-</u>                                   |
| Capital assets (net of accumulated depreciation)        | <u>38,422,919</u>                                  | <u>1,963</u>                           | <u>58,508</u>                    | <u>38,483,390</u>             | <u>-</u>                                   |
| <b>Total noncurrent assets</b>                          | <u>39,675,886</u>                                  | <u>1,963</u>                           | <u>58,508</u>                    | <u>39,736,357</u>             | <u>-</u>                                   |
| <b>Total assets</b>                                     | <u>50,671,789</u>                                  | <u>526,368</u>                         | <u>269,154</u>                   | <u>51,467,311</u>             | <u>769,182</u>                             |

(Continued)

## CITY OF MERIDIAN, MISSISSIPPI

## Statement of Net Assets

## Proprietary Funds

September 30, 2009

|  | <u>Business-type Activities - Enterprise Funds</u> |  |                                  |                               | <u>Governmental</u>           |
|--|--|--|----------------------------------|-------------------------------|-------------------------------|
|  | <u>Water &amp; Sewer</u>                           | <u>Waste Collection &amp; Disposal</u> | <u>Nonmajor Enterprise Funds</u> | <u>Total Enterprise Funds</u> | <u>Internal Service Funds</u> |
| <b><u>LIABILITIES</u></b>  |  |  |                                  |                               |                               |
| <b>Current liabilities:</b>  |  |  |                                  |                               |                               |
| Accounts payable   | \$ 702,891   | 247,381                                | 59,470                           | 1,009,742                     | 506,208                       |
| Liabilities payable from restricted assets:  |  |  |                                  |                               |                               |
| Accounts payable   | 34,136   | -                                      | -                                | 34,136                        | -                             |
| Revenue bonds payable  | 2,485,000  | -                                      | -                                | 2,485,000                     | -                             |
| Promissory loans   | 1,160,738  | -                                      | -                                | 1,160,738                     | -                             |
| Interest payable   | 294,757  | -                                      | -                                | 294,757                       | -                             |
| Accrued liabilities:   |  |  |                                  |                               |                               |
| Payroll  | 104,087  | 6,569                                  | 30,662                           | 141,318                       | -                             |
| Compensated absences   | 66,290   | -                                      | -                                | 66,290                        | -                             |
| Sales tax  | 9,929  | -                                      | 2,400                            | 12,329                        | -                             |
| Customer deposits  | 825,692  | -                                      | -                                | 825,692                       | -                             |
| Due to other funds   | 27,110   | 1                                      | 259                              | 27,370                        | -                             |
| Deferred revenue forward invested funds  | 41,923   | -                                      | -                                | 41,923                        | -                             |
| Current portion of capital leases  | 118,216  | -                                      | 233                              | 118,449                       | -                             |
| <b>Total current liabilities</b>   | <u>5,870,769</u>                                   | <u>253,951</u>                         | <u>93,024</u>                    | <u>6,217,744</u>              | <u>506,208</u>                |
| <b>Noncurrent liabilities:</b>   |  |  |                                  |                               |                               |
| Deferred revenue forward invested funds  | 193,079  | -                                      | -                                | 193,079                       | -                             |
| Compensated absences   | 134,588  | -                                      | -                                | 134,588                       | -                             |
| Revenue bonds payable (net of deferred refunding costs of \$117,930)                                     | 5,972,070  | -                                      | -                                | 5,972,070                     | -                             |
| Promissory loans (net of deferred refunding costs of \$308,170)  | 11,389,150   | -                                      | -                                | 11,389,150                    | -                             |
| Capital leases payable   | 552,292  | -                                      | 1,814                            | 554,106                       | -                             |
| <b>Total noncurrent liabilities</b>  | <u>18,241,179</u>                                  | <u>-</u>                               | <u>1,814</u>                     | <u>18,242,993</u>             | <u>-</u>                      |
| <b>Total liabilities</b>   | <u>24,111,948</u>                                  | <u>253,951</u>                         | <u>94,838</u>                    | <u>24,460,737</u>             | <u>506,208</u>                |
| <b><u>NET ASSETS</u></b>   |  |  |                                  |                               |                               |
| Invested in capital assets, net of related debt  | 19,267,831   | 1,963                                  | 56,461                           | 19,326,255                    | -                             |
| Restricted for:  |  |  |                                  |                               |                               |
| Debt service   | 4,463,010  | -                                      | -                                | 4,463,010                     | -                             |
| Capital projects   | 977,873  | -                                      | -                                | 977,873                       | -                             |
| Unrestricted   | 1,851,127  | 270,454                                | 117,855                          | 2,239,436                     | 262,974                       |
| <b>Total net assets</b>  | \$ <u>26,559,841</u>                               | <u>272,417</u>                         | <u>174,316</u>                   | <u>27,006,574</u>             | <u>262,974</u>                |
| <b>Reconciliation to government-wide statement of net assets:</b>  |  |  |                                  |                               |                               |
| Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds |  |  |                                  | 13,660                        |                               |
| <b>Net assets of business-types activities</b>   |  |  |                                  | \$ <u>27,020,234</u>          |                               |

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

**(This page intentionally left blank)**

**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2009

|  | Business-type Activities - Enterprise Funds |                                   |                                 | Total<br>Enterprise<br>Funds | Governmental        |
|--|---|-----------------------------------|---------------------------------|------------------------------|---------------------|
|  | Water<br>& Sewer                            | Waste<br>Collection<br>& Disposal | Nonmajor<br>Enterprise<br>Funds |                              | Enterprise<br>Funds |
| <b>Operating revenues:</b>   |   |                                   |                                 |                              |                     |
| Charges for sales and services:  |   |                                   |                                 |                              |                     |
| Water sales  | \$ 6,171,518                                | -                                 | -                               | 6,171,518                    | -                   |
| Sewer charges  | 5,374,124                                   | -                                 | -                               | 5,374,124                    | -                   |
| Tap fees   | 65,562                                      | -                                 | -                               | 65,562                       | -                   |
| Garbage collection fees  | -   | 1,569,000                         | -                               | 1,569,000                    | -                   |
| Out-of-county tonnage  | -   | 42,349                            | -                               | 42,349                       | -                   |
| Memberships  | -   | -                                 | 60,183                          | 60,183                       | -                   |
| Green fees   | -   | -                                 | 68,499                          | 68,499                       | -                   |
| Cart rental  | -   | -                                 | 59,561                          | 59,561                       | -                   |
| Concessions  | -   | -                                 | 137,425                         | 137,425                      | -                   |
| Internal service charges   | -   | -                                 | -                               | -                            | 3,564,989           |
| Rental income  | -   | -                                 | 79,632                          | 79,632                       | -                   |
| Miscellaneous  | 103,967                                     | -                                 | 2,364                           | 106,331                      | 520,150             |
| Total operating revenues   | <u>11,715,171</u>                           | <u>1,611,349</u>                  | <u>407,664</u>                  | <u>13,734,184</u>            | <u>4,085,139</u>    |
| <b>Operating expenses:</b>   |   |                                   |                                 |                              |                     |
| Personnel services   | 3,357,929                                   | 54,075                            | 306,694                         | 3,718,698                    | -                   |
| Supplies and materials   | 681,287                                     | 15                                | 115,622                         | 796,924                      | 467,418             |
| Rent and utilities   | 1,450,005                                   | 715                               | 70,973                          | 1,521,693                    | -                   |
| Operation, maintenance, and repairs  | 622,957                                     | 1,548                             | 187,950                         | 812,455                      | 578,788             |
| Garbage disposal services  | -   | 2,468,430                         | -                               | 2,468,430                    | -                   |
| Depreciation and amortization  | 3,921,173                                   | -                                 | 7,361                           | 3,928,534                    | -                   |
| Claims paid  | -   | -                                 | -                               | -                            | 3,286,222           |
| Miscellaneous  | 1,397,163                                   | 1,577                             | 146,300                         | 1,545,040                    | -                   |
| Total operating expenses   | <u>11,430,514</u>                           | <u>2,526,360</u>                  | <u>834,900</u>                  | <u>14,791,774</u>            | <u>4,332,428</u>    |
| <b>Operating income (loss)</b>   | <u>284,657</u>                              | <u>(915,011)</u>                  | <u>(427,236)</u>                | <u>(1,057,590)</u>           | <u>(247,289)</u>    |
| <b>Nonoperating revenues (expenses):</b>   |   |                                   |                                 |                              |                     |
| Ad valorem taxes   | -   | 999,015                           | -                               | 999,015                      | -                   |
| Interest income  | 96,314                                      | 2,673                             | 839                             | 99,826                       | 2,694               |
| Interest expense   | (1,109,795)                                 | -                                 | (127)                           | (1,109,922)                  | -                   |
| Gain on disposal of capital asset  | 18,955                                      | -                                 | -                               | 18,955                       | -                   |
| Total nonoperating revenues (expenses)   | <u>(994,526)</u>                            | <u>1,001,688</u>                  | <u>712</u>                      | <u>7,874</u>                 | <u>2,694</u>        |
| <b>Income (loss) before capital contributions and transfers</b>  | <u>(709,869)</u>                            | <u>86,677</u>                     | <u>(426,524)</u>                | <u>(1,049,716)</u>           | <u>(244,595)</u>    |
| <b>Capital contributions and transfers:</b>  |   |                                   |                                 |                              |                     |
| Capital contributions  | 80,368                                      | -                                 | -                               | 80,368                       | -                   |
| Transfers in   | -   | -                                 | 358,000                         | 358,000                      | 22,000              |
| Transfers out  | (856,700)                                   | (44,000)                          | -                               | (900,700)                    | -                   |
| Total capital contributions and transfers  | <u>(776,332)</u>                            | <u>(44,000)</u>                   | <u>358,000</u>                  | <u>(462,332)</u>             | <u>22,000</u>       |
| <b>Change in net assets</b>  | <u>(1,486,201)</u>                          | <u>42,677</u>                     | <u>(68,524)</u>                 | <u>(1,512,048)</u>           | <u>(222,595)</u>    |
| <b>Net assets, October 1, 2008</b>   | <u>28,046,042</u>                           | <u>229,740</u>                    | <u>242,840</u>                  | <u>28,518,624</u>            | <u>485,569</u>      |
| <b>Net assets, September 30, 2009</b>  | <u>\$ 26,559,841</u>                        | <u>272,417</u>                    | <u>174,316</u>                  | <u>26,906,574</u>            | <u>262,974</u>      |
| <b>Reconciliation to government-wide statement of activities:</b>  |   |                                   |                                 |                              |                     |
| Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds |   |                                   |                                 | (35,961)                     |                     |
| <b>Change in net assets of business-types activities</b>   |   |                                   |                                 | <u>\$ (1,548,009)</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, 2009

|   | <b>Business-type Activities - Enterprise Funds</b> |  |  | <b>Governmental</b>                   |  |
|---|--|--|--|---------------------------------------|--|
|   | <b>Water<br/>&amp; Sewer</b>                       | <b>Waste<br/>Collection<br/>&amp; Disposal</b> | <b>Nonmajor<br/>Enterprise<br/>Funds</b> | <b>Total<br/>Enterprise<br/>Funds</b> | <b>Activities -<br/>Internal<br/>Service<br/>Funds</b> |
| <b>Cash flows from operating activities:</b>  |  |  |  |                                       |  |
| Receipts from customers and users   | \$ 11,681,309                                      | 1,600,985                                      | 406,138                                  | 13,688,432                            | 3,925,241  |
| Payments to suppliers   | (4,056,762)  | (2,627,986)                                    | (527,542)                                | (7,212,290)                           | (4,192,454)  |
| Payments to employees   | (3,330,449)  | (53,003)                                       | (296,579)                                | (3,680,031)                           | -  |
| <b>Net cash provided by (used in)<br/>operating activities</b>  | <u>4,294,098</u>                                   | <u>(1,080,004)</u>                             | <u>(417,983)</u>                         | <u>2,796,111</u>                      | <u>(267,213)</u>                                       |
| <b>Cash flows from noncapital financing activities:</b>   |  |  |  |                                       |  |
| Ad valorem taxes received   | -  | 999,015  | -  | 999,015                               | -  |
| Transfers to other funds  | (856,700)  | (44,000)                                       | -  | (900,700)                             | -  |
| Transfers from other funds  | -  | -  | 358,000                                  | 358,000                               | 22,000   |
| <b>Net cash provided by (used in)<br/>noncapital financing activities</b>                               | <u>(856,700)</u>                                   | <u>955,015</u>                                 | <u>358,000</u>                           | <u>456,315</u>                        | <u>22,000</u>  |
| <b>Cash flows from capital and related<br/>financing activities:</b>                                    |  |  |  |                                       |  |
| Capital contributions   | 587,510  | -  | -  | 587,510                               | -  |
| Acquisition and construction of capital assets  | (365,822)  | -  | -  | (365,822)                             | -  |
| Payments on long-term debt:   |  |  |  |                                       |  |
| Revenue bonds   | (1,380,000)  | -  | -  | (1,380,000)                           | -  |
| Promissory notes  | (1,114,535)  | -  | -  | (1,114,535)                           | -  |
| Capital lease payments  | (112,287)  | -  | (220)                                    | (112,507)                             | -  |
| Interest paid on revenue bonds and other debt   | (1,143,187)  | -  | (127)                                    | (1,143,314)                           | -  |
| Proceeds from sale of capital assets  | 18,955   | -  | -  | 18,955                                | -  |
| <b>Net cash used in capital and<br/>related financing activities</b>                                    | <u>(3,509,366)</u>                                 | <u>-</u>                                       | <u>(347)</u>                             | <u>(3,509,713)</u>                    | <u>-</u>   |
| <b>Cash flows from investing activities:</b>  |  |  |  |                                       |  |
| Proceeds from sales and maturities of investments   | 971,000  | -  | -  | 971,000                               | -  |
| Interest received   | 52,671   | 2,673  | 839                                      | 56,183                                | 2,694  |
| <b>Net cash provided by investing activities</b>  | <u>1,023,671</u>                                   | <u>2,673</u>                                   | <u>839</u>                               | <u>1,027,183</u>                      | <u>2,694</u>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | 951,703  | (122,316)                                      | (59,491)                                 | 769,896                               | (242,519)  |
| <b>Cash and cash equivalents, October 1, 2008<br/>(including \$5,537,659 in restricted accounts)</b>    | <u>7,864,042</u>                                   | <u>468,702</u>                                 | <u>221,067</u>                           | <u>8,553,811</u>                      | <u>635,779</u>   |
| <b>Cash and cash equivalents, September 30, 2009<br/>(including \$6,620,878 in restricted accounts)</b> | \$ <u>8,815,745</u>                                | <u>346,386</u>                                 | <u>161,576</u>                           | <u>9,323,707</u>                      | <u>393,260</u>   |

(Continued)

**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2009

|  | <u>Business-type Activities - Enterprise Funds</u> |  |  |                                       | <b>Governmental</b>                                    |
|--|--|--|--|---------------------------------------|--|
|  | <u>Water<br/>&amp; Sewer</u>                       | <u>Waste<br/>Collection<br/>&amp; Disposal</u> | <u>Nonmajor<br/>Enterprise<br/>Funds</u> | <u>Total<br/>Enterprise<br/>Funds</u> | <b>Activities -<br/>Internal<br/>Service<br/>Funds</b> |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>         |  |  |  |                                       |  |
| Operating income (loss)  | \$ 284,657   | (915,011)                                      | (427,236)                                | (1,057,590)                           | (247,289)  |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:         |  |  |  |                                       |  |
| Depreciation and amortization  | 3,921,173  | -  | 7,361                                    | 3,928,534                             | -  |
| Changes in assets and liabilities:   |  |  |  |                                       |  |
| Accounts receivable  | (37,925)   | (21,525)                                       | (2,255)                                  | (61,705)                              | -  |
| Receivables - miscellaneous  | -  | -  | -  | -                                     | (162,822)  |
| Due from other funds   | -  | 11,161   | -  | 11,161                                | (3,035)  |
| Due from component units   | -  | -  | 730                                      | 730                                   | 4,693  |
| Inventory  | (11,328)   | -  | (6,275)                                  | (17,603)                              | 4,261  |
| Prepaid items  | 353  | -  | (2)                                      | 351                                   | -  |
| Accounts payable   | 110,046  | (155,701)                                      | (1,189)                                  | (46,844)                              | 136,979  |
| Accrued liabilities  | 27,109   | 1,072  | 10,655                                   | 38,836                                | -  |
| Customer deposits  | 4,062  | -  | -  | 4,062                                 | -  |
| Due to other funds   | (4,049)  | -  | 228                                      | (3,821)                               | -  |
| Total adjustments  | <u>4,009,441</u>                                   | <u>(164,993)</u>                               | <u>9,253</u>                             | <u>3,853,701</u>                      | <u>(19,924)</u>  |
| <b>Net cash provided by (used in) operating activities</b>   | <b>\$ <u>4,294,098</u></b>                         | <b><u>(1,080,004)</u></b>                      | <b><u>(417,983)</u></b>                  | <b><u>2,796,111</u></b>               | <b><u>(267,213)</u></b>                                |
| <b>Noncash investing, capital, and financing activities:</b>   |  |  |  |                                       |  |
| Amortization of deferred revenue forward invested funds  | \$ <u>43,553</u>                                   | <u>-</u>                                       | <u>-</u>                                 | <u>43,553</u>                         | <u>-</u>   |
| Increase in fair value of investments  | \$ <u>798</u>                                      | <u>-</u>                                       | <u>-</u>                                 | <u>798</u>                            | <u>-</u>   |
| Noncash capital contributions:   |  |  |  |                                       |  |
| Capital assets transferred from the general fund (\$133,707 asset costs less \$118,544 accumulated depreciation) | \$ <u>15,163</u>                                   | <u>-</u>                                       | <u>-</u>                                 | <u>15,163</u>                         | <u>-</u>   |
| Water and sewer system infrastructure contributed by developers  | \$ <u>28,000</u>                                   | <u>-</u>                                       | <u>-</u>                                 | <u>28,000</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, 2009

|  | <b><u>Agency<br/>Funds</u></b> |
|--|--------------------------------|
| <b><u>ASSETS</u></b>                     |                                |
| Cash and cash equivalents                | \$ 1,177,621                   |
| Intergovernmental receivables-<br>County | <u>175,636</u>                 |
| <b>Total assets</b>                      | <b>\$ <u>1,353,257</u></b>     |
| <b><u>LIABILITIES</u></b>                |                                |
| Intergovernmental payables:              |                                |
| Schools                                  | \$ 1,061,871                   |
| PERS                                     | 191,415                        |
| State                                    | 51,206                         |
| Employee insurance withheld              | <u>48,765</u>                  |
| <b>Total liabilities</b>                 | <b>\$ <u>1,353,257</u></b>     |

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

**CITY OF MERIDIAN, MISSISSIPPI**

Statement of Net Assets

Component Units

September 30, 2009

|  | <b><u>Meridian<br/>Airport<br/>Authority</u></b> | <b><u>Nonmajor<br/>Component<br/>Units</u></b> | <b><u>Total<br/>Component<br/>Units</u></b> |
|--|--|--|---|
| <b><u>ASSETS</u></b>                                 |  |  |   |
| Cash and cash equivalents                            | \$ 1,156,848                                     | 407,194  | 1,564,042                                   |
| Receivables:   |  |  |   |
| Accounts   | 504,024  | 175  | 504,199                                     |
| Intergovernmental:                                   |  |  |   |
| Federal  | 214,246  | -  | 214,246                                     |
| State  | 9,668  | 41,515   | 51,183                                      |
| Inventory  | 56,684   | -  | 56,684                                      |
| Prepaid items  | 27,628   | 1,005  | 28,633                                      |
| Restricted assets - cash                             | 228,589  | -  | 228,589                                     |
| Capital assets not being depreciated:                |  |  |   |
| Land   | 500,000  | -  | 500,000                                     |
| Capital assets held for development                  | -  | 40,119   | 40,119                                      |
| Construction in progress                             | 1,257,828  | -  | 1,257,828                                   |
| Capital assets (net of<br>accumulated depreciation): |  |  |   |
| Buildings  | 3,413,378  | -  | 3,413,378                                   |
| Improvements other than buildings                    | 11,955,725                                       | -  | 11,955,725                                  |
| Machinery and equipment                              | <u>1,630,066</u>                                 | <u>135,443</u>                                 | <u>1,765,509</u>                            |
| <b>Total assets</b>                                  | <b><u>20,954,684</u></b>                         | <b><u>625,451</u></b>                          | <b><u>21,580,135</u></b>                    |
| <b><u>LIABILITIES</u></b>                            |  |  |   |
| Notes payable  | -  | 35,012   | 35,012                                      |
| Accounts payable                                     | 433,453  | 12,047   | 445,500                                     |
| Accrued liabilities                                  | 78,600   | 8,179  | 86,779                                      |
| Unearned revenue                                     | <u>39,152</u>                                    | <u>-</u>                                       | <u>39,152</u>                               |
| <b>Total liabilities</b>                             | <b><u>551,205</u></b>                            | <b><u>55,238</u></b>                           | <b><u>606,443</u></b>                       |
| <b><u>NET ASSETS</u></b>                             |  |  |   |
| Invested in capital assets,<br>net of related debt   | 18,756,997                                       | 175,562  | 18,932,559                                  |
| Restricted for capital projects                      | 228,589  | -  | 228,589                                     |
| Unrestricted   | <u>1,417,893</u>                                 | <u>394,651</u>                                 | <u>1,812,544</u>                            |
| <b>Total net assets</b>                              | \$ <b><u>20,403,479</u></b>                      | <b><u>570,213</u></b>                          | <b><u>20,973,692</u></b>                    |

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Statement of Activities  
Component Units  
For the Fiscal Year Ended September 30, 2009

| <u>Functions/Programs</u>             | <u>Expenses</u>     | <u>Program Revenues</u>     |   |   | <u>Net (Expense) Revenue and Changes in Net Assets</u> |                                 |                   |
|---------------------------------------|---------------------|-----------------------------|---|---|--|---------------------------------|-------------------|
|                                       |                     | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Meridian Airport Authority</u>                      | <u>Nonmajor Component Units</u> | <u>Total</u>      |
| <b>Component units:</b>               |                     |                             |   |   |  |                                 |                   |
| Meridian Airport Authority            | \$ 7,101,804        | 6,407,523                   | 14,725                                    | 1,466,595                               | 787,039  | -                               | 787,039           |
| Nonmajor component units              | <u>660,611</u>      | <u>135,914</u>              | <u>520,234</u>                            | <u>-</u>                                | <u>-</u>   | <u>(4,463)</u>                  | <u>(4,463)</u>    |
| <b>Total component units</b>          | \$ <u>7,762,415</u> | <u>6,543,437</u>            | <u>534,959</u>                            | <u>1,466,595</u>                        | 787,039  | (4,463)                         | 782,576           |
| <b>General revenues -</b>             |                     |                             |   |   |  |                                 |                   |
| Interest income                       |                     |                             |   |   | <u>7,269</u>   | <u>1,090</u>                    | <u>8,359</u>      |
| <b>Change in net assets</b>           |                     |                             |   |   | 794,308  | (3,373)                         | 790,935           |
| <b>Net assets, October 1, 2008</b>    |                     |                             |   |   | <u>19,609,171</u>                                      | <u>573,586</u>                  | <u>20,182,757</u> |
| <b>Net assets, September 30, 2009</b> |                     |                             |   |   | \$ <u>20,403,479</u>                                   | <u>570,213</u>                  | <u>20,973,692</u> |

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

# CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2009

## (1) Summary of Significant Accounting Policies

### (a) Reporting Entity

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

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

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

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

#### **Major Discretely Presented Component Unit -**

##### Meridian Airport Authority

Meridian Airport Authority (“MAA”) was established by the City on March 17, 1992, in accordance with Title 61, Chapter 3, Article V of the Mississippi Code of 1972 to manage the local airport facilities within the City’s jurisdiction. MAA has a five-member Board appointed by the City’s Mayor and approved by the City Council. Also, the City has the ability to impose its will upon MAA because it has reserved the right to unilaterally abolish MAA at its discretion.

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2009

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

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

**Nonmajor Discretely Presented Component Units:**

Meridian Transportation Commission

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

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.

Meridian Redevelopment Authority

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

MAA and MTC have September 30 year ends, whereas MRA and MBLDA have December 31 year ends.

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

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

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

**Nonmajor Discretely Presented Component Units (Continued):**

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

Meridian Airport Authority  
2811 Highway 11 South  
Meridian, Mississippi

Meridian Transportation Commission  
1901 Front Street  
Meridian, Mississippi

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

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

**Related Organizations:**

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

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

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2009

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

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

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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.

#### (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.

# CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2009

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

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

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 30 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

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

The City reports the following major governmental funds:

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

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

The **special revenue fund** accounts for specific revenue sources that are legally restricted to expenditures for public safety, culture and recreation, and economic development.

The **City Hall improvements fund** accounts for bond proceeds to be used for the renovation and restoration of City Hall.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2009

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

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

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

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2009

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

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

#### (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.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2009

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

#### (e) Cash and Cash Equivalents and Investments (Continued)

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

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

#### (f) Receivables and Payables

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

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

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

# CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2009

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

### (f) Receivables and Payables (Continued)

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

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

The tax rate of the City is expressed in terms of mills (ten mills equal one cent). For the year ended September 30, 2009, the City's 2009 combined tax rate for general governmental services and other municipal purposes was 113.82 or \$113.82 per \$1,000 of assessed valuation, expressed as follows:

| <u>Description</u>                                     | <u>Mills</u>  |               | <u>Increase<br/>(Decrease)</u> |
|--|---------------|---------------|--------------------------------|
|  | <u>2009</u>   | <u>2008</u>   |                                |
| General  | 25.71         | 29.23         | (3.52)                         |
| Solid waste fund                                       | 4.00          | 4.00          | -                              |
| Fire and police disability retirement<br>fund (closed) | 5.75          | 5.66          | .09                            |
| General municipal retirement<br>fund (closed)          | 3.00          | 3.00          | -                              |
| Debt service (general bonds and interest)              | 12.38         | 11.19         | 1.19                           |
| Meridian Separate School District                      | 55.98         | 61.08         | (5.10)                         |
| Meridian Community College                             | <u>7.00</u>   | <u>7.00</u>   | <u>-</u>                       |
| <b>Total mills</b>                                     | <u>113.82</u> | <u>121.16</u> | <u>(7.34)</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.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2009

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

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

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

#### (h) Restricted Assets

Certain proceeds of the City's enterprise fund water and sewer revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Revenues collected from operations of the system are transferred to various accounts established pursuant to the revenue bond ordinance.

The "revenue bond 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 cushion" account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account. The "revenue bond contingent" account is used to report resources set aside to pay for unforeseen contingencies arising from the operation and maintenance of the system, including the construction of reasonable and proper improvements, betterments and extensions, upon written certification of the engineers. The "revenue bond depreciation" 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, 2009, all accounts required under the bond resolution were fully funded as required.

#### (i) 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

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

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

**(i) Capital Assets (Continued)**

individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such 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 cost.

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. No interest costs were capitalized in the current period.

Property, plant and equipment of the component units are generally reported using the same policies as the City.

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

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

**(j) 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.

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2009

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

**(j) Compensated Absences (Continued)**

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<br/>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.

**(k) Long-term Obligations/Deferred Charges**

In 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2009

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

#### (k) Long-term Obligations/Deferred Charges (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### (l) Other Post Employment Benefits

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

#### (m) Fund Equity/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

In the government-wide and proprietary fund financial statements, the City reports net assets in the following three categories:

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

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

**Unrestricted net assets** – consists of net assets that are not classified as invested in capital assets, net of related debt or restricted net assets.

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2009

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

**(n) 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 2008 financial statement amounts have been reclassified to conform with the 2009 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.

**(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 Assets**

The governmental fund balance sheet includes a reconciliation between fund balances – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. 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  | \$ (39,845,000)               |
| Promissory loans payable   | (499,527)                     |
| Negotiable notes payable   | (529,318)                     |
| Accrued interest payable   | (571,755)                     |
| Capital leases payable   | (887,148)                     |
| Compensated absences   | (1,482,690)                   |
| Claims and judgments   | <u>(27,146)</u>               |
| <b>Net adjustment to reduce fund balances –<br/>total governmental funds to arrive at net<br/>assets – governmental activities</b> | <b>\$ <u>(43,842,584)</u></b> |

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

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

**(a) Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets (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 assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets”. The details of this difference are as follows:

| <u>Description</u>   | <u>Amount</u>            |
|--|--------------------------|
| Net assets of the internal service funds   | \$ 262,974               |
| Less internal payable representing charges in excess of cost to business-type activities                                     | <u>(13,660)</u>          |
| <b>Net adjustment to increase fund balances – total governmental funds to arrive at net assets – governmental activities</b> | <b>\$ <u>249,314</u></b> |

**(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 assets 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  | \$ 7,468,001               |
| Depreciation expense  | <u>(4,524,165)</u>         |
| <b>Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net assets of governmental activities</b> | <b>\$ <u>2,943,836</u></b> |

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

(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 “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 or special items”. The details of this difference are as follows:

| <b><u>Description</u></b>   | <b><u>Amount</u></b> |
|---|----------------------|
| Street infrastructure contributed by developers reported with capital grants and contributions  | \$ 1,093,750         |
| Street infrastructure acquired through annexation reported as a special item  | <u>23,549,415</u>    |
| <b>Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net assets of governmental activities</b> | \$ <u>24,643,165</u> |

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

| <b><u>Description</u></b>   | <b><u>Amount</u></b>  |
|---|-----------------------|
| <b>Debt issued -</b>  |                       |
| Issuance of general obligation debt   | \$ (10,000,000)       |
| <b>Principal repayments:</b>  |                       |
| Bonds payable   | 2,355,000             |
| Promissory loans payable  | 66,941                |
| Negotiable notes payable  | 244,311               |
| Capital leases payable  | <u>395,981</u>        |
| <b>Net adjustment to decrease net change in fund balances – total governmental funds to arrive at change in net assets of governmental activities</b> | \$ <u>(6,937,767)</u> |

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

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

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

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

| <b><u>Description</u></b>   | <b><u>Amount</u></b>     |
|---|--------------------------|
| Accrued interest expense  | \$ (59,466)              |
| Amortization of deferred charges  | (73,002)                 |
| Deferred charges for new debt issues  | 165,500                  |
| Compensated absences  | (83,869)                 |
| Claims and judgments  | 116,515                  |
| Pension asset   | <u>800,080</u>           |
| <b>Net adjustment to increase net change in fund balances – total governmental funds to arrive at change in net assets of governmental activities</b> | <b>\$ <u>865,758</u></b> |

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

| <b><u>Description</u></b>   | <b><u>Amount</u></b>       |
|---|----------------------------|
| Change in net assets of the internal service funds  | \$ (222,595)               |
| Less loss from charges to business-type activities  | <u>35,961</u>              |
| <b>Net adjustment to decrease net change in fund balances – total governmental funds to arrive at change in net assets of governmental activities</b> | <b>\$ <u>(186,634)</u></b> |

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

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

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

The proprietary fund statement of net assets includes a reconciliation between net assets – total enterprise funds and net assets of business-type activities as reported in the government-wide statement of net assets. 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:

| <b><u>Description</u></b>  | <b><u>Amount</u></b> |
|--|----------------------|
| Internal receivable representing charges in excess of cost to business-type activities:                                  |                      |
| Prior year   | \$ 49,621            |
| Current year   | <u>(35,961)</u>      |
| <b>Net adjustment to increase net assets – total enterprise funds to arrive at net assets – business-type activities</b> | \$ <u>13,660</u>     |

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

**(a) Budgetary Information**

The City adopts annual budgets for all governmental, proprietary and fiduciary funds on a basis consistent with state law, the more significant of which is discussed below. For 2009, the original total budgeted expenditures were \$97,290,700 and were increased by amendments to \$97,510,200.

The City adopts annual budgets in accordance with statutory requirements established by the Mississippi Municipal Budget Law, Section 21-35-1, Mississippi Code Ann. (1972), Chapter 35 of Title 21 and regulatory requirements established by Section 21-35-29, Mississippi Code Ann. (1972). State law requires revenues and expenditures to be budgeted as follows: revenues which should be credited to the budget are those which are legally receipted (cash basis) from October 1 through September 30 at the minimum legal level required by the state auditor; expenditures which should be charged to the budget are those which are legally budgeted and disbursed during the fiscal year or within 30 days thereafter. The purpose level or object (personnel services, supplies and

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2009

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

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

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

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

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

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

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

(b) **Budget/GAAP Reconciliation**

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

| <b><u>Description</u></b>                           | <b><u>General<br/>Fund</u></b> | <b><u>Special<br/>Revenue<br/>Fund</u></b> |
|---|--------------------------------|--|
| Net change in fund balances –<br>budgetary basis    | \$ (1,268,281)                 | (1,704,500)                                |
| Basis differences:                                  |                                |  |
| Net accrued revenues and<br>related receivables     | 2,255,931                      | 252,916                                    |
| Net accrued expenditures and<br>related liabilities | <u>(2,399,050)</u>             | <u>1,781,911</u>                           |
| <b>Net change in fund balances –<br/>GAAP basis</b> | <b>\$ <u>(1,411,400)</u></b>   | <b><u>330,327</u></b>                      |

(c) **Excess of expenditures over appropriations**

For the year ended September 30, 2009, expenditures exceeded appropriations in the Special Revenue Fund and the Capital Projects Funds. The Special Revenue Fund project costs exceeded appropriations by \$2,475,326. The Capital Projects Fund capital outlay expenditures exceeded appropriations by \$3,985,774. These excess expenditures were funded by greater than anticipated revenues and available fund balance in the Special Revenue Fund and by available revenues and fund balance in the Capital Projects Funds.

(d) **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration of the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances, since they do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. These encumbrances lapse 30 days after year end, if not paid in accordance with the state budgeting requirements discussed in the above “Budgetary Information” section.

# CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2009

## (4) Deposits and Investments

### *Deposits*

*Custodial credit risk:* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At year end, the City's carrying amount of deposits was \$31,512,079 and the bank balance was \$31,505,015. 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 \$1,792,631 and the bank balance was \$1,793,168. 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</u><br><u>(Within One Year)</u> |
|---|----------------------------|--|
| U.S. Government Securities:                         |                            |  |
| Federal Home Loan Mortgage Corporate Discount Notes | \$ 758,452                 | 12/23/2009                                       |
| Federated Government Obligations                    | 1,147                      | -  |
| U. S. Treasury Bills                                | 427,815                    | 11/19/2009                                       |
| U. S. Treasury Bills                                | 304,000                    | 3/25/2010  |
| Certificates of Deposit:                            |                            |  |
| Citizens National Bank                              | 675,000                    | 1/05/2010  |
| Community Bank                                      | 675,000                    | 1/07/2010  |
| Citizens National Bank                              | <u>179,860</u>             | 12/26/2009                                       |
| <b>Total investments</b>                            | <b>\$ <u>3,021,274</u></b> |  |

*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.

# CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2009

## (4) Deposits and Investments (Continued)

*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. The City's investments in U.S. Government securities are rated AAA by Standard & Poor's and by Moody's Investors Service.

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

*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 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 assets for the primary government follows:

| <u>Description</u>  | <u>Amount</u>               |
|---|-----------------------------|
| Cash on hand  | \$ 19,607                   |
| Cash with trustee   | 944,271                     |
| Carrying amount of deposits (including certificates of deposits)  | 31,512,079                  |
| Carrying amount of investments (securities)   | <u>1,491,414</u>            |
| <b>Total cash and investments</b>   | <b>\$ <u>33,967,371</u></b> |
| Cash and cash equivalents   | \$ 23,147,596               |
| Cash and investments – restricted   | 8,292,154                   |
| Investments   | <u>1,350,000</u>            |
| <b>Total reported on the government-wide statement of net assets</b>  | <b>32,789,750</b>           |
| Cash and cash equivalents reported on the statement of fiduciary assets and liabilities not included on the government-wide statement of net assets | <u>1,177,621</u>            |
| <b>Total reported</b>   | <b>\$ <u>33,967,371</u></b> |

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

**(5) Capital Assets**

**Primary government:**

Capital asset activity for the year ended September 30, 2009, was as follows:

|  | <u>Balance</u><br><u>September 30,</u><br><u>2008</u> | <u>Increases</u>  | <u>Decreases</u> | <u>Balance</u><br><u>September 30,</u><br><u>2009</u> |
|--|---|-------------------|------------------|---|
| <b>Governmental activities:</b>              |   |                   |                  |   |
| Capital assets, not being depreciated:       |   |                   |                  |   |
| Land   | \$ 7,657,001  | 165,234           | 4,500            | 7,817,735   |
| Right of ways                                | 2,600   | -                 | -                | 2,600   |
| Collections - historical treasures           | 141,250   | -                 | -                | 141,250   |
| Construction-in-progress                     | <u>4,947,946</u>                                      | <u>6,499,196</u>  | <u>102,484</u>   | <u>11,344,658</u>                                     |
| Total capital assets, not being depreciated  | <u>12,748,797</u>                                     | <u>6,664,430</u>  | <u>106,984</u>   | <u>19,306,243</u>                                     |
| Capital assets, being depreciated:           |   |                   |                  |   |
| Buildings                                    | 24,106,532  | 234,582           | -                | 24,341,114  |
| Improvements other than buildings            | 3,818,102   | 121,355           | -                | 3,939,457   |
| Machinery and equipment                      | 14,077,360  | 328,270           | 828,822          | 13,576,808  |
| Infrastructure                               | <u>79,516,785</u>                                     | <u>24,865,013</u> | <u>13,888</u>    | <u>104,367,910</u>                                    |
| Total capital assets, being depreciated      | <u>121,518,779</u>                                    | <u>25,549,220</u> | <u>842,710</u>   | <u>146,225,289</u>                                    |
| Less accumulated depreciation for:           |   |                   |                  |   |
| Buildings                                    | 5,894,612   | 462,055           | -                | 6,356,667   |
| Improvements other than buildings            | 1,454,282   | 232,286           | -                | 1,686,568   |
| Machinery and equipment                      | 8,404,976   | 1,058,277         | 720,102          | 8,743,151   |
| Infrastructure                               | <u>42,496,294</u>                                     | <u>2,771,547</u>  | <u>13,191</u>    | <u>45,254,650</u>                                     |
| Total accumulated depreciation               | <u>58,250,164</u>                                     | <u>4,524,165</u>  | <u>733,293</u>   | <u>62,041,036</u>                                     |
| Total capital assets, being depreciated, net | <u>63,268,615</u>                                     | <u>21,025,055</u> | <u>109,417</u>   | <u>84,184,253</u>                                     |
| <b>Total governmental activities</b>         |   |                   |                  |   |
| <b>capital assets, net</b>                   | \$ <u>76,017,412</u>                                  | <u>27,689,485</u> | <u>216,401</u>   | <u>103,490,496</u>                                    |

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

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

|   | <b>Balance<br/>September 30,<br/><u>2008</u></b> | <b><u>Increases</u></b>   | <b><u>Decreases</u></b> | <b>Balance<br/>September 30,<br/><u>2009</u></b> |
|---|--|---------------------------|-------------------------|--|
| <b>Business-type activities:</b>                              |  |                           |                         |  |
| Capital assets, not being depreciated:                        |  |                           |                         |  |
| Land  | \$ 271,666                                       | -                         | -                       | 271,666  |
| Construction-in-progress                                      | <u>378,074</u>                                   | <u>152,420</u>            | -                       | <u>530,494</u>                                   |
| Total capital assets, not being depreciated                   | <u>649,740</u>                                   | <u>152,420</u>            | -                       | <u>802,160</u>                                   |
| Capital assets, being depreciated:                            |  |                           |                         |  |
| Buildings   | 126,628  | -                         | -                       | 126,628  |
| Water and sewer system  | 92,510,057                                       | 123,220                   | -                       | 92,633,277                                       |
| Improvements other than buildings                             | 113,067  | -                         | 14,143                  | 98,924   |
| Machinery and equipment                                       | <u>4,085,197</u>                                 | <u>262,150</u>            | <u>792,554</u>          | <u>3,554,793</u>                                 |
| Total capital assets, being depreciated                       | <u>96,834,949</u>                                | <u>385,370</u>            | <u>806,697</u>          | <u>96,413,622</u>                                |
| Less accumulated depreciation for:                            |  |                           |                         |  |
| Buildings   | 119,028  | 950                       | -                       | 119,978  |
| Water and sewer system  | 52,238,560                                       | 3,568,391                 | -                       | 55,806,951                                       |
| Improvements other than buildings                             | 88,092   | -                         | 14,143                  | 73,949   |
| Machinery and equipment                                       | <u>3,148,254</u>                                 | <u>375,814</u>            | <u>792,554</u>          | <u>2,731,514</u>                                 |
| Total accumulated depreciation                                | <u>55,593,934</u>                                | <u>3,945,155</u>          | <u>806,697</u>          | <u>58,732,392</u>                                |
| Total capital assets, being depreciated, net                  | <u>41,241,015</u>                                | <u>(3,559,785)</u>        | -                       | <u>37,681,230</u>                                |
| <b>Total business-type activities<br/>capital assets, net</b> | \$ <u><u>41,890,755</u></u>                      | <u><u>(3,407,365)</u></u> | -                       | <u><u>38,483,390</u></u>                         |

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

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

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

|  | <b><u>Amount</u></b>       |
|--|----------------------------|
| <b>Governmental activities:</b>                              |                            |
| General government   | \$ 524,585                 |
| Public safety  | 873,386                    |
| Public works   | 3,054,151                  |
| Culture and recreation                                       | <u>72,043</u>              |
| <b>Total depreciation expense - governmental activities</b>  | <b>\$ <u>4,524,165</u></b> |
| <b>Business-type activities:</b>                             |                            |
| Water and sewer department                                   | \$ 3,808,988               |
| Golf course  | 5,398                      |
| Union Station  | <u>1,963</u>               |
| <b>Total depreciation expense - business-type activities</b> | <b>\$ <u>3,816,349</u></b> |

Construction-in-progress is composed of:

|   |                             |
|---|-----------------------------|
| <b>Governmental activities:</b>           |                             |
| City Hall improvements                    | \$ 9,006,228                |
| North Hills at Highway 39 project         | 152,629                     |
| Software conversion                       | 308,938                     |
| Hope VI infrastructure                    | 67,876                      |
| New police station                        | 664,533                     |
| Kress building renovations                | 102,267                     |
| 22nd Avenue bridge repair                 | 708,811                     |
| 29th Avenue bridge repair                 | 54,450                      |
| 26th Avenue viaduct inspection            | 11,070                      |
| Bonita Lakes Dam rehabilitation           | 194,885                     |
| Central Business District signal upgrades | <u>72,971</u>               |
| Total governmental activities             | <u>11,344,658</u>           |
| <b>Business-type activities:</b>          |                             |
| Headworks improvements                    | 190,417                     |
| Sewer improvements: South Industrial      |                             |
| Park and other areas                      | 99,161                      |
| SCADA upgrades                            | 131,865                     |
| Sludge disposal system                    | <u>109,051</u>              |
| Total business-type activities            | <u>530,494</u>              |
| <b>Total construction-in-progress</b>     | <b>\$ <u>11,875,152</u></b> |

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

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

**Discretely presented component units:**

Capital asset activity for the year ended September 30, 2009, was as follows:

|  | <b>Balance</b>       |                         |                         | <b>Balance</b>       |
|--|----------------------|-------------------------|-------------------------|----------------------|
|  | <b>September 30,</b> |                         |                         | <b>September 30,</b> |
|  | <b><u>2008</u></b>   | <b><u>Increases</u></b> | <b><u>Decreases</u></b> | <b><u>2009</u></b>   |
| <b>Meridian Airport Authority:</b>           |                      |                         |                         |                      |
| Capital assets, not being depreciated:       |                      |                         |                         |                      |
| Land   | \$ 500,000           | -                       | -                       | 500,000              |
| Construction-in-progress                     | <u>7,277,834</u>     | <u>1,469,131</u>        | <u>7,489,137</u>        | <u>1,257,828</u>     |
| Total capital assets, not being depreciated  | <u>7,777,834</u>     | <u>1,469,131</u>        | <u>7,489,137</u>        | <u>1,757,828</u>     |
| Capital assets, being depreciated:           |                      |                         |                         |                      |
| Buildings                                    | 4,485,147            | 319,620                 | -                       | 4,804,767            |
| Improvements other than buildings            | 13,744,221           | 5,485,615               | -                       | 19,229,836           |
| Machinery and equipment                      | <u>579,946</u>       | <u>1,704,621</u>        | <u>4,532</u>            | <u>2,280,035</u>     |
| Total capital assets, being depreciated      | <u>18,809,314</u>    | <u>7,509,856</u>        | <u>4,532</u>            | <u>26,314,638</u>    |
| Less accumulated depreciation for:           |                      |                         |                         |                      |
| Buildings                                    | 1,271,988            | 119,401                 | -                       | 1,391,389            |
| Improvements other than buildings            | 6,424,915            | 849,196                 | -                       | 7,274,111            |
| Machinery and equipment                      | <u>348,219</u>       | <u>305,884</u>          | <u>4,134</u>            | <u>649,969</u>       |
| Total accumulated depreciation               | <u>8,045,122</u>     | <u>1,274,481</u>        | <u>4,134</u>            | <u>9,315,469</u>     |
| Total capital assets, being depreciated, net | <u>10,764,192</u>    | <u>6,235,375</u>        | <u>398</u>              | <u>16,999,169</u>    |
| <b>Total Meridian Airport Authority</b>      | \$ <u>18,542,026</u> | <u>7,704,506</u>        | <u>7,489,535</u>        | <u>18,756,997</u>    |
| <b>Nonmajor component units:</b>             |                      |                         |                         |                      |
| Capital assets, not being depreciated -      |                      |                         |                         |                      |
| Capital assets held for development          | \$ 40,119            | -                       | -                       | 40,119               |
| Capital assets, being depreciated:           |                      |                         |                         |                      |
| Machinery and equipment                      | \$ 521,877           | 1,601                   | -                       | 523,478              |
| Less accumulated depreciation                | <u>326,175</u>       | <u>61,860</u>           | -                       | <u>388,035</u>       |
| <b>Total nonmajor component units</b>        | \$ <u>235,821</u>    | <u>(60,259)</u>         | <u>-</u>                | <u>175,562</u>       |

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

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

The composition of interfund balances as of September 30, 2009, is as follows:

**Due to/from other funds:**

| <u>Receivable fund</u>           | <u>Payable fund</u>         | <u>Amount</u>       |
|----------------------------------|-----------------------------|---------------------|
| General Fund                     | Special Revenue Fund        | \$ 500,669          |
|                                  | Nonmajor Governmental Funds | 116,643             |
| Special Revenue Fund             | General Fund                | 175,713             |
| Nonmajor Governmental Funds      | General Fund                | 69,188              |
| Water & Sewer Fund               | Nonmajor Governmental Funds | 56,924              |
| Waste Collection & Disposal Fund | General Fund                | 8,790               |
| Internal Service Funds           | General Fund                | 77,827              |
|                                  | Water & Sewer Fund          | 27,110              |
|                                  | Waste Collection & Disposal | 1                   |
|                                  | Nonmajor Enterprise Funds   | <u>259</u>          |
| Total due to/from other funds    |                             | \$ <u>1,033,124</u> |

**Due to primary government**

**Due from component units**

|                          |                                    |                  |
|--------------------------|------------------------------------|------------------|
| General Fund             | Meridian Transportation Commission | \$ <u>3,633</u>  |
| Nonmajor Enterprise Fund | Meridian Transportation Commission | \$ <u>1,365</u>  |
| Internal Service Funds   | Meridian Transportation Commission | \$ <u>12,539</u> |

These balances represent temporary timing differences related to routine advances to provide funds for operations or projects.

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2009

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

**Interfund transfers:**

| <u>Transfers out:</u>                       | <u>Transfers in:</u>          |  |   |   |  |  |   |  |
|---|-------------------------------|--|---|---|--|--|---|--|
|   | <u>General</u><br><u>Fund</u> | <u>Debt</u><br><u>Service</u><br><u>Fund</u> | <u>Special</u><br><u>Revenue</u><br><u>Fund</u> | <u>City</u><br><u>Hall</u><br><u>Improvements</u> | <u>Nonmajor</u><br><u>Governmental</u><br><u>Funds</u> | <u>Nonmajor</u><br><u>Enterprise</u><br><u>Funds</u> | <u>Internal</u><br><u>Service</u><br><u>Funds</u> | <u>Total</u><br><u>transfers</u><br><u>out</u> |
| <b>General Fund</b>                         | \$ -                          | 531,280                                      | 87,404  | -   | 10,801   | 358,000  | 22,000  | 1,009,485                                      |
| <b>Special Revenue Fund</b>                 | 3,496                         | -  | -   | -   | -  | -  | -   | 3,496  |
| <b>Nonmajor</b>                             |                               |  |   |   |  |  |   |  |
| <b>Governmental Funds</b>                   | 705                           | -  | -   | 8,750,590   | 25,065   | -  | -   | 8,776,360                                      |
| <b>Water &amp; Sewer Fund</b>               | 601,500                       | -  | 249,000   | -   | -  | -  | -   | 850,500  |
| <b>Waste Collection &amp; Disposal Fund</b> | <u>44,000</u>                 | <u>-</u>                                     | <u>-</u>  | <u>-</u>  | <u>-</u>   | <u>-</u>   | <u>-</u>  | <u>44,000</u>                                  |
| <b>Total transfers in</b>                   | <u>\$ 649,701</u>             | <u>531,280</u>                               | <u>336,404</u>                                  | <u>8,750,590</u>                                  | <u>35,866</u>  | <u>358,000</u>                                       | <u>22,000</u>                                     | 10,683,841                                     |
| <b>Water &amp; Sewer Fund*</b>              | <u>6,200</u>                  |  |   |   |  |  |   | <u>6,200</u>                                   |
|   |                               |  |   |   |  |  |   | <u>\$ 10,690,041</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.

**(7) Notes Payable**

A summary of notes payable at September 30, 2009, follows:

| <b>Discretely presented nonmajor component unit -</b>                        | <b>Balance</b>       |                  |                  | <b>Balance</b>       |
|--|----------------------|------------------|------------------|----------------------|
|  | <b>September 30,</b> | <b>Increases</b> | <b>Decreases</b> | <b>September 30,</b> |
|  | <b>2008</b>          |                  |                  | <b>2009</b>          |
| Meridian Transportation Commission:  |                      |                  |                  |                      |
| 5.5% \$40,850 line of credit with a financial institution, maturing annually | \$ <u>39,700</u>     | <u>-</u>         | <u>4,688</u>     | <u>35,012</u>        |

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

**(8) 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, 2009, follows:

| <u>Description</u>                            | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> |
|---|------------------------------------|-------------------------------------|
| Machinery and equipment                       | \$ 2,094,424                       | 1,277,227                           |
| Less accumulated depreciation                 | <u>(617,556)</u>                   | <u>(443,750)</u>                    |
| <b>Total leased equipment<br/>capitalized</b> | <b>\$ <u>1,476,868</u></b>         | <b><u>833,477</u></b>               |

The future minimum lease obligations and the net present value of minimum lease commitments at September 30, 2009, follows:

| <u>Year Ending<br/>September 30,</u>                           | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> |
|--|------------------------------------|-------------------------------------|
| 2010   | \$ 426,346                         | 155,241                             |
| 2011   | 198,623                            | 106,140                             |
| 2012   | 71,226                             | 106,140                             |
| 2013   | 71,226                             | 106,140                             |
| 2014   | 71,226                             | 106,140                             |
| 2015-2019  | <u>160,259</u>                     | <u>238,815</u>                      |
| Total minimum lease commitments                                | 998,906                            | 818,616                             |
| Less amount representing imputed interest                      | <u>(111,758)</u>                   | <u>(146,061)</u>                    |
| Present value of minimum lease payments                        | 887,148                            | 672,555                             |
| Current portion of obligations under capital leases            | <u>(386,859)</u>                   | <u>(118,449)</u>                    |
| Obligations under capital leases,<br>less current installments | <b>\$ <u>500,289</u></b>           | <b><u>554,106</u></b>               |

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

**(9) Long-Term Liabilities**

A summary of long-term liabilities at September 30, 2009, follows:

|   | <b><u>Interest<br/>Rates</u></b> | <b><u>Amount</u></b> |
|---|----------------------------------|----------------------|
| <b>Governmental activities:</b>                     |                                  |                      |
| Outstanding bonds:                                  |                                  |                      |
| General government                                  | 2.6 - 6.25%                      | \$ 29,555,000        |
| Special obligation bonds – parking facilities       | 2.75 - 5.375%                    | 5,565,000            |
| Limited obligation bonds – tax increment financing  | 9.0%                             | 1,770,000            |
| Special assessment debt with City commitment        | 4.5 - 6.75%                      | 2,955,000            |
| Other debt:   |                                  |                      |
| Promissory loans                                    | 3.0%                             | 499,527              |
| Negotiable notes                                    | 5.45%                            | 529,318              |
| Capital leases                                      | 2.85 - 5.87%                     | 887,148              |
| Compensated absences                                |                                  | 1,482,690            |
| Claims and judgments                                |                                  | <u>27,146</u>        |
| <b>Total governmental activities</b>                |                                  | 43,270,829           |
| Less current portion payable                        |                                  | <u>(4,019,503)</u>   |
| <b>Governmental activities, net</b>                 |                                  | \$ <u>39,251,326</u> |
| <b>Business-type activities:</b>                    |                                  |                      |
| Water & sewer revenue bonds:                        |                                  |                      |
| Advanced refunding of a refunding                   | 6.0 - 6.5%                       | \$ 1,845,000         |
| Improvements and repairs to water system            | 4.6 - 6.5%                       | 2,430,000            |
| Improvements, repairs and extension to water system | 4.5 - 6.375%                     | 2,905,000            |
| Improvements, repairs and extension to water system | 5.0 - 6.25%                      | 1,395,000            |
| Less deferred issue costs on refunding bonds        |                                  | <u>(117,930)</u>     |
| Total revenue bonds                                 |                                  | <u>8,457,070</u>     |
| Water & sewer promissory loans                      | 1.0 - 6.125%                     | 12,858,058           |
| Less deferred issue costs on refunding bonds        |                                  | <u>(308,170)</u>     |
| Total promissory loans                              |                                  | <u>12,549,888</u>    |
| Capital leases                                      | 4.14 - 5.87%                     | <u>672,555</u>       |
| Deferred revenue forward invested funds             |                                  | <u>235,002</u>       |
| Compensated absences                                |                                  | <u>200,878</u>       |
| <b>Total business-type activities</b>               |                                  | 22,115,393           |
| Less current portion payable                        |                                  | <u>(3,872,400)</u>   |
| <b>Business activities, net</b>                     |                                  | \$ <u>18,242,993</u> |

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

**(9) 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<br>Ending<br>September 30,              | Governmental Activities        |                                |                                 |                               |                       |                       | Total                    |
|--|--------------------------------|--------------------------------|---------------------------------|-------------------------------|-----------------------|-----------------------|--------------------------|
|  | General<br>Obligation<br>Bonds | Special<br>Obligation<br>Bonds | Limited<br>Obligations<br>Bonds | Special<br>Assessment<br>Debt | Promissory<br>Loans   | Negotiable<br>Notes   |                          |
| 2010   | \$ 2,977,837                   | 530,843                        | 531,750                         | 473,128                       | 82,869                | 286,500               | 4,882,927                |
| 2011   | 2,844,509                      | 527,494                        | 530,075                         | 480,619                       | 82,869                | 286,500               | 4,752,066                |
| 2012   | 2,860,258                      | 533,693                        | 525,250                         | 481,667                       | 82,869                | -                     | 4,483,737                |
| 2013   | 2,876,613                      | 535,200                        | 517,275                         | 481,776                       | 82,869                | -                     | 4,493,733                |
| 2014   | 2,455,076                      | 536,037                        | -                               | 485,542                       | 82,869                | -                     | 3,559,524                |
| 2015-2019                                    | 11,273,498                     | 2,717,906                      | -                               | 1,213,168                     | 131,209               | -                     | 15,335,781               |
| 2020-2024                                    | 9,223,950                      | 2,234,532                      | -                               | 181,530                       | -                     | -                     | 11,640,012               |
| 2025-2029                                    | <u>6,224,113</u>               | <u>-</u>                       | <u>-</u>                        | <u>-</u>                      | <u>-</u>              | <u>-</u>              | <u>6,224,113</u>         |
| <b>Total</b>                                 | <b>\$ <u>40,735,854</u></b>    | <b><u>7,615,705</u></b>        | <b><u>2,104,350</u></b>         | <b><u>3,797,430</u></b>       | <b><u>545,554</u></b> | <b><u>573,000</u></b> | <b><u>55,371,893</u></b> |
| <b>Interest included<br/>in above totals</b> | <b>\$ <u>11,180,854</u></b>    | <b><u>2,050,705</u></b>        | <b><u>334,350</u></b>           | <b><u>842,430</u></b>         | <b><u>46,027</u></b>  | <b><u>43,682</u></b>  | <b><u>14,498,048</u></b> |

| Year<br>Ending<br>September 30,              | Business-type Activities    |                          |                          |
|--|-----------------------------|--------------------------|--------------------------|
|  | Revenue<br>Bonds            | Promissory<br>Loans      | Total                    |
| 2010   | \$ 2,907,397                | 1,709,157                | 4,616,554                |
| 2011   | 950,105                     | 1,685,784                | 2,635,889                |
| 2012   | 961,837                     | 1,680,588                | 2,642,425                |
| 2013   | 971,190                     | 1,682,270                | 2,653,460                |
| 2014   | 974,286                     | 1,686,585                | 2,660,871                |
| 2015-2019                                    | 3,323,096                   | 4,283,583                | 7,606,679                |
| 2020-2024                                    | 179,860                     | 4,047,189                | 4,227,049                |
| 2025-2029                                    | <u>-</u>                    | <u>431,006</u>           | <u>431,006</u>           |
| <b>Total</b>                                 | <b>\$ <u>10,267,771</u></b> | <b><u>17,206,162</u></b> | <b><u>27,473,933</u></b> |
| <b>Interest included<br/>in above totals</b> | <b>\$ <u>1,692,771</u></b>  | <b><u>4,348,104</u></b>  | <b><u>6,040,875</u></b>  |

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

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

A summary of changes in the long-term liabilities during the year ended September 30, 2009, follows:

| <u>Description</u>  | <u>October 1,<br/>2008</u>  | <u>Additions</u>         | <u>Deletions</u>        | <u>September 30, 2009</u> | <u>Due Within<br/>One Year</u> |
|---|-----------------------------|--------------------------|-------------------------|---------------------------|--------------------------------|
| <b>Governmental activities:</b>                                   |                             |                          |                         |                           |                                |
| Bonds payable:  |                             |                          |                         |                           |                                |
| General obligation debt   | \$ 20,985,000               | 10,000,000               | 1,430,000               | 29,555,000                | 1,805,000                      |
| Special obligation bonds  | 5,835,000                   | -                        | 270,000                 | 5,565,000                 | 285,000                        |
| Limited obligation bonds  | 2,135,000                   | -                        | 365,000                 | 1,770,000                 | 390,000                        |
| Special assessment with<br>City commitment                        | <u>3,245,000</u>            | <u>-</u>                 | <u>290,000</u>          | <u>2,955,000</u>          | <u>305,000</u>                 |
| Total bonds payable   | 32,200,000                  | 10,000,000               | 2,355,000               | 39,845,000                | 2,785,000                      |
| Promissory loans  | 566,468                     | -                        | 66,941                  | 499,527                   | 68,634                         |
| Negotiable notes  | 773,629                     | -                        | 244,311                 | 529,318                   | 257,634                        |
| Capital leases  | 1,283,129                   | -                        | 395,981                 | 887,148                   | 386,859                        |
| Compensated absences  | 1,398,821                   | 1,240,208                | 1,156,339               | 1,482,690                 | 494,230                        |
| Claims and judgments  | <u>143,661</u>              | <u>634,508</u>           | <u>751,023</u>          | <u>27,146</u>             | <u>27,146</u>                  |
| <b>Governmental activities<br/>        long-term liabilities</b>  | <b>\$ <u>36,365,708</u></b> | <b><u>11,874,716</u></b> | <b><u>4,969,595</u></b> | <b><u>43,270,829</u></b>  | <b><u>4,019,503</u></b>        |
| <b>Business-type activities:</b>                                  |                             |                          |                         |                           |                                |
| Revenue bonds   | \$ 9,955,000                | -                        | 1,380,000               | 8,575,000                 | 2,485,000                      |
| Less deferred issue costs on<br>refunding bonds                   | (136,551)                   | -                        | (18,621)                | (117,930)                 | -                              |
| Promissory loans  | 13,972,593                  | -                        | 1,114,535               | 12,858,058                | 1,160,738                      |
| Less deferred issue costs on<br>refunding loans                   | (369,805)                   | -                        | (61,635)                | (308,170)                 | -                              |
| Capital leases  | 785,062                     | -                        | 112,507                 | 672,555                   | 118,449                        |
| Deferred revenue forward invested funds                           | 278,555                     | -                        | 43,553                  | 235,002                   | 41,923                         |
| Compensated absences  | <u>219,416</u>              | <u>-</u>                 | <u>18,538</u>           | <u>200,878</u>            | <u>66,290</u>                  |
| <b>Business-type activities<br/>        long-term liabilities</b> | <b>\$ <u>24,704,270</u></b> | <b><u>-</u></b>          | <b><u>2,588,877</u></b> | <b><u>22,115,393</u></b>  | <b><u>3,872,400</u></b>        |

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

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2009

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

#### General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The original amount of general obligation bonds issued in prior years was \$27,350,000.

The City issued general obligation bonds during fiscal year 2009, in the amount of \$10,000,000. The proceeds from this bond issue will provide funds for the City Hall Phase IV interior package.

#### Special Obligation Bonds

During fiscal year 2003, the City issued \$7,000,000 in special obligation bonds to provide funds for the costs of constructing the performing arts and educational/conference center parking facilities. These special obligation bonds are direct obligations and pledge the full faith and credit of the City. Revenues raised from operations of the parking facility are to be used for payment of principal and interest due on these bonds.

#### Limited Obligation Bonds

The original amount of tax increment limited obligation bonds issued by the City in prior years to provide funds for the costs of constructing certain infrastructure improvements was \$3,300,000. The bonds are payable from and secured by a pledge of taxes levied on the incremental increase in the assessed value of the project and certain sales tax revenues. The City entered into an interlocal agreement with Lauderdale County, whereby the County has also pledged additional ad valorem tax revenues generated by the project to provide a pro rata portion of annual debt service on the bonds. As a result, the bonds are not a general obligation of the City.

#### Special Assessment Debt

The City issues special assessment bonds to provide financing for certain capital street improvements to benefit specific taxpayers. Special assessment bonds are direct obligations and pledge the full faith and credit of the City. Annual debt service is provided through collection of special assessments on benefited property and ad valorem taxes levied for debt service. The original amount of special assessment bonds issued in prior years was \$5,545,000.

#### Revenue Bonds

The City also issues bonds whereby the City pledges income derived from user fees of its water and sewer operations. The balance of revenue bonds outstanding as of September 30, 2009 amounted to \$8,457,070, net of \$117,930 of long-term financing costs. The original amount of revenue bonds issued in prior years was \$21,710,000.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2009

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

#### Revenue Bonds (Continued)

In 1994, the City refunded its 1990 Water and Sewer Refunding Bonds by issuing \$9,710,000 of Special Revenue Advance Refunding Bonds. As a result of the refunding, the 1990 bonds are considered fully defeased in substance, and the liability is not reported in the City's financial statements. As of September 30, 2009, the outstanding balance on the defeased bonds was \$1,875,000. As a result of this refunding, the debt service payments were reduced by approximately \$640,000 over the next fifteen years (1994 through 2009) and resulted in an economic savings of approximately \$169,000.

#### Promissory Loans

The City entered into a loan agreement whereby the Mississippi Development Bank issued Mississippi Development Bank Special Obligation Bonds and loaned the proceeds in the amount of \$5,300,000 to the City. The loan was made in 1998 to fund water and sewer line improvements to the west side of Meridian adjacent to the East Mississippi Correctional Facility and toward the annexed area of the City located on the eastern side of the City.

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

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

In 2002, the City entered into a loan agreement whereby the Mississippi Development Bank issued Mississippi Development Bank Special Obligation Bonds and loaned the proceeds in the amount of \$3,100,000 to the City. The proceeds from this loan were used to provide sewer lines to the Naval Air Station and water and sewer service to the Phase II annexed areas.

In 2003, the City entered into a loan agreement whereby the Mississippi Development Bank issued Mississippi Development Bank Special Obligation Bonds and loaned the proceeds in the amount of \$7,590,000 to the City. The proceeds from this loan were used to refund the City's 1994 Combined Water and Sewer System Revenue Bonds. As a result of this refunding, the 1994 bonds are considered fully defeased in substance, and

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

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

Promissory Loans (Continued)

the liability is not reported in the City's financial statements. As of September 30, 2009, the outstanding balance on the defeased bonds was \$3,770,000. This refunding resulted in a decrease in future debt service payments of \$549,006.

In 2004, the City entered into a loan agreement whereby the Mississippi Development Bank issued Mississippi Development Bank Special Obligation Bonds and loaned the proceeds in the amount of \$2,900,000 to the City. The proceeds from this loan were used to provide water and sewer lines to the new industrial park and for various other small projects.

Negotiable Notes

During fiscal year 2006, the City issued taxable negotiable notes in the amount of \$1,225,000. The proceeds from these notes were used for the acquisition of a building and land for redevelopment within the City's urban renewal district.

Letter of Credit

The City maintains a \$600,000 unsecured irrevocable letter of credit with Citizens National Bank. This letter of credit was issued in favor of Travelers Indemnity Company for support of the City's deductible for workers compensation claims. This letter of credit expires August 1, 2010, with an automatic extension for one year. As of September 30, 2009, the City had no outstanding balance on this letter of credit. The interest rate is set at the bank's prime rate.

**(10) Lessor Operating Leases**

The City of Meridian and Meridian Airport Authority (a discretely presented component unit) leases space to others under various lease agreements. A summary of minimum future rental income on these leases as of September 30, 2009, and for each of the next five years and in aggregate, follows:

| <b><u>Year Ending<br/>September 30,</u></b> | <b><u>City of<br/>Meridian</u></b> | <b><u>Meridian<br/>Airport<br/>Authority</u></b> |
|---|------------------------------------|--|
| 2010  | \$ 50,259                          | 95,526   |
| 2011  | 48,160                             | 18,228   |
| 2012  | 48,160                             | 15,112   |
| 2013  | 30,766                             | 5,924  |
| 2014  | 14,341                             | 4,793  |
| Thereafter                                  | <u>100,220</u>                     | <u>127,462</u>                                   |
| <b>Total minimum future rentals</b>         | <b>\$ <u>291,906</u></b>           | <b><u>267,045</u></b>                            |

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

**(11) Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance to protect against these and other types of risks, except medical claims of City employees and their covered dependents. Coverage limits vary by exposure/policy and are decided on from examination of the number and types of prior claims, as well as from monitoring of judicial decisions, awards and trend factors. Premiums are paid from the general fund, water and sewer fund, golf course fund and Union Station fund, as well as the appropriate department within each fund and by component units. There were no significant reductions in insurance coverage in fiscal 2009, 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, 2009 and 2008, follows:

| <b><u>Description</u></b>          | <b><u>2009</u></b> | <b><u>2008</u></b> |
|------------------------------------|--------------------|--------------------|
| Unpaid claims, beginning of year   | \$ 143,661         | 114,933            |
| Incurred claims (including IBNR’s) | 634,508            | 622,717            |
| Claim payments                     | <u>(751,023)</u>   | <u>(593,989)</u>   |
| Unpaid claims, end of year         | \$ <u>27,146</u>   | <u>143,661</u>     |

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

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

**(11) Risk Management (Continued)**

Benefit payments plus an administrative charge are made to the third-party administrator who approves and processes all claims. The Fund collects interfund premiums from insured funds and departments. Interfund premiums are based on the insured funds' claims experience and are adjusted to cover all reported claims. Claims settlement and loss expenses are accrued in the Fund for the settlement value of claims reported and estimated value of claims incurred but not reported, up to stop-loss. No actuarial study has been performed on the Fund. Changes in the balances of claims liabilities during the fiscal years ended September 30, 2009 and 2008 follows:

| <u>Description</u>                 | <u>2009</u>        | <u>2008</u>        |
|------------------------------------|--------------------|--------------------|
| Unpaid claims, beginning of year   | \$ 276,205         | 460,053            |
| Incurred claims (including IBNR's) | 2,762,595          | 2,593,189          |
| Claim payments                     | <u>(2,748,496)</u> | <u>(2,777,037)</u> |
| Unpaid claims, end of year         | \$ <u>290,304</u>  | <u>276,205</u>     |

**(12) Pollution Remediation**

In July, 2009, the Mississippi Department of Environmental Quality ("MDEQ") notified the City that it was in violation of section 49-17-29 of the Mississippi Code due to multiple overflows of raw sewage. As a result of this violation, the City has been assessed a civil penalty of \$12,500. The City received a letter from MDEQ in March, 2010, requiring (1) the submission of plans and specifications for replacing a twenty-four inch line on or before July 30, 2010, and (2) the City to replace this line on or before January 31, 2012, in order to reduce inflow and infiltration into the wastewater collection system. Failure to comply with either requirement would result in a stipulated penalty of \$5,000 plus \$100 per day of violation of the relevant deadline. At this time, the City is involved in negotiations with MDEQ and does not have sufficient information to reasonably estimate the obligation resulting from this pollution remediation.

**(13) Subsequent Events**

In December, 2009, an agreement for the sale, purchase, and redevelopment of urban renewal property was terminated by the redeveloper. The purpose of this Redevelopment Agreement was to convey the Threefoot Building and an unused parking garage to the redeveloper for the purpose of renovating, constructing, financing, managing and operating a hotel within the property. As a result of the termination, the City is required to reimburse the developer for all documented pre-development expenses in an amount not to exceed \$1,000,000.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2009

### (13) **Subsequent Events (Continued)**

In December, 2009, the City issued \$4,000,000 in tax increment financing bonds for the Meridian Crossroads Project, in accordance with the City's Tax Increment Financing Plan of 2006.

In February, 2010, the City issued \$1,100,000 in a taxable negotiable note for the payment of pre-development expenses incurred in conjunction with the Redevelopment Agreement that was terminated in December, 2009.

In March, 2010, the City issued \$300,000 in tax increment limited obligation bonds for the Highway 19 and North Hills Project.

### (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.

### (15) **Construction and Commitments**

The City has committed to a contract for the development of a collection system rehabilitation program to serve the City of Meridian with projects identified to be completed at the South Industrial Park and other areas. The cost of this project is estimated to be \$2,453,455. Expenditures related to this project are being funded 45% from local funds and 55% from grants congressionally allocated through the United States Environmental Protection Agency ("EPA").

The City has committed to contracts for upgrading to a supervisory control and data acquisition ("SCADA") system at the Freshwater Treatment Plants. The cost of this project is estimated to be \$1,500,000 and will be funded with proceeds from the sale of bonds issued by the City.

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2009

### (15) Construction and Commitments (Continued)

The City has committed to improvements at JT Davis Courts and Carousel Place Housing Developments (known as “Hope VI”). These improvements include added drainage, curbs and gutters, sidewalks, water and sewer mains, and a lift station. At September 30, 2009, this project was approximately 75% complete and the cost of materials through that date totaled \$67,876. This project will be funded with local funds.

The City has committed to a contract for repairs and upgrades to the 22<sup>nd</sup> Avenue Bridge located in the City’s downtown district. The cost of this project is estimated to be \$1,030,000. This project is being funded with proceeds from the sale of bonds issued by the City and from local funds.

The City has committed to contracts for repairs to the Bonita Lakes Dam, which was damaged during Hurricane Katrina. The cost of this project is estimated to be \$2,035,000. Expenditures related to this project are being funded \$249,000 from the sale of bonds issued by the City and \$1,786,000 from a Hurricane Katrina Supplemental Community Development Block Grant.

The City is scheduled to perform safety upgrades and enhancements on the 26<sup>th</sup> Avenue viaduct and repairs on the 29<sup>th</sup> Avenue Bridge at Sowashee Creek. The cost of these projects is estimated to be \$1,961,000 and will be funded by American Recovery and Reinvestment Act funds received by the Mississippi Department of Transportation (“MDOT”).

The City is scheduled to upgrade traffic signals in downtown Meridian and along 14<sup>th</sup> Street. The cost of this project is estimated to be \$1,150,000. Expenditures for traffic control devices will be funded 100% from grants committed to be provided by MDOT. Additional construction expenditures for this project will be funded 20% from local funds and 80% from grants committed to be provided by MDOT.

In fiscal year 2006, the City began a renovation and restoration project of the City Hall. The estimated completion date of this project is in fiscal year 2011. The cost of this project is estimated to be \$17,000,000 and is being funded with proceeds from the sale of \$10,000,000 bonds issued by the City during fiscal year 2006 and a second \$10,000,000 bond issue during fiscal year 2009.

In fiscal year 2008, the City executed an agreement for software and implementation services for a new integrated financial, customer, and maintenance management system. The cost of this project is estimated to be \$609,000. This project will be funded from local funds.

### (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

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2009

### (16) **Solid Waste Management Services Accounting (Continued)**

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.

### (17) **Pension and Retirement Plans**

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

##### *Plan Description*

The City and its component units contribute to the Public Employees' Retirement System of Mississippi ("PERS"), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, Accounting Department, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

The payroll for employees covered by PERS (statewide) for the year ended June 30, 2009, was \$5,831,863,534. The City's payroll for employees covered by PERS for the year ended September 30, 2009, was \$17,062,683; the City's total payroll was \$17,903,854 for the year ended September 30, 2009.

Participating employees who are vested and retire at or after age 60 or those who retire regardless of age with at least 25 years of creditable service are entitled, upon application, to an annual retirement allowance payable monthly for life, in an amount equal to 2 percent of their average compensation for each year of credited service, up to and including 25 years, plus 2.5 percent for each year of credited service over 25 years. Average compensation is the average of the employee's earnings during the four highest compensated years of credited service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. For members who enter the system on or after July 1, 2007, benefits vest upon completion of eight years of membership service. For members who entered the system before July 1, 2007, benefits vest upon completion of four years of membership service. PERS also provides certain death and disability benefits. Benefit provisions are established by Section 25-11-1 et seq., Mississippi Code Ann. (1972) and may be amended only by the State of Mississippi Legislature.

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

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

**Public Employees Retirement System (Continued):**

***Plan Description (Continued)***

A cost-of-living payment is made to eligible retirees and beneficiaries. The cost of living adjustment is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55, plus 3 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 55. For the year ended June 30, 2009, the total additional annual payments (statewide) were \$312,471,000.

***Funding Policy***

Employees covered by PERS are required to contribute 7.25% of their salary to PERS. In the year ended September 30, 2009, City employees contributed \$1,241,396. If an employee covered by PERS leaves employment prior to retirement, accumulated employee contributions plus related investment earnings allocations are refunded to the employee or designated beneficiary upon request. The investment earnings allocation rate was 3.5% in 2009.

The City is required by statute to contribute to PERS at an actuarially determined rate. For the years ended September 30, 2009, 2008, and 2007, the City's contribution requirements representing 11.30% (from July 1, 2006 through June 30, 2007), 11.85% (from July 1, 2007 through June 30, 2009), and 12.00% (from July 1, 2009 through September 30, 2009) of covered payroll were \$2,035,851, \$1,907,698, and \$1,755,832, respectively. The City contributed 100% of its requirements in each of these years.

The Meridian Airport Authority (a discretely presented component unit) made contributions to PERS in the years ended September 30, 2009, 2008, and 2007 of \$25,344, \$23,858, and \$23,283, respectively.

***Trend Information***

Ten year historical trend information showing PERS' progress in accumulating sufficient assets to pay benefits when due is presented in the PERS June 30, 2009, comprehensive annual financial report.

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to Financial Statements  
September 30, 2009

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

**Municipal Retirement Systems:**

***Plan Description***

The City also participates in the Municipal Retirement System (“MRS”) which has been closed to new participants since July 1, 1976. MRS is an agent multiple-employer defined benefit plan of PERS. MRS was designed to provide retirement benefits for general municipal employees, as well as firefighters and police officers. The City is one of two cities providing retirement benefits to general municipal employees and one of seventeen cities providing retirement benefits to firefighters and police officers.

Membership in the MRS is comprised of employees who were hired prior to July 1, 1976, and includes only those eligible employees of the City who did not opt to become a member of PERS. PERS is also responsible for the administration of MRS. MRS is considered part of the financial reporting entity of the State of Mississippi. The total payroll for City employees covered by MRS for the year ended September 30, 2009 was \$163,688; the City’s total payroll for all employees was \$17,903,854. At September 30, 2009, the date of the most recent actuarial valuation, there were 3 participating general municipal employees, firefighters and police officers and 211 retired participants and beneficiaries currently receiving benefits.

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

***Basis of Accounting***

Both PERS and MRS use the accrual basis of accounting and the economic resources measurement focus. Employee and employer contributions are recognized as revenue when due pursuant to formal commitments, as well as statutory requirements. Investment income is recognized when earned. Benefits and refunds paid are recognized when due and payable in accordance with the terms of the Plan. Other expenses are recognized when incurred. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Mortgage securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Short-term investments are reported at fair value when published prices are available, or at cost plus accrued interest, which approximates fair value. The fair value of commingled real estate funds is based on independent appraisals, while Real Estate Investment Trusts traded on a national or international exchange are

## CITY OF MERIDIAN, MISSISSIPPI

Notes to Financial Statements

September 30, 2009

### (17) **Pension and Retirement Plans (Continued)**

#### **Municipal Retirement Systems (Continued):**

##### ***Basis of Accounting (Continued)***

valued at the last reported sales price at current exchange rates. For individual investments where no readily ascertainable fair value exists, PERS, in consultation with its investment advisors and custodial bank, has determined the fair values.

##### ***Funding Policy***

Funding policies for MRS, established by Mississippi statutes, provide for a property tax to be levied within each municipality and deductions from salaries of members, at rates sufficient to make the plan actuarially sound. For the year ended September 30, 2009, the City levied 8.75 mills to help fund MRS. An actuarial valuation is performed on an annual basis to determine the rates necessary to make the System actuarially sound. However, Mississippi statutes limit any increase in the property tax levy for pension contributions to one-half mill per year.

During fiscal year 2009, fire and police employees and municipal employees covered by MRS were required to contribute 10% and 7%, respectively, of covered payroll. Any increase to the 7% base contribution rate is made in increments not to exceed 1% per year. If an employee leaves covered employment, accumulated employee contributions are refunded to the employee upon request. Employees covered by MRS do not receive interest on their accumulated contributions. The City contributes the remaining amounts necessary to finance participation of its employees in MRS. Contribution provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Ann. (1972) and annual local legislation. Statutes may be amended only by the State of Mississippi Legislature.

##### ***Annual Pension Cost***

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

The required contribution to MRS was determined as part of the actuarial valuation performed as of September 30, 2009, using the entry age actuarial cost method, the level dollar closed amortization method (with a twenty-five year remaining amortization period), and a five-year smoothed market asset valuation method. Significant actuarial assumptions include (a) a rate of return on the investment of present and future assets at 8% compounded annually, (b) projected salary increases of 4.25% per year compounded annually attributable to inflation, and (c) additional projected salary increases of .25% - 1.75% per year compounded annually attributable to seniority and/or merit.

**CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

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

**Municipal Retirement Systems (Continued):**

***Annual Pension Cost (Continued)***

The following provides pension cost and obligation (asset) information for MRS:

|   | <u>2009</u>         | <u>2008</u>      | <u>2007</u>      |
|---|---------------------|------------------|------------------|
| Components of annual pension cost:                                    |                     |                  |                  |
| Annual required contribution  | \$ 1,835,893        | 1,752,708        | 1,803,009        |
| Interest cost   | 36,358              | 70,802           | 95,196           |
| Adjustment to required contribution                                   | <u>(38,787)</u>     | <u>(75,532)</u>  | <u>(101,556)</u> |
| Total annual pension cost   | 1,833,464           | 1,747,978        | 1,796,649        |
| Less: contributions made  | <u>2,633,544</u>    | <u>2,178,522</u> | <u>2,101,578</u> |
| Decrease in net pension obligation<br>(increase in net pension asset) | \$ <u>(800,080)</u> | <u>(430,544)</u> | <u>(304,929)</u> |
| Percentage of annual pension<br>cost contributed                      | <u>143.64%</u>      | <u>124.63%</u>   | <u>116.97%</u>   |
| Net pension obligation (asset) at year end                            | \$ <u>(345,604)</u> | <u>454,476</u>   | <u>885,020</u>   |

***Funding Status and Funding Progress***

As of September 30, 2009, the most recent actuarial valuation date, the plan was 31.1% funded. The actuarial accrued liability for benefits was \$28.6 million, and the actuarial value of assets was \$8.9 million, resulting in an unfunded actuarial accrued liability (“UALL”) of \$19.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$163,688, and the ratio of UAAL to covered payroll was 12,031.7%. Because MMRS is a closed plan with only 3 active employees, this percentage is highly misleading.

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

## **CITY OF MERIDIAN, MISSISSIPPI**

Notes to Financial Statements

September 30, 2009

### **(18) Special Item**

The annexation of approximately 9 square miles into the City was finalized on November 23, 2008, when affirmed by the Mississippi Supreme Court. This additional territory increased the City's size by about 20% and added approximately 1,400 new residents. The newly annexed residents were added to the City's tax rolls in January, 2009. The street infrastructure acquired through this annexation of \$23,549,415 was reported as a special item on the statement of activities.

### **(19) Pronouncements Issued, Not Yet Effective**

The requirements of GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments" are effective for financial statements for periods beginning after June 15, 2009. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. The City has not yet determined the effect this statement will have on its financial statements.

**(This page intentionally left blank)**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE 1**

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

| <b>Actuarial<br/>Valuation<br/>Date</b> | <b>Actuarial<br/>Value of<br/>Assets<br/>(a)</b> | <b>Actuarial<br/>Accrued<br/>Liability ("AAL")<br/>- Entry Age<br/>(b)</b> | <b>Funded<br/>Ratio<br/>(a/b)</b> | <b>Unfunded<br/>AAL ("UAAL")<br/>(b-a)</b> | <b>Covered<br/>Payroll<br/>(c)</b> | <b>UAAL as a<br/>Percentage of<br/>Covered Payroll<br/>[(b-a)/c]</b> |
|---|--|--|-----------------------------------|--|------------------------------------|--|
| 9/30/09                                 | \$ 8,897   | \$ 28,629  | 31.1%                             | \$ 19,732                                  | 164                                | 12,031.7 %   |
| 9/30/08                                 | 9,130  | 28,217   | 32.4%                             | 19,087                                     | 158                                | 12,080.4 %   |
| 9/30/07                                 | 9,265  | 29,081   | 31.9%                             | 19,816                                     | 188                                | 10,540.4 %   |

**Notes to Schedule of Funding Progress**

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

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

For additional information regarding this schedule, refer to the separately issued Public Employees' Retirement System of Mississippi Comprehensive Annual Financial Report for 2009 by writing to Public Employees' Retirement System of Mississippi, 429 Mississippi Street, Jackson, MS 39201-1005.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**(This page intentionally left blank)**

## NONMAJOR GOVERNMENTAL FUNDS

### **Capital Projects Funds**

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

**Sowashee Project** – This fund was originally used to account for the construction of the water drainage project along the 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.

**Urban Renewal Parking Garage Bonds** – This fund is used to account for the bond proceeds used to fund the construction of the performing arts and educational/conference center parking facilities.

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

**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 to be 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.

**Gallagher Creek Drainage** – This fund is used to account for grant revenues to be used to repair drainage damage along Gallagher Creek in Highland Park.

**North Hills – 10<sup>th</sup> Avenue to Highway 39** – This fund is used to account for local and grant revenues to be used to upgrade level of service in North Hills by widening from 10<sup>th</sup> Avenue to Highway 39 and other improvements.

**2006 General Obligation Bonds** – This fund is used to account for the proceeds and disbursements of the 2006 general obligation bonds.

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

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
Nonmajor Capital Projects Funds  
September 30, 2009

|  | <u>Sowashee<br/>Project</u> | <u>Urban<br/>Renewal<br/>Parking<br/>Garage<br/>Bonds</u> | <u>I20/I59<br/>Interchange<br/>Project</u> | <u>2003<br/>General<br/>Obligation<br/>Bonds</u> |
|--|-----------------------------|---|--|--|
| <b><u>ASSETS</u></b>   |                             |   |  |  |
| Cash and cash equivalents                                    | \$ 382,277                  | 9   | -  | 474,388  |
| Grant receivable   | -                           | -   | -  | -  |
| Due from other funds   | <u>-</u>                    | <u>-</u>  | <u>-</u>                                   | <u>-</u>   |
| <b>Total assets</b>  | <b>\$ <u>382,277</u></b>    | <b><u>9</u></b>   | <b><u>-</u></b>                            | <b><u>474,388</u></b>                            |
| <b><u>LIABILITIES AND FUND BALANCES</u></b>                  |                             |   |  |  |
| <b>Liabilities:</b>  |                             |   |  |  |
| Accounts payable   | \$ 2,795                    | -   | -  | 29,077   |
| Due to other funds   | <u>-</u>                    | <u>-</u>  | <u>-</u>                                   | <u>-</u>   |
| <b>Total liabilities</b>                                     | <b><u>2,795</u></b>         | <b><u>-</u></b>   | <b><u>-</u></b>                            | <b><u>29,077</u></b>                             |
| <b>Fund balances:</b>  |                             |   |  |  |
| Reserved for encumbrances                                    | -                           | -   | -  | 172,561  |
| Unreserved, designated for<br>subsequent years' expenditures | <u>379,482</u>              | <u>9</u>  | <u>-</u>                                   | <u>272,750</u>                                   |
| <b>Total fund balances</b>                                   | <b><u>379,482</u></b>       | <b><u>9</u></b>   | <b><u>-</u></b>                            | <b><u>445,311</u></b>                            |
| <b>Total liabilities and fund balances</b>                   | <b>\$ <u>382,277</u></b>    | <b><u>9</u></b>   | <b><u>-</u></b>                            | <b><u>474,388</u></b>                            |

**SCHEDULE 2**

| <b><u>2003<br/>Flood<br/>Damage</u></b> | <b><u>Highway 19<br/>Drainage</u></b> | <b><u>Gallagher<br/>Creek<br/>Drainage</u></b> | <b><u>North Hills -<br/>10th Avenue to<br/>Highway 39</u></b> | <b><u>2006<br/>General<br/>Obligation<br/>Bonds</u></b> | <b><u>2008<br/>General<br/>Obligation<br/>Bonds</u></b> | <b><u>2009<br/>General<br/>Obligation<br/>Bonds</u></b> | <b><u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u></b> |
|---|---------------------------------------|--|---|---|---|---|---|
| -                                       | 2,519                                 | -  | -   | 1   | 437,239   | 1,113,359   | 2,409,792   |
| 314,373                                 | -                                     | -  | -   | -   | -   | -   | 314,373   |
| <u>69,188</u>                           | <u>-</u>                              | <u>-</u>                                       | <u>-</u>  | <u>-</u>  | <u>-</u>  | <u>-</u>  | <u>69,188</u>   |
| <u>383,561</u>                          | <u>2,519</u>                          | <u>-</u>                                       | <u>-</u>  | <u>1</u>  | <u>437,239</u>  | <u>1,113,359</u>  | <u>2,793,353</u>  |
| -                                       | -                                     | -  | -   | -   | 201,797   | -   | 233,669   |
| <u>173,567</u>                          | <u>-</u>                              | <u>-</u>                                       | <u>-</u>  | <u>-</u>  | <u>-</u>  | <u>-</u>  | <u>173,567</u>  |
| <u>173,567</u>                          | <u>-</u>                              | <u>-</u>                                       | <u>-</u>  | <u>-</u>  | <u>201,797</u>  | <u>-</u>  | <u>407,236</u>  |
| -                                       | -                                     | -  | -   | -   | 229,432   | -   | 401,993   |
| <u>209,994</u>                          | <u>2,519</u>                          | <u>-</u>                                       | <u>-</u>  | <u>1</u>  | <u>6,010</u>  | <u>1,113,359</u>  | <u>1,984,124</u>  |
| <u>209,994</u>                          | <u>2,519</u>                          | <u>-</u>                                       | <u>-</u>  | <u>1</u>  | <u>235,442</u>  | <u>1,113,359</u>  | <u>2,386,117</u>  |
| <u>383,561</u>                          | <u>2,519</u>                          | <u>-</u>                                       | <u>-</u>  | <u>1</u>  | <u>437,239</u>  | <u>1,113,359</u>  | <u>2,793,353</u>  |

**CITY OF MERIDIAN, MISSISSIPPI**

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

Nonmajor Governmental Funds

Nonmajor Capital Projects Funds

For the Fiscal Year Ended September 30, 2009

|  | <b>Sowashee<br/>Project</b> | <b>Urban<br/>Renewal<br/>Parking<br/>Garage<br/>Bonds</b> | <b>I20/I59<br/>Interchange<br/>Project</b> | <b>2003<br/>General<br/>Obligation<br/>Bonds</b> |
|--|-----------------------------|---|--|--|
| <b>Revenues:</b>   |                             |   |  |  |
| Intergovernmental:   |                             |   |  |  |
| Federal  | \$ -                        | -   | -  | -  |
| State  | -                           | -   | -  | -  |
| Interest on investments  | <u>2,088</u>                | <u>9</u>  | <u>3</u>                                   | <u>2,613</u>                                     |
| Total revenues   | <u>2,088</u>                | <u>9</u>  | <u>3</u>                                   | <u>2,613</u>                                     |
| <b>Expenditures:</b>   |                             |   |  |  |
| Construction contracts   | -                           | -   | -  | -  |
| Engineering and other  | 22,393                      | -   | -  | -  |
| Miscellaneous  | <u>-</u>                    | <u>-</u>  | <u>-</u>                                   | <u>29,077</u>                                    |
| Total expenditures   | <u>22,393</u>               | <u>-</u>  | <u>-</u>                                   | <u>29,077</u>                                    |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(20,305)</u>             | <u>9</u>  | <u>3</u>                                   | <u>(26,464)</u>                                  |
| <b>Other financing sources (uses):</b>                               |                             |   |  |  |
| Transfers in   | -                           | -   | -  | -  |
| Transfers out  | -                           | -   | (658)                                      | (25,064)   |
| General obligation bonds issued                                      | <u>-</u>                    | <u>-</u>  | <u>-</u>                                   | <u>-</u>   |
| Total other financing sources (uses)                                 | <u>-</u>                    | <u>-</u>  | <u>(658)</u>                               | <u>(25,064)</u>                                  |
| <b>Net change in fund balances</b>                                   | <u>(20,305)</u>             | <u>9</u>  | <u>(655)</u>                               | <u>(51,528)</u>                                  |
| <b>Fund Balances, October 1, 2008</b>                                | <u>399,787</u>              | <u>-</u>  | <u>655</u>                                 | <u>496,839</u>                                   |
| <b>Fund balances, September 30, 2009</b>                             | \$ <u><u>379,482</u></u>    | <u><u>9</u></u>   | <u><u>-</u></u>                            | <u><u>445,311</u></u>                            |

**SCHEDULE 3**

| <b><u>2003<br/>Flood<br/>Damage</u></b> | <b><u>Highway 19<br/>Drainage</u></b> | <b><u>Gallagher<br/>Creek<br/>Drainage</u></b> | <b><u>North Hills -<br/>10th Avenue to<br/>Highway 39</u></b> | <b><u>2006<br/>General<br/>Obligation<br/>Bonds</u></b> | <b><u>2008<br/>General<br/>Obligation<br/>Bonds</u></b> | <b><u>2009<br/>General<br/>Obligation<br/>Bonds</u></b> | <b><u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u></b> |
|---|---------------------------------------|--|---|---|---|---|---|
| 151,753                                 | -                                     | -  | -   | -   | -   | -   | 151,753   |
| 10,801                                  | -                                     | -  | -   | -   | -   | -   | 10,801  |
| -                                       | 14                                    | 48   | -   | 1   | 4,928   | 29,449  | 39,153  |
| <u>162,554</u>                          | <u>14</u>                             | <u>48</u>                                      | <u>-</u>  | <u>1</u>  | <u>4,928</u>  | <u>29,449</u>   | <u>201,707</u>  |
| -                                       | -                                     | -  | -   | -   | 594,639   | -   | 594,639   |
| -                                       | -                                     | -  | 511   | -   | 145,560   | 165,500   | 333,964   |
| -                                       | -                                     | -  | 74,718  | -   | -   | -   | 103,795   |
| -                                       | -                                     | -  | <u>75,229</u>   | -   | <u>740,199</u>  | <u>165,500</u>  | <u>1,032,398</u>  |
| <u>162,554</u>                          | <u>14</u>                             | <u>48</u>                                      | <u>(75,229)</u>   | <u>1</u>  | <u>(735,271)</u>  | <u>(136,051)</u>  | <u>(830,691)</u>  |
| 10,802                                  | -                                     | -  | 25,064  | -   | -   | -   | 35,866  |
| -                                       | -                                     | (48)   | -   | -   | -   | (8,750,590)   | (8,776,360)   |
| -                                       | -                                     | -  | -   | -   | -   | <u>10,000,000</u>                                       | <u>10,000,000</u>   |
| <u>10,802</u>                           | <u>-</u>                              | <u>(48)</u>                                    | <u>25,064</u>   | <u>-</u>  | <u>-</u>  | <u>1,249,410</u>  | <u>1,259,506</u>  |
| 173,356                                 | 14                                    | -  | (50,165)  | 1   | (735,271)   | 1,113,359   | 428,815   |
| <u>36,638</u>                           | <u>2,505</u>                          | <u>-</u>                                       | <u>50,165</u>   | <u>-</u>  | <u>970,713</u>  | <u>-</u>  | <u>1,957,302</u>  |
| <u>209,994</u>                          | <u>2,519</u>                          | <u>-</u>                                       | <u>-</u>  | <u>1</u>  | <u>235,442</u>  | <u>1,113,359</u>  | <u>2,386,117</u>  |

**SCHEDULE 4****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, 2009**

|   | <b>Original<br/>and Final<br/>Budgeted<br/>Amounts</b> | <b>Actual<br/>(Budgetary<br/>Basis)<br/>Amounts</b> | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|---|--|---|---|
| <b>Revenues</b>                         | \$ 4,300,000   | 4,525,447   | 225,447   |
| <b>Expenditures - debt service</b>      | <u>4,300,000</u>                                       | <u>4,242,880</u>                                    | <u>57,120</u>   |
| <b>Net change in fund balances</b>      | \$ <u>-</u>  | 282,567   | <u>282,567</u>  |
| <b>Fund Balance, October 1, 2008</b>    |  | <u>1,977,313</u>                                    |   |
| <b>Fund Balance, September 30, 2009</b> |  | \$ <u>2,259,880</u>                                 |   |

**SCHEDULE 5**

**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, 2009

|   | <b>Original<br/>and Final<br/>Budgeted<br/>Amounts</b> | <b>Actual<br/>(Budgetary<br/>Basis)<br/>Amounts</b> | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|---|--|---|---|
| <b>Revenues</b>                         | \$ 10,211,000  | 10,066,721  | (144,279)   |
| <b>Expenditures - capital outlay</b>    | <u>6,800,000</u>                                       | <u>10,785,774</u>                                   | <u>(3,985,774)</u>  |
| <b>Net change in fund balances</b>      | \$ <u>3,411,000</u>                                    | (719,053)   | <u>(4,130,053)</u>  |
| <b>Fund balance, October 1, 2008</b>    |  | <u>5,234,447</u>                                    |   |
| <b>Fund balance, September 30, 2009</b> |  | \$ <u>4,515,394</u>                                 |   |

**CITY OF MERIDIAN, MISSISSIPPI**  
Schedule of General Fund Expenditures  
By Departments and Divisions  
For the Fiscal Year Ended September 30, 2009  
(With Comparative Totals for the Fiscal Year Ended September 30, 2008)

|   | <u>Executive,<br/>Legislative<br/>and Judicial</u> | <u>Finance<br/>and<br/>Records</u> | <u>Community<br/>Development</u> | <u>Fire<br/>Department</u> | <u>Police<br/>Department</u> |
|---|--|------------------------------------|----------------------------------|----------------------------|------------------------------|
| <b>Personnel services:</b>                    |  |                                    |                                  |                            |                              |
| Salaries - regular                            | \$ 950,585   | 904,428                            | 734,695                          | 3,638,118                  | 4,194,557                    |
| Salaries - overtime                           | 1,932  | 5,120                              | 348                              | 476,846                    | 271,358                      |
| Salaries - temporaries                        | -  | -                                  | 3,562                            | -                          | 4,693                        |
| Fringe benefits                               | <u>303,243</u>                                     | <u>326,604</u>                     | <u>247,598</u>                   | <u>1,366,241</u>           | <u>1,453,956</u>             |
| Total personnel services                      | <u>1,255,760</u>                                   | <u>1,236,152</u>                   | <u>986,203</u>                   | <u>5,481,205</u>           | <u>5,924,564</u>             |
| <b>Contractual services and supplies:</b>     |  |                                    |                                  |                            |                              |
| Supplies - office                             | 7,172  | 6,225                              | 4,022                            | 1,879                      | 4,423                        |
| Supplies - operating                          | 282  | 6,343                              | 3,193                            | 9,728                      | 44,955                       |
| Supplies - household                          | 2,455  | 2,211                              | 514                              | 10,672                     | 5,037                        |
| Supplies - uniforms and clothing              | 217  | -                                  | 2,087                            | 17,264                     | 60,592                       |
| Supplies - materials direct                   | -  | -                                  | 798                              | -                          | -                            |
| Materials - small tools and workorders        | 45   | 190                                | 778                              | 4,315                      | -                            |
| Professional services                         | 355,355  | 74,593                             | 19,058                           | 13,147                     | 378,247                      |
| Telephone                                     | 5,916  | 83,829                             | 5,563                            | 7,233                      | 20,277                       |
| Postage                                       | 2,962  | 7,258                              | 7,358                            | 1,172                      | 2,257                        |
| Travel  | 31,031   | 3,356                              | 9,374                            | 8,150                      | 19,827                       |
| Freight                                       | -  | -                                  | 110                              | 100                        | -                            |
| Advertising and publishing                    | 18,843   | 6,145                              | 13,777                           | -                          | 69                           |
| Printing and binding                          | 1,937  | 2,417                              | 3,636                            | 502                        | 4,875                        |
| Insurance                                     | 103,543  | 43,186                             | 47,284                           | 204,290                    | 417,162                      |
| Utilities                                     | 7,375  | 1,148,741                          | 7,939                            | 105,583                    | 57,656                       |
| Operating and maintenance - buildings         | 4,084  | 22,260                             | 16,664                           | 25,172                     | 24,960                       |
| Operating and maintenance - grounds           | 3,190  | -                                  | -                                | 759                        | -                            |
| Operating and maintenance - equipment         | 2,208  | 17,645                             | 17,197                           | 14,511                     | 14,146                       |
| Operating and maintenance - vehicles          | 4,825  | 2,607                              | 13,195                           | 84,520                     | 419,152                      |
| Operating and maintenance - computer services | 8,984  | 36,716                             | 12,824                           | 40,198                     | 46,658                       |
| Rentals                                       | 2,616  | 8,025                              | 4,458                            | -                          | 6,084                        |
| Judgments and claims                          | 488  | 850                                | 19,423                           | 25,954                     | 202,160                      |
| Dues and subscriptions                        | 24,751   | 3,510                              | 5,375                            | 1,178                      | 2,742                        |
| Public relations                              | 2,154  | -                                  | -                                | 2,817                      | 775                          |
| Refunds                                       | -  | 1,290                              | 200                              | -                          | -                            |
| Job training                                  | 10,792   | 4,944                              | 4,090                            | 21,060                     | 26,188                       |
| Safety  | -  | -                                  | -                                | 34,875                     | -                            |
| Hospital and medical                          | <u>13,423</u>                                      | <u>-</u>                           | <u>-</u>                         | <u>29,457</u>              | <u>76,440</u>                |
| Total contractual services & supplies         | <u>614,648</u>                                     | <u>1,482,341</u>                   | <u>218,917</u>                   | <u>664,536</u>             | <u>1,834,682</u>             |
| <b>Capital outlay:</b>                        |  |                                    |                                  |                            |                              |
| Buildings                                     | -  | -                                  | -                                | 9,179                      | -                            |
| Improvements other than buildings             | -  | -                                  | -                                | -                          | -                            |
| Machinery and equipment                       | 29,393   | 171,100                            | 1,696                            | 6,005                      | 27,150                       |
| Vehicles                                      | -  | -                                  | -                                | -                          | 25,880                       |
| Total capital outlay                          | <u>29,393</u>                                      | <u>171,100</u>                     | <u>1,696</u>                     | <u>15,184</u>              | <u>53,030</u>                |
| <b>Debt service:</b>                          |  |                                    |                                  |                            |                              |
| Principal                                     | -  | 45,123                             | -                                | 330,569                    | -                            |
| Interest                                      | <u>-</u>   | <u>26,102</u>                      | <u>-</u>                         | <u>24,550</u>              | <u>-</u>                     |
| Total debt service                            | <u>-</u>   | <u>71,225</u>                      | <u>-</u>                         | <u>355,119</u>             | <u>-</u>                     |
| <b>Transfers and other charges:</b>           |  |                                    |                                  |                            |                              |
| Transfer to other funds                       | 557,839  | -                                  | 307,750                          | -                          | 33,070                       |
| Special projects                              | 107,276  | 93,949                             | 198,215                          | 66,000                     | -                            |
| Miscellaneous contributions                   | 471,900  | 16,919                             | -                                | 2,464                      | -                            |
| Other projects and charges                    | <u>5,270</u>                                       | <u>-</u>                           | <u>-</u>                         | <u>-</u>                   | <u>-</u>                     |
| Total transfers and other charges             | <u>1,142,285</u>                                   | <u>110,868</u>                     | <u>505,965</u>                   | <u>68,464</u>              | <u>33,070</u>                |
| <b>Total General Fund expenditures - 2009</b> | <u>3,042,086</u>                                   | <u>3,071,686</u>                   | <u>1,712,781</u>                 | <u>6,584,508</u>           | <u>7,845,346</u>             |
| <b>Total General Fund expenditures - 2008</b> | <u>3,738,096</u>                                   | <u>3,112,192</u>                   | <u>1,612,193</u>                 | <u>6,671,168</u>           | <u>7,377,687</u>             |
| <b>Increase (decrease)</b>                    | \$ <u>(696,010)</u>                                | <u>(40,506)</u>                    | <u>100,588</u>                   | <u>(86,660)</u>            | <u>467,659</u>               |

**SCHEDULE 6**

| <b>Homeland Security</b> | <b>Public Works</b> | <b>Parks, Recreation &amp; Cultural Affairs</b> | <b>Arts District Parking Garage</b> | <b>Totals</b>     |                   | <b>Increase (Decrease)</b> |
|--------------------------|---------------------|---|-------------------------------------|-------------------|-------------------|----------------------------|
|                          |                     |   |                                     | <b>2009</b>       | <b>2008</b>       |                            |
| 213,375                  | 2,311,706           | 827,431   | 66,601                              | 13,841,496        | 13,139,608        | 701,888                    |
| 993                      | 101,840             | 26,481  | -                                   | 884,918           | 782,239           | 102,679                    |
| -                        | 7,051               | 313,556   | -                                   | 328,862           | 358,252           | (29,390)                   |
| <u>67,282</u>            | <u>874,955</u>      | <u>316,816</u>                                  | <u>-</u>                            | <u>4,956,695</u>  | <u>4,522,226</u>  | <u>434,469</u>             |
| <u>281,650</u>           | <u>3,295,552</u>    | <u>1,484,284</u>                                | <u>66,601</u>                       | <u>20,011,971</u> | <u>18,802,325</u> | <u>1,209,646</u>           |
| 1,359                    | 2,152               | 1,967   | 578                                 | 29,777            | 30,530            | (753)                      |
| 6,992                    | 67,325              | 61,003  | 488                                 | 200,309           | 219,450           | (19,141)                   |
| 1,581                    | 4,824               | 19,415  | 299                                 | 47,008            | 50,610            | (3,602)                    |
| 1,945                    | 22,909              | 4,689   | -                                   | 109,703           | 79,445            | 30,258                     |
| -                        | 126,350             | 13,167  | -                                   | 140,315           | 123,777           | 16,538                     |
| 890                      | 10,307              | 5,141   | -                                   | 21,666            | 24,938            | (3,272)                    |
| 28,650                   | 98,925              | 69,187  | 59,314                              | 1,096,476         | 1,058,181         | 38,295                     |
| 7,327                    | 6,640               | 3,017   | 2,958                               | 142,760           | 146,096           | (3,336)                    |
| 447                      | 1,474               | 1,400   | 43                                  | 24,371            | 40,184            | (15,813)                   |
| 8,680                    | 3,915               | 794   | -                                   | 85,127            | 99,939            | (14,812)                   |
| -                        | 275                 | -   | -                                   | 485               | 223               | 262                        |
| -                        | 331                 | 538   | -                                   | 39,703            | 30,321            | 9,382                      |
| 1,298                    | 443                 | 3,635   | -                                   | 18,743            | 16,346            | 2,397                      |
| 19,467                   | 257,027             | 71,805  | 10,974                              | 1,174,738         | 1,164,123         | 10,615                     |
| 21,641                   | 63,129              | 190,719   | 38,085                              | 1,640,868         | 1,529,418         | 111,450                    |
| 1,430                    | 24,176              | 38,433  | 437                                 | 157,616           | 168,382           | (10,766)                   |
| -                        | 2,828               | 45,623  | 909                                 | 53,309            | 58,665            | (5,356)                    |
| 12,208                   | 73,412              | 62,958  | 15,491                              | 229,776           | 162,343           | 67,433                     |
| 23,154                   | 228,438             | 44,225  | -                                   | 820,116           | 981,816           | (161,700)                  |
| 14,003                   | 26,742              | 11,498  | -                                   | 197,623           | 197,933           | (310)                      |
| -                        | 3,909               | 4,843   | -                                   | 29,935            | 23,268            | 6,667                      |
| 10,676                   | 156,165             | 12,068  | -                                   | 427,784           | 385,105           | 42,679                     |
| 800                      | 2,738               | 285   | -                                   | 41,379            | 40,006            | 1,373                      |
| 2,821                    | -                   | 275   | -                                   | 8,842             | 15,183            | (6,341)                    |
| -                        | -                   | -   | 85                                  | 1,575             | 3,770             | (2,195)                    |
| 3,989                    | 3,544               | 375   | -                                   | 74,982            | 81,022            | (6,040)                    |
| 1,506                    | 12,897              | 2,674   | -                                   | 51,952            | 58,011            | (6,059)                    |
| -                        | 350                 | -   | -                                   | 119,670           | 125,317           | (5,647)                    |
| <u>170,864</u>           | <u>1,201,225</u>    | <u>669,734</u>                                  | <u>129,661</u>                      | <u>6,986,608</u>  | <u>6,914,402</u>  | <u>72,206</u>              |
| -                        | 71,500              | 13,113  | -                                   | 93,792            | 36,233            | 57,559                     |
| -                        | -                   | -   | -                                   | -                 | 264,920           | (264,920)                  |
| 9,670                    | 9,837               | 7,124   | -                                   | 261,975           | 964,119           | (702,144)                  |
| -                        | -                   | 42,903  | -                                   | 68,783            | 15,996            | 52,787                     |
| <u>9,670</u>             | <u>81,337</u>       | <u>63,140</u>                                   | <u>-</u>                            | <u>424,550</u>    | <u>1,281,268</u>  | <u>(856,718)</u>           |
| -                        | 20,290              | -   | -                                   | 395,982           | 390,585           | 5,397                      |
| -                        | 844                 | -   | -                                   | 51,496            | 39,141            | 12,355                     |
| -                        | 21,134              | -   | -                                   | 447,478           | 429,726           | 17,752                     |
| 25                       | 10,801              | 100,000   | -                                   | 1,009,485         | 1,323,209         | (313,724)                  |
| 187                      | 167,733             | 242,314   | -                                   | 875,674           | 418,345           | 457,329                    |
| -                        | -                   | -   | -                                   | 491,283           | 549,010           | (57,727)                   |
| -                        | -                   | -   | -                                   | 5,270             | 6,711             | (1,441)                    |
| <u>212</u>               | <u>178,534</u>      | <u>342,314</u>                                  | <u>-</u>                            | <u>2,381,712</u>  | <u>2,297,275</u>  | <u>84,437</u>              |
| 462,396                  | 4,777,782           | 2,559,472                                       | 196,262                             | 30,252,319        | 29,724,996        | 527,323                    |
| 538,346                  | 4,199,828           | 2,324,352                                       | 151,134                             | 29,724,996        |                   |                            |
| <u>(75,950)</u>          | <u>577,954</u>      | <u>235,120</u>                                  | <u>45,128</u>                       | <u>527,323</u>    |                   |                            |

**(This page intentionally left blank)**

## **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 7****CITY OF MERIDIAN, MISSISSIPPI**

Combining Statement of Net Assets

Nonmajor Enterprise Funds

September 30, 2009

| <u>ASSETS</u>   | <u>Golf<br/>Course</u> | <u>Union<br/>Station</u> | <u>Concessions</u> | <u>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</u> |
|---|------------------------|--------------------------|--------------------|--|
| <b>Current assets:</b>                                      |                        |                          |                    |  |
| Cash and cash equivalents                                   | \$ 56,891              | 59,985                   | 44,700             | 161,576  |
| Receivables - miscellaneous                                 | -                      | 5,842                    | -                  | 5,842  |
| Due from component units                                    | -                      | 1,365                    | -                  | 1,365  |
| Inventory   | 35,953                 | -                        | 4,058              | 40,011   |
| Prepaid items   | 809                    | 1,043                    | -                  | 1,852  |
| <b>Total current assets</b>                                 | <u>93,653</u>          | <u>68,235</u>            | <u>48,758</u>      | <u>210,646</u>                                     |
| <b>Capital assets:</b>                                      |                        |                          |                    |  |
| Buildings   | 126,628                | -                        | -                  | 126,628  |
| Improvements other than buildings                           | 98,924                 | -                        | -                  | 98,924   |
| Machinery and equipment                                     | 339,530                | 39,797                   | -                  | 379,327  |
| Total capital assets  | 565,082                | 39,797                   | -                  | 604,879  |
| Less accumulated depreciation                               | (520,319)              | (26,052)                 | -                  | (546,371)  |
| <b>Capital assets (net of<br/>accumulated depreciation)</b> | <u>44,763</u>          | <u>13,745</u>            | <u>-</u>           | <u>58,508</u>                                      |
| <b>Total assets</b>   | <u>138,416</u>         | <u>81,980</u>            | <u>48,758</u>      | <u>269,154</u>                                     |
| <u>LIABILITIES</u>  |                        |                          |                    |  |
| <b>Current liabilities:</b>                                 |                        |                          |                    |  |
| Accounts payable  | 14,518                 | 44,952                   | -                  | 59,470   |
| Accrued liabilities:  |                        |                          |                    |  |
| Payroll   | 25,775                 | 4,856                    | 31                 | 30,662   |
| Sales tax   | 1,451                  | -                        | 949                | 2,400  |
| Due to municipal supply fund                                | 236                    | 23                       | -                  | 259  |
| Current portion of capital leases                           | 233                    | -                        | -                  | 233  |
| <b>Total current liabilities</b>                            | <u>42,213</u>          | <u>49,831</u>            | <u>980</u>         | <u>93,024</u>                                      |
| <b>Noncurrent liabilities -</b>                             |                        |                          |                    |  |
| Capital lease payable, net of current portion               | 1,814                  | -                        | -                  | 1,814  |
| <b>Total liabilities</b>                                    | <u>44,027</u>          | <u>49,831</u>            | <u>980</u>         | <u>94,838</u>                                      |
| <u>NET ASSETS</u>   |                        |                          |                    |  |
| Invested in capital assets, net of related debt             | 42,716                 | 13,745                   | -                  | 56,461   |
| Unrestricted  | 51,673                 | 18,404                   | 47,778             | 117,855  |
| <b>Total net assets</b>                                     | <u>\$ 94,389</u>       | <u>32,149</u>            | <u>47,778</u>      | <u>174,316</u>                                     |

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

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2009

|  | <u>Golf<br/>Course</u> | <u>Union<br/>Station</u> | <u>Concessions</u> | <b>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</b> |
|--|------------------------|--------------------------|--------------------|--|
| <b>Operating revenues:</b>               |                        |                          |                    |  |
| Charges for sales and services:          |                        |                          |                    |  |
| Memberships                              | \$ 60,183              | -                        | -                  | 60,183   |
| Green fees                               | 68,499                 | -                        | -                  | 68,499   |
| Cart rental                              | 59,561                 | -                        | -                  | 59,561   |
| Concessions                              | 95,835                 | -                        | 41,590             | 137,425  |
| Rental income                            | -                      | 79,632                   | -                  | 79,632   |
| Miscellaneous                            | 128                    | -                        | 2,236              | 2,364  |
| Total operating revenues                 | <u>284,206</u>         | <u>79,632</u>            | <u>43,826</u>      | <u>407,664</u>                                     |
| <b>Operating expenses:</b>               |                        |                          |                    |  |
| Personnel services                       | 209,518                | 86,262                   | 10,914             | 306,694  |
| Supplies and materials                   | 87,543                 | 10,774                   | 17,305             | 115,622  |
| Rent and utilities                       | 26,583                 | 44,390                   | -                  | 70,973   |
| Operation, maintenance, and repairs      | 79,071                 | 108,879                  | -                  | 187,950  |
| Depreciation                             | 5,398                  | 1,963                    | -                  | 7,361  |
| Miscellaneous                            | 10,146                 | 135,154                  | 1,000              | 146,300  |
| Total operating expenses                 | <u>418,259</u>         | <u>387,422</u>           | <u>29,219</u>      | <u>834,900</u>                                     |
| <b>Operating income (loss)</b>           | <u>(134,053)</u>       | <u>(307,790)</u>         | <u>14,607</u>      | <u>(427,236)</u>                                   |
| <b>Nonoperating revenues (expenses):</b> |                        |                          |                    |  |
| Interest income                          | 171                    | 469                      | 199                | 839  |
| Interest expense                         | (127)                  | -                        | -                  | (127)  |
| Total nonoperating revenues (expenses)   | <u>44</u>              | <u>469</u>               | <u>199</u>         | <u>712</u>   |
| <b>Income (loss) before transfers in</b> | <u>(134,009)</u>       | <u>(307,321)</u>         | <u>14,806</u>      | <u>(426,524)</u>                                   |
| <b>Transfers in</b>                      | <u>100,000</u>         | <u>258,000</u>           | <u>-</u>           | <u>358,000</u>                                     |
| <b>Change in net assets</b>              | <u>(34,009)</u>        | <u>(49,321)</u>          | <u>14,806</u>      | <u>(68,524)</u>                                    |
| <b>Net assets, October 1, 2008</b>       | <u>128,398</u>         | <u>81,470</u>            | <u>32,972</u>      | <u>242,840</u>                                     |
| <b>Net assets, September 30, 2009</b>    | <u>\$ 94,389</u>       | <u>32,149</u>            | <u>47,778</u>      | <u>174,316</u>                                     |

**SCHEDULE 9**

**CITY OF MERIDIAN, MISSISSIPPI**  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Fiscal Year Ended September 30, 2009

|  | <u>Golf<br/>Course</u> | <u>Union<br/>Station</u> | <u>Concessions</u> | <u>Total<br/>Nonmajor<br/>Enterprise<br/>Funds</u> |
|--|------------------------|--------------------------|--------------------|--|
| <b>Cash flows from operating activities:</b>   |                        |                          |                    |  |
| Receipts from customers and users  | \$ 284,206             | 78,106                   | 43,826             | 406,138  |
| Payments to suppliers  | (206,400)              | (299,726)                | (21,416)           | (527,542)  |
| Payments to employees  | <u>(199,178)</u>       | <u>(86,324)</u>          | <u>(11,077)</u>    | <u>(296,579)</u>                                   |
| <b>Net cash provided by (used in)<br/>operating activities</b>   | <u>(121,372)</u>       | <u>(307,944)</u>         | <u>11,333</u>      | <u>(417,983)</u>                                   |
| <b>Cash flows from noncapital financing activities -</b>   |                        |                          |                    |  |
| Transfers from other funds   | <u>100,000</u>         | <u>258,000</u>           | <u>-</u>           | <u>358,000</u>                                     |
| <b>Cash flows from capital and related<br/>financing activities:</b>   |                        |                          |                    |  |
| Principal payments - capital lease   | (220)                  | -                        | -                  | (220)  |
| Interest payments - capital lease  | <u>(127)</u>           | <u>-</u>                 | <u>-</u>           | <u>(127)</u>                                       |
| <b>Net cash used in capital and<br/>related financing activities</b>   | <u>(347)</u>           | <u>-</u>                 | <u>-</u>           | <u>(347)</u>                                       |
| <b>Cash flows from investing activities -</b>  |                        |                          |                    |  |
| Interest received  | <u>171</u>             | <u>469</u>               | <u>199</u>         | <u>839</u>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | (21,548)               | (49,475)                 | 11,532             | (59,491)   |
| <b>Cash and cash equivalents, October 1, 2008</b>  | <u>78,439</u>          | <u>109,460</u>           | <u>33,168</u>      | <u>221,067</u>                                     |
| <b>Cash and cash equivalents, September 30, 2009</b>   | \$ <u>56,891</u>       | <u>59,985</u>            | <u>44,700</u>      | <u>161,576</u>                                     |
| <b>Reconciliation of operating income (loss) to net<br/>cash provided by (used in) operating activities:</b> |                        |                          |                    |  |
| Operating income (loss)  | \$ <u>(134,053)</u>    | <u>(307,790)</u>         | <u>14,607</u>      | <u>(427,236)</u>                                   |
| Adjustments to reconcile operating income (loss) to<br>net cash provided by (used in) operating activities:  |                        |                          |                    |  |
| Depreciation   | 5,398                  | 1,963                    | -                  | 7,361  |
| Changes in assets and liabilities:   |                        |                          |                    |  |
| Accounts receivable  | -                      | (2,255)                  | -                  | (2,255)  |
| Due from component units   | -                      | 730                      | -                  | 730  |
| Inventory  | (5,392)                | -                        | (883)              | (6,275)  |
| Prepaid items  | 24                     | (26)                     | -                  | (2)  |
| Accounts payable   | 1,722                  | (524)                    | (2,387)            | (1,189)  |
| Accrued liabilities  | 10,722                 | (63)                     | (4)                | 10,655   |
| Due to other funds   | <u>207</u>             | <u>21</u>                | <u>-</u>           | <u>228</u>   |
| Total adjustments  | <u>12,681</u>          | <u>(154)</u>             | <u>(3,274)</u>     | <u>9,253</u>                                       |
| <b>Net cash provided by (used in)<br/>operating activities</b>   | \$ <u>(121,372)</u>    | <u>(307,944)</u>         | <u>11,333</u>      | <u>(417,983)</u>                                   |

## **INTERNAL SERVICE FUNDS**

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

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

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

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

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

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

## Combining Statement of Net Assets

## Internal Service Funds

September 30, 2009

| <b><u>ASSETS</u></b>                | <b><u>Municipal<br/>Supply</u></b> | <b><u>Municipal<br/>Office<br/>Supply</u></b> | <b><u>Health<br/>and Life<br/>Insurance<br/>Reserve</u></b> | <b><u>Unemployment<br/>Compensation</u></b> | <b><u>Total<br/>Internal<br/>Service<br/>Funds</u></b> |
|-------------------------------------|------------------------------------|---|---|---|--|
| <b>Current assets:</b>              |                                    |   |   |   |  |
| Cash and cash equivalents           | \$ 103,809                         | 27,371  | 262,006   | 74  | 393,260  |
| Receivables - miscellaneous         | -                                  | -   | 203,416   | -   | 203,416  |
| Due from other funds:               |                                    |   |   |   |  |
| General fund                        | 77,371                             | 457   | -   | -   | 77,828   |
| Water and sewer fund                | 27,072                             | 37  | -   | -   | 27,109   |
| Waste collection &<br>disposal fund | 1                                  | -   | -   | -   | 1  |
| Golf course fund                    | 236                                | -   | -   | -   | 236  |
| Union Station fund                  | 23                                 | -   | -   | -   | 23   |
| Due from component unit             | 12,539                             | -   | -   | -   | 12,539   |
| Inventory                           | <u>52,911</u>                      | <u>1,859</u>                                  | <u>-</u>  | <u>-</u>                                    | <u>54,770</u>  |
| <b>Total current assets</b>         | <u>273,962</u>                     | <u>29,724</u>                                 | <u>465,422</u>  | <u>74</u>                                   | <u>769,182</u>   |
| <b><u>LIABILITIES</u></b>           |                                    |   |   |   |  |
| <b>Current liabilities -</b>        |                                    |   |   |   |  |
| Accounts payable                    | <u>50,801</u>                      | <u>150</u>                                    | <u>455,257</u>  | <u>-</u>                                    | <u>506,208</u>   |
| <b>Total current liabilities</b>    | <u>50,801</u>                      | <u>150</u>                                    | <u>455,257</u>  | <u>-</u>                                    | <u>506,208</u>   |
| <b><u>NET ASSETS</u></b>            |                                    |   |   |   |  |
| Unrestricted                        | \$ <u>223,161</u>                  | <u>29,574</u>                                 | <u>10,165</u>   | <u>74</u>                                   | <u>262,974</u>   |

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

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

Internal Service Funds

For the Fiscal Year Ended September 30, 2009

|  | <u>Municipal<br/>Supply</u> | <u>Municipal<br/>Office<br/>Supply</u> | <u>Health<br/>and Life<br/>Insurance<br/>Reserve</u> | <u>Unemployment<br/>Compensation</u> | <u>Total<br/>Internal<br/>Service<br/>Funds</u> |
|--|-----------------------------|--|--|--------------------------------------|---|
| <b>Operating revenues:</b>                   |                             |  |  |                                      |   |
| Charges for sales and services               | \$ 454,171                  | 24,500                                 | -  | -                                    | 478,671   |
| Premiums                                     | -                           | -                                      | 3,086,318  | -                                    | 3,086,318                                       |
| Reinsurance reimbursement                    | -                           | -                                      | 520,150  | -                                    | 520,150   |
| Total operating revenues                     | <u>454,171</u>              | <u>24,500</u>                          | <u>3,606,468</u>                                     | <u>-</u>                             | <u>4,085,139</u>                                |
| <b>Operating expenses:</b>                   |                             |  |  |                                      |   |
| Administration fees                          | -                           | -                                      | 578,788  | -                                    | 578,788   |
| Costs of sales and services                  | 463,086                     | 4,332                                  | -  | -                                    | 467,418   |
| Claims paid                                  | -                           | -                                      | 3,264,294  | 21,928                               | 3,286,222                                       |
| Total operating expenses                     | <u>463,086</u>              | <u>4,332</u>                           | <u>3,843,082</u>                                     | <u>21,928</u>                        | <u>4,332,428</u>                                |
| <b>Operating income (loss)</b>               | (8,915)                     | 20,168                                 | (236,614)  | (21,928)                             | (247,289)                                       |
| <b>Nonoperating revenues -</b>               |                             |  |  |                                      |   |
| Interest income                              | <u>704</u>                  | <u>58</u>                              | <u>1,930</u>   | <u>2</u>                             | <u>2,694</u>                                    |
| <b>Income (loss) before<br/>transfers in</b> | (8,211)                     | 20,226                                 | (234,684)  | (21,926)                             | (244,595)                                       |
| <b>Transfers in</b>                          | <u>-</u>                    | <u>-</u>                               | <u>-</u>   | <u>22,000</u>                        | <u>22,000</u>                                   |
| <b>Change in net assets</b>                  | (8,211)                     | 20,226                                 | (234,684)  | 74                                   | (222,595)                                       |
| <b>Net assets, October 1, 2008</b>           | <u>231,372</u>              | <u>9,348</u>                           | <u>244,849</u>                                       | <u>-</u>                             | <u>485,569</u>                                  |
| <b>Net assets, September 30, 2009</b>        | \$ <u>223,161</u>           | <u>29,574</u>                          | <u>10,165</u>  | <u>74</u>                            | <u>262,974</u>                                  |

**SCHEDULE 12**

**CITY OF MERIDIAN, MISSISSIPPI**  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Fiscal Year Ended September 30, 2009

|  | <u>Municipal<br/>Supply</u> | <u>Municipal<br/>Office<br/>Supply</u> | <u>Health<br/>and Life<br/>Insurance<br/>Reserve</u> | <u>Unemployment<br/>Compensation</u> | <u>Total<br/>Internal<br/>Service<br/>Funds</u> |
|--|-----------------------------|--|--|--------------------------------------|---|
| <b>Cash flows from operating activities:</b>   |                             |  |  |                                      |   |
| Receipts from customers and users  | \$ 457,589                  | 24,006                                 | 3,443,646  | -                                    | 3,925,241                                       |
| Payments to suppliers  | <u>(454,841)</u>            | <u>(4,787)</u>                         | <u>(3,709,632)</u>                                   | <u>(23,194)</u>                      | <u>(4,192,454)</u>                              |
| <b>Net cash provided by (used in) operating activities</b>   | 2,748                       | 19,219                                 | (265,986)  | (23,194)                             | (267,213)                                       |
| <b>Cash flows from noncapital financing activities -</b>   |                             |  |  |                                      |   |
| Transfers from other funds   | -                           | -                                      | -  | 22,000                               | 22,000  |
| <b>Cash flows from investing activities -</b>  |                             |  |  |                                      |   |
| Interest received  | <u>704</u>                  | <u>58</u>                              | <u>1,930</u>   | <u>2</u>                             | <u>2,694</u>                                    |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | 3,452                       | 19,277                                 | (264,056)  | (1,192)                              | (242,519)                                       |
| <b>Cash and cash equivalents, October 1, 2008</b>  | <u>100,357</u>              | <u>8,094</u>                           | <u>526,062</u>                                       | <u>1,266</u>                         | <u>635,779</u>                                  |
| <b>Cash and cash equivalents, September 30, 2009</b>   | \$ <u>103,809</u>           | <u>27,371</u>                          | <u>262,006</u>                                       | <u>74</u>                            | <u>393,260</u>                                  |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b> |                             |  |  |                                      |   |
| Operating income (loss)  | \$ <u>(8,915)</u>           | <u>20,168</u>                          | <u>(236,614)</u>                                     | <u>(21,928)</u>                      | <u>(247,289)</u>                                |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                             |  |  |                                      |   |
| Changes in assets and liabilities:   |                             |  |  |                                      |   |
| Receivables - miscellaneous  | -                           | -                                      | (162,822)  | -                                    | (162,822)                                       |
| Due from other funds   | (1,275)                     | (494)                                  | -  | (1,266)                              | (3,035)   |
| Due from component units   | 4,693                       | -                                      | -  | -                                    | 4,693   |
| Inventory  | 4,522                       | (261)                                  | -  | -                                    | 4,261   |
| Accounts payable   | <u>3,723</u>                | <u>(194)</u>                           | <u>133,450</u>                                       | <u>-</u>                             | <u>136,979</u>                                  |
| Total adjustments  | <u>11,663</u>               | <u>(949)</u>                           | <u>(29,372)</u>                                      | <u>(1,266)</u>                       | <u>(19,924)</u>                                 |
| <b>Net cash provided by (used in) operating activities</b>   | \$ <u>2,748</u>             | <u>19,219</u>                          | <u>(265,986)</u>                                     | <u>(23,194)</u>                      | <u>(267,213)</u>                                |

## **FIDUCIARY FUNDS**

### **Agency Funds**

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

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

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

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

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

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

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

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

**SCHEDULE 13**

**CITY OF MERIDIAN, MISSISSIPPI**  
Combining Statement of Fiduciary Assets and Liabilities  
Agency Funds  
September 30, 2009

|  | <b>Firemen &amp;<br/>Policemen<br/>Disability<br/>&amp; Relief</b> | <b>General<br/>Retirement</b> | <b>Meridian<br/>Community<br/>College</b> | <b>Meridian<br/>Separate<br/>School<br/>District</b> | <b>Hospital<br/>Insurance</b> | <b>State<br/>Police<br/>Fines &amp;<br/>Fees</b> | <b>Meridian<br/>Separate<br/>School District<br/>Bonds &amp;<br/>Interest</b> | <b>Total<br/>Agency<br/>Funds</b> |
|--|--|-------------------------------|---|--|-------------------------------|--|---|-----------------------------------|
| <b><u>ASSETS</u></b>                     |  |                               |   |  |                               |  |   |                                   |
| Cash and cash equivalents                | \$ 112,642   | 58,776                        | 95,231                                    | 728,125  | 48,765                        | 51,206   | 82,876  | 1,177,621                         |
| Intergovernmental receivables-<br>County | <u>13,070</u>  | <u>6,927</u>                  | <u>15,860</u>                             | <u>124,656</u>                                       | <u>-</u>                      | <u>-</u>   | <u>15,123</u>   | <u>175,636</u>                    |
| <b>Total assets</b>                      | \$ <u>125,712</u>  | <u>65,703</u>                 | <u>111,091</u>                            | <u>852,781</u>                                       | <u>48,765</u>                 | <u>51,206</u>                                    | <u>97,999</u>   | <u>1,353,257</u>                  |
| <b><u>LIABILITIES</u></b>                |  |                               |   |  |                               |  |   |                                   |
| Intergovernmental payables:              |  |                               |   |  |                               |  |   |                                   |
| Schools                                  | \$ -   | -                             | 111,091                                   | 852,781  | -                             | -  | 97,999  | 1,061,871                         |
| PERS                                     | 125,712  | 65,703                        | -   | -  | -                             | -  | -   | 191,415                           |
| State                                    | -  | -                             | -   | -  | -                             | 51,206   | -   | 51,206                            |
| Employee insurance withheld              | <u>-</u>   | <u>-</u>                      | <u>-</u>                                  | <u>-</u>   | <u>48,765</u>                 | <u>-</u>   | <u>-</u>  | <u>48,765</u>                     |
| <b>Total liabilities</b>                 | \$ <u>125,712</u>  | <u>65,703</u>                 | <u>111,091</u>                            | <u>852,781</u>                                       | <u>48,765</u>                 | <u>51,206</u>                                    | <u>97,999</u>   | <u>1,353,257</u>                  |



**CITY OF MERIDIAN, MISSISSIPPI**  
 Combining Statement of Changes in Fiduciary Assets and Liabilities  
 Agency Funds  
 For the Fiscal Year Ended September 30, 2009

|   | <b>Balance<br/>September 30,<br/>2008</b> | <b>Additions</b>  | <b>Deletions</b>  | <b>Balance<br/>September 30,<br/>2009</b> |
|---|---|-------------------|-------------------|---|
| <b>Meridian Separate School District</b>                      |   |                   |                   |   |
| <b><u>ASSETS</u></b>  |   |                   |                   |   |
| Cash and cash equivalents                                     | \$ 597,707                                | 15,413,485        | 15,283,067        | 728,125                                   |
| Intergovernmental - county                                    | <u>137,917</u>                            | <u>124,656</u>    | <u>137,917</u>    | <u>124,656</u>                            |
| <b>Total assets</b>   | \$ <u>735,624</u>                         | <u>15,538,141</u> | <u>15,420,984</u> | <u>852,781</u>                            |
| <b><u>LIABILITIES</u></b>                                     |   |                   |                   |   |
| Intergovernmental - schools                                   | \$ <u>735,624</u>                         | <u>15,538,141</u> | <u>15,420,984</u> | <u>852,781</u>                            |
| <b>Hospital Insurance</b>                                     |   |                   |                   |   |
| <b><u>ASSETS</u></b>  |   |                   |                   |   |
| Cash and cash equivalents                                     | \$ <u>49,319</u>                          | <u>578,841</u>    | <u>579,395</u>    | <u>48,765</u>                             |
| <b><u>LIABILITIES</u></b>                                     |   |                   |                   |   |
| Employee insurance withheld                                   | \$ <u>49,319</u>                          | <u>578,841</u>    | <u>579,395</u>    | <u>48,765</u>                             |
| <b>State Police Fines &amp; Fees</b>                          |   |                   |                   |   |
| <b><u>ASSETS</u></b>  |   |                   |                   |   |
| Cash and cash equivalents                                     | \$ <u>61,667</u>                          | <u>880,967</u>    | <u>891,428</u>    | <u>51,206</u>                             |
| <b><u>LIABILITIES</u></b>                                     |   |                   |                   |   |
| Intergovernmental - state                                     | \$ <u>61,667</u>                          | <u>880,967</u>    | <u>891,428</u>    | <u>51,206</u>                             |
| <b>Meridian Separate School District Bonds &amp; Interest</b> |   |                   |                   |   |
| <b><u>ASSETS</u></b>  |   |                   |                   |   |
| Cash and cash equivalents                                     | \$ 68,592                                 | 1,852,769         | 1,838,485         | 82,876                                    |
| Intergovernmental - county                                    | <u>4,712</u>                              | <u>15,123</u>     | <u>4,712</u>      | <u>15,123</u>                             |
| <b>Total assets</b>   | \$ <u>73,304</u>                          | <u>1,867,892</u>  | <u>1,843,197</u>  | <u>97,999</u>                             |
| <b><u>LIABILITIES</u></b>                                     |   |                   |                   |   |
| Intergovernmental - schools                                   | \$ <u>73,304</u>                          | <u>1,867,892</u>  | <u>1,843,197</u>  | <u>97,999</u>                             |

*(Continued)*

**CITY OF MERIDIAN, MISSISSIPPI**  
 Combining Statement of Changes in Fiduciary Assets and Liabilities  
 Agency Funds  
 For the Fiscal Year Ended September 30, 2009

|                               | <b>Balance</b>                   |                   |                   | <b>Balance</b>       |
|-------------------------------|----------------------------------|-------------------|-------------------|----------------------|
|                               | <b>September 30,</b>             | <b>Additions</b>  | <b>Deletions</b>  | <b>September 30,</b> |
|                               | <b><u>2008</u></b>               |                   |                   | <b><u>2009</u></b>   |
|                               | <b><u>Total Agency Funds</u></b> |                   |                   |                      |
| <b><u>ASSETS</u></b>          |                                  |                   |                   |                      |
| Cash and cash equivalents     | \$ 986,007                       | 23,500,417        | 23,308,803        | 1,177,621            |
| Intergovernmental receivables | <u>180,194</u>                   | <u>175,636</u>    | <u>180,194</u>    | <u>175,636</u>       |
| <b>Total assets</b>           | \$ <u>1,166,201</u>              | <u>23,676,053</u> | <u>23,488,997</u> | <u>1,353,257</u>     |
| <b><u>LIABILITIES</u></b>     |                                  |                   |                   |                      |
| Intergovernmental payables    | \$ 1,116,882                     | 23,097,212        | 22,909,602        | 1,304,492            |
| Employee insurance withheld   | <u>49,319</u>                    | <u>578,841</u>    | <u>579,395</u>    | <u>48,765</u>        |
| <b>Total liabilities</b>      | \$ <u>1,166,201</u>              | <u>23,676,053</u> | <u>23,488,997</u> | <u>1,353,257</u>     |

**(This page intentionally left blank)**

## NONMAJOR COMPONENT UNITS

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

**Meridian and Bonita Lakes Development Authority** – The Meridian and Bonita Lakes Development Authority (“MBLDA”) (a discretely presented component unit) is a legally separate entity established by resolution of the City Council of the City of Meridian. As such, it is a political subdivision for the purposes of constructing or leasing a convention center and/or coliseum facility and of developing and operating any improvements, lands or 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.

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

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Combining Statement of Net Assets  
Nonmajor Component Units  
September 30, 2009

|   | <u>Meridian<br/>Transportation<br/>Commission</u> | <u>Meridian and<br/>Bonita Lakes<br/>Development<br/>Authority</u> | <u>Meridian<br/>Redevelopment<br/>Authority</u> | <u>Total<br/>Nonmajor<br/>Component<br/>Units</u> |
|---|---|--|---|---|
| <b><u>ASSETS</u></b>  |   |  |   |   |
| <b>Current assets:</b>  |   |  |   |   |
| Cash and cash equivalents                                     | \$ 24,142   | 2,390  | 380,662   | 407,194   |
| Receivables:  |   |  |   |   |
| Accounts  | 175   | -  | -   | 175   |
| Intergovernmental -<br>State                                  | 41,515  | -  | -   | 41,515  |
| Prepaid items   | <u>1,005</u>                                      | <u>-</u>   | <u>-</u>  | <u>1,005</u>                                      |
| <b>Total current assets</b>                                   | 66,837  | 2,390  | 380,662   | 449,889   |
| <b>Capital assets not being depreciated -</b>                 |   |  |   |   |
| Capital assets held for development                           | -   | -  | 40,119  | 40,119  |
| <b>Capital assets (net of<br/>accumulated depreciation) -</b> |   |  |   |   |
| Machinery and equipment                                       | <u>135,443</u>                                    | <u>-</u>   | <u>-</u>  | <u>135,443</u>                                    |
| <b>Total assets</b>   | <u>202,280</u>                                    | <u>2,390</u>   | <u>420,781</u>                                  | <u>625,451</u>                                    |
| <b><u>LIABILITIES</u></b>                                     |   |  |   |   |
| <b>Current liabilities:</b>                                   |   |  |   |   |
| Notes payable   | 35,012  | -  | -   | 35,012  |
| Accounts payable  | 12,047  | -  | -   | 12,047  |
| Accrued liabilities   | <u>8,179</u>                                      | <u>-</u>   | <u>-</u>  | <u>8,179</u>                                      |
| <b>Total current liabilities</b>                              | <u>55,238</u>                                     | <u>-</u>   | <u>-</u>  | <u>55,238</u>                                     |
| <b><u>NET ASSETS</u></b>                                      |   |  |   |   |
| Invested in capital assets,<br>net of related debt            | 135,443   | -  | 40,119  | 175,562   |
| Unrestricted  | <u>11,599</u>                                     | <u>2,390</u>   | <u>380,662</u>                                  | <u>394,651</u>                                    |
| <b>Total net assets</b>                                       | \$ <u>147,042</u>                                 | <u>2,390</u>   | <u>420,781</u>                                  | <u>570,213</u>                                    |

**CITY OF MERIDIAN, MISSISSIPPI**

Combining Statement of Activities

Nonmajor Component Units

For the Fiscal Year Ended September 30, 2009

|   | <u>Program Revenues</u> |   |   | <u>Net (Expense) Revenue and Changes in Net Assets</u> |  |   |          | <u>Total Nonmajor Component Units</u> |
|---|-------------------------|---|---|--|--|---|----------|---------------------------------------|
|   | <u>Expenses</u>         | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Meridian Transportation Commission</u>              | <u>Meridian and Bonita Lakes Development Authority</u> | <u>Meridian Redevelopment Authority</u> |          |                                       |
| <b>Nonmajor component units:</b>                |                         |   |   |  |  |   |          |                                       |
| Meridian Transportation Commission              | \$ 645,979              | 135,914                                   | 515,830                                 | 5,765  | -  | -                                       | -        | 5,765                                 |
| Meridian and Bonita Lakes Development Authority | 3,504                   | -   | 3,804                                   | -  | 300  | -                                       | -        | 300                                   |
| Meridian Redevelopment Authority                | 11,128                  | -   | 600                                     | -  | -  | (10,528)                                | (10,528) | (10,528)                              |
| <b>Total nonmajor component units</b>           | \$ 660,611              | 135,914                                   | 520,234                                 | 5,765  | 300  | (10,528)                                | (10,528) | (4,463)                               |
| <b>General revenues - Interest income</b>       |                         |   |   | 92   | -  | 998                                     | 998      | 1,090                                 |
| <b>Change in net assets</b>                     |                         |   |   | 5,857  | 300  | (9,530)                                 | (9,530)  | (3,373)                               |
| <b>Net assets, October 1, 2008</b>              |                         |   |   | 141,185  | 2,090  | 430,311                                 | 430,311  | 573,586                               |
| <b>Net assets, September 30, 2009</b>           |                         |   |   | \$ 147,042   | 2,390  | 420,781                                 | 420,781  | 570,213                               |

**(This page intentionally left blank)**

**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF MERIDIAN, MISSISSIPPI**  
 Schedule Reconciling Original Ad Valorem  
 Tax Rolls to Fund Collections  
 For the Fiscal Year Ended September 30, 2009

|   | <u>Assessed<br/>Value</u> | <u>Millage</u> | <u>Ad Valorem<br/>Taxes</u> |
|---|---------------------------|----------------|-----------------------------|
| <b>City of Meridian:</b>  |                           |                |                             |
| Realty  | \$ 201,878,465            | 50.84          | \$ 10,263,501               |
| Personal property - other than auto                                       | 49,060,156                | 50.84          | 2,494,218                   |
| Public utilities  | 24,236,231                | 50.84          | 1,232,170                   |
| Personal autos - 2008 rates   | 3,279,194                 | 53.08          | 174,060                     |
| Personal autos - 2009 rates   | <u>29,075,988</u>         | 50.84          | <u>1,478,223</u>            |
| <b>Total City of Meridian valuation</b>                                   | \$ <u>307,530,034</u>     |                | 15,642,172                  |
| Less homestead exemption allowed  |                           |                | <u>(903,591)</u>            |
| <b>Total City ad valorem taxes</b>  |                           |                | 14,738,581                  |
| <b>Adjustments to original tax roll:</b>                                  |                           |                |                             |
| Realty  |                           | 126,131        |                             |
| Personal  |                           | (1,621)        |                             |
| Homestead exemption   |                           | (6,338)        |                             |
| Refund from Chancery Clerk  |                           | <u>356</u>     | 118,528                     |
| <b>Add:</b>   |                           |                |                             |
| Actual homestead reimbursement  |                           | 584,468        |                             |
| Motor vehicle rent tax  |                           | 62,691         |                             |
| Payments in lieu of taxes   |                           | 70,841         |                             |
| Prior year tax collection   |                           | 46,914         |                             |
| Mobile homes  |                           | 6,461          |                             |
| Aircraft  |                           | <u>5,675</u>   | <u>777,050</u>              |
| <b>Total City to account for</b>  |                           |                | <u>15,634,159</u>           |
| <b>Separate School District:</b>  |                           |                |                             |
| Realty  | \$ 212,011,108            | 62.98          | 13,352,460                  |
| Personal property - other than auto                                       | 58,776,048                | 62.98          | 3,701,716                   |
| Public utilities  | 31,819,130                | 62.98          | 2,003,969                   |
| Personal autos - 2008 rates   | 3,369,630                 | 68.08          | 229,404                     |
| Personal autos - 2009 rates   | <u>27,968,730</u>         | 62.98          | <u>1,761,471</u>            |
| <b>Total Separate School District valuation</b>                           | \$ <u>333,944,646</u>     |                | 21,049,020                  |
| Less homestead exemption allowed  |                           |                | <u>(1,745,411)</u>          |
| <b>Total Separate School District ad valorem taxes</b>                    |                           |                | 19,303,609                  |
| <b>Adjustments to original tax roll:</b>                                  |                           |                |                             |
| Realty  |                           | 237,664        |                             |
| Personal  |                           | (5,556)        |                             |
| Homestead exemption   |                           | (5,359)        |                             |
| Refund from Chancery Clerk  |                           | <u>(6,650)</u> | 220,099                     |
| <b>Add:</b>   |                           |                |                             |
| Prior year tax collection   |                           | 36,643         |                             |
| Mobile homes  |                           | 23,103         | <u>59,746</u>               |
| <b>Total Separate School District to account for</b>                      |                           |                | <u>19,583,454</u>           |
| <b>Total City of Meridian and Separate School District to account for</b> |                           |                | \$ <u>35,217,613</u>        |

*(Continued)*

**CITY OF MERIDIAN, MISSISSIPPI**  
Schedule Reconciling Original Ad Valorem  
Tax Rolls to Fund Collections  
For the Fiscal Year Ended September 30, 2009

|                                  | <u>Taxes</u>                | <u>Homestead<br/>Reimbursement</u> | <u>Total</u>      |
|----------------------------------|-----------------------------|------------------------------------|-------------------|
| <b>Accounted for as follows:</b> |                             |                                    |                   |
| General Fund                     | \$ 8,611,900                | 341,553                            | 8,953,453         |
| General Fund - Pilot             | 70,841                      | -                                  | 70,841            |
| General Bond & Interest          | 3,580,201                   | 142,323                            | 3,722,524         |
| School Bond & Interest           | 1,852,769                   | -                                  | 1,852,769         |
| Police & Fire Disability         | 1,664,172                   | 66,103                             | 1,730,275         |
| General Retirement               | 868,780                     | 34,489                             | 903,269           |
| School Fund                      | <u>17,415,425</u>           | <u>-</u>                           | <u>17,415,425</u> |
| <br>                             |                             |                                    |                   |
| <b>Total accounted for</b>       | <b>\$ <u>34,064,088</u></b> | <b><u>584,468</u></b>              | <b>34,648,556</b> |
| <br>                             |                             |                                    |                   |
| <b>Balance represented by:</b>   |                             |                                    |                   |
| Real property held from tax sale |                             |                                    | 16,625            |
| Unpaid personal property         |                             |                                    | 177,391           |
| Held by tax collector            |                             |                                    | 40,447            |
| Sold to state                    |                             |                                    | 152,436           |
| Tax collector's commission       |                             |                                    | <u>182,158</u>    |
| <br>                             |                             |                                    |                   |
| <b>Total ad valorem taxes</b>    |                             | <b>\$ <u>35,217,613</u></b>        |                   |

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

## Schedule of Investments

September 30, 2009

|   | <u>Issue<br/>Date</u> | <u>Maturity<br/>Date</u> | <u>Interest<br/>Rate</u> | <u>Amount</u>       |
|---|-----------------------|--------------------------|--------------------------|---------------------|
| <b>General fund - unrestricted:</b>                     |                       |                          |                          |                     |
| Certificate of deposit                                  | 07/07/09              | 01/05/10                 | 1.45%                    | \$ 675,000          |
| Certificate of deposit                                  | 07/09/09              | 01/07/10                 | 1.75%                    | <u>675,000</u>      |
| <b>Total general fund investments - unrestricted</b>    |                       |                          |                          | \$ <u>1,350,000</u> |
| <b>Proprietary funds - restricted:</b>                  |                       |                          |                          |                     |
| Certificate of deposit                                  | 06/27/09              | 12/26/09                 | 1.45%                    | 179,860             |
| United States Treasury Bill                             | -                     | 11/19/09                 | -                        | 427,815             |
| Federated Government Obligations                        | -                     | -                        | -                        | 975                 |
| Federated Government Obligations                        | -                     | -                        | -                        | 172                 |
| United States Treasury Bill                             | -                     | 03/25/10                 | -                        | 304,000             |
| Federal Home Loan Mortgage Corporate Discount Notes     | -                     | 12/23/09                 | -                        | <u>758,452</u>      |
| <b>Total proprietary funds investments - restricted</b> |                       |                          |                          | \$ <u>1,671,274</u> |

**SCHEDULE 19****CITY OF MERIDIAN, MISSISSIPPI**  
Schedule of Surety Bonds for Municipal Officials  
September 30, 2009

| <b><u>Name</u></b>   | <b><u>Position</u></b>                               | <b><u>Insurance Company</u></b> | <b><u>Bond</u></b> |
|----------------------|--|---------------------------------|--------------------|
| Cheri M. Barry       | Mayor  | Travelers                       | \$ 50,000 *        |
| George M Thomas      | Councilman   | Western Surety Company          | 100,000            |
| Mary A. B. Perry     | Councilman   | Western Surety Company          | 100,000            |
| Barbara Henson       | Councilman   | Western Surety Company          | 100,000            |
| Jesse E. Palmer, Sr. | Councilman   | Western Surety Company          | 100,000            |
| Bobby R. Smith       | Councilman   | Western Surety Company          | 100,000            |
| Mark McDonald        | Chief Administrative Officer                         | Western Surety Company          | 50,000             |
| Ed Skipper           | City Clerk/CFO                                       | Berkley Surety Group            | 50,000             |
| Leigh Barber         | Assistant Director, Finance &<br>Record/Deputy Clerk | Ohio Casualty Insurance Company | 50,000             |
| Lee Shelbourn        | Police Chief   | Western Surety Company          | 50,000             |
| Blanket Policy       | All city employees                                   | Travelers                       | 50,000             |

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

**(This page intentionally left blank)**

**CITY OF MERIDIAN, MISSISSIPPI**  
 Schedule of Changes in Long-Term Debt  
 For the Fiscal Year Ended September 30, 2009

|   | <u>Date of Issue</u> | <u>Interest Rate</u> | <u>Amount of Original Issue</u> | <u>Balance September 30, 2008</u> | <u>Principal Payments</u> | <u>New Issues</u>        | <u>Balance September 30, 2009</u> |
|---|----------------------|----------------------|---------------------------------|-----------------------------------|---------------------------|--------------------------|-----------------------------------|
| <b>Governmental activities:</b>             |                      |                      |                                 |                                   |                           |                          |                                   |
| Public Improvement of 1998                  | 03/01/1998           | 4.20-6.00%           | \$ 4,500,000                    | 1,895,000                         | 340,000                   | -                        | 1,555,000                         |
| Public Improvement of 1999                  | 04/01/1999           | 4.10-5.70%           | 1,150,000                       | 560,000                           | 85,000                    | -                        | 475,000                           |
| Public Improvement of 2000                  | 05/01/2000           | 4.40-6.25%           | 1,100,000                       | 270,000                           | 130,000                   | -                        | 140,000                           |
| Public Improvement of 2003                  | 07/01/2003           | 3.25-4.125%          | 6,000,000                       | 4,420,000                         | 360,000                   | -                        | 4,060,000                         |
| Public Improvement of 2006                  | 06/01/2006           | 4.00-5.50%           | 10,000,000                      | 9,355,000                         | 345,000                   | -                        | 9,010,000                         |
| Water and Sewer Improvement of 2007         | 04/01/2007           | 3.75-5.25%           | 3,600,000                       | 3,485,000                         | 120,000                   | -                        | 3,365,000                         |
| Public Improvement of 2008                  | 04/22/2008           | 2.60-3.65%           | 1,000,000                       | 1,000,000                         | 50,000                    | -                        | 950,000                           |
| Public Improvement of 2009                  | 06/01/2009           | 3.00-4.00%           | <u>10,000,000</u>               | <u>-</u>                          | <u>-</u>                  | <u>10,000,000</u>        | <u>10,000,000</u>                 |
| Total general obligations bonds             |                      |                      | <u>37,350,000</u>               | <u>20,985,000</u>                 | <u>1,430,000</u>          | <u>10,000,000</u>        | <u>29,555,000</u>                 |
| Special Obligation Bonds 2003A              | 07/01/2003           | 2.75-4.50%           | 5,500,000                       | 4,565,000                         | 215,000                   | -                        | 4,350,000                         |
| Special Obligation Bonds 2003B              | 07/01/2003           | 3.30-5.375%          | <u>1,500,000</u>                | <u>1,270,000</u>                  | <u>55,000</u>             | <u>-</u>                 | <u>1,215,000</u>                  |
| Total special obligation bonds              |                      |                      | <u>7,000,000</u>                | <u>5,835,000</u>                  | <u>270,000</u>            | <u>-</u>                 | <u>5,565,000</u>                  |
| Limited Obligation Tax Increment Bonds      | 09/01/2000           | 9.00%                | 2,200,000                       | 1,470,000                         | 255,000                   | -                        | 1,215,000                         |
| Limited Obligation Tax Increment Bonds      | 12/01/2000           | 9.00%                | <u>1,100,000</u>                | <u>665,000</u>                    | <u>110,000</u>            | <u>-</u>                 | <u>555,000</u>                    |
| Total tax increment bonds                   |                      |                      | <u>3,300,000</u>                | <u>2,135,000</u>                  | <u>365,000</u>            | <u>-</u>                 | <u>1,770,000</u>                  |
| Revolving loan - capital improvements       | 06/01/2001           | 3.00%                | <u>1,000,000</u>                | <u>566,468</u>                    | <u>66,941</u>             | <u>-</u>                 | <u>499,527</u>                    |
| Total promissory loans                      |                      |                      | <u>1,000,000</u>                | <u>566,468</u>                    | <u>66,941</u>             | <u>-</u>                 | <u>499,527</u>                    |
| Taxable Negotiable Notes                    | 09/28/2006           | 5.45%                | <u>1,225,000</u>                | <u>773,629</u>                    | <u>244,311</u>            | <u>-</u>                 | <u>529,318</u>                    |
| Total taxable negotiable notes              |                      |                      | <u>1,225,000</u>                | <u>773,629</u>                    | <u>244,311</u>            | <u>-</u>                 | <u>529,318</u>                    |
| Special Street Improvements                 | 08/01/1995           | 4.80-6.75%           | 1,920,000                       | 955,000                           | 110,000                   | -                        | 845,000                           |
| Special Assessment Public Improvement       | 06/01/1996           | 4.70-6.70%           | 2,000,000                       | 1,085,000                         | 110,000                   | -                        | 975,000                           |
| Special Assessment Public Improvement       | 06/01/2000           | 5.20-6.25%           | 1,125,000                       | 825,000                           | 50,000                    | -                        | 775,000                           |
| Special Assessment Public Imp 2001          | 08/01/2001           | 4.50-6.00%           | <u>500,000</u>                  | <u>380,000</u>                    | <u>20,000</u>             | <u>-</u>                 | <u>360,000</u>                    |
| Total special assessment                    |                      |                      | <u>5,545,000</u>                | <u>3,245,000</u>                  | <u>290,000</u>            | <u>-</u>                 | <u>2,955,000</u>                  |
| CitiCapital Lease - energy saving equipment | 05/21/2002           | 5.87%                | 709,066                         | 469,440                           | 45,123                    | -                        | 424,317                           |
| Trustmark Lease - backhoe                   | 08/15/2007           | 4.14%                | 40,941                          | 20,289                            | 20,289                    | -                        | -                                 |
| Trustmark Lease - fire truck                | 08/27/2007           | 4.14%                | 649,617                         | 428,600                           | 209,930                   | -                        | 218,670                           |
| Trustmark Lease - rescue pumper             | 04/04/2008           | 2.85%                | <u>364,800</u>                  | <u>364,800</u>                    | <u>120,639</u>            | <u>-</u>                 | <u>244,161</u>                    |
| Total capital leases                        |                      |                      | <u>1,764,424</u>                | <u>1,283,129</u>                  | <u>395,981</u>            | <u>-</u>                 | <u>887,148</u>                    |
| <b>Total governmental activities</b>        |                      |                      | <b>\$ <u>57,184,424</u></b>     | <b><u>34,823,226</u></b>          | <b><u>3,062,233</u></b>   | <b><u>10,000,000</u></b> | <b><u>41,760,993</u></b>          |
| <b>Business-type activities:</b>            |                      |                      |                                 |                                   |                           |                          |                                   |
| Water and Sewer Revenue                     | 07/01/1994           | 6.00-6.50%           | \$ 9,710,000                    | 2,620,000                         | 775,000                   | -                        | 1,845,000                         |
| Water and Sewer Revenue                     | 12/01/1995           | 4.60-6.50%           | 5,000,000                       | 2,705,000                         | 275,000                   | -                        | 2,430,000                         |
| Water and Sewer Revenue                     | 10/01/1997           | 4.50-6.375%          | 5,000,000                       | 3,150,000                         | 245,000                   | -                        | 2,905,000                         |
| Water and Sewer Revenue                     | 06/01/2000           | 5.00-6.25%           | <u>2,000,000</u>                | <u>1,480,000</u>                  | <u>85,000</u>             | <u>-</u>                 | <u>1,395,000</u>                  |
| Total revenue bonds                         |                      |                      | <u>21,710,000</u>               | <u>9,955,000</u>                  | <u>1,380,000</u>          | <u>-</u>                 | <u>8,575,000</u>                  |
| Water and sewer promissory loan             | 12/01/1998           | 4.70-6.125%          | 5,300,000                       | 4,330,000                         | 185,000                   | -                        | 4,145,000                         |
| Loan - capital improvements                 | 01/01/2001           | 3.00%                | 360,000                         | 87,593                            | 39,535                    | -                        | 48,058                            |
| Water and sewer promissory loan             | 11/29/2001           | 2.30-5.125%          | 3,100,000                       | 2,575,000                         | 95,000                    | -                        | 2,480,000                         |
| Water and sewer promissory loan             | 07/01/2003           | 2.60-3.25%           | 7,590,000                       | 4,470,000                         | 685,000                   | -                        | 3,785,000                         |
| Water and sewer promissory loan             | 03/24/2004           | 1.00-5.00%           | <u>2,900,000</u>                | <u>2,510,000</u>                  | <u>110,000</u>            | <u>-</u>                 | <u>2,400,000</u>                  |
| Total promissory loans                      |                      |                      | <u>19,250,000</u>               | <u>13,972,593</u>                 | <u>1,114,535</u>          | <u>-</u>                 | <u>12,858,058</u>                 |
| CitiCapital lease - energy saving equipment | 05/21/2002           | 5.87%                | 1,053,181                       | 690,381                           | 67,022                    | -                        | 623,359                           |
| CitiCapital lease - energy saving equipment | 05/21/2002           | 5.87%                | 3,460                           | 2,267                             | 220                       | -                        | 2,047                             |
| Trustmark lease - flush truck               | 07/20/2007           | 4.14%                | <u>139,474</u>                  | <u>92,414</u>                     | <u>45,265</u>             | <u>-</u>                 | <u>47,149</u>                     |
| Total capital leases                        |                      |                      | <u>1,196,115</u>                | <u>785,062</u>                    | <u>112,507</u>            | <u>-</u>                 | <u>672,555</u>                    |
| <b>Total business-type activities</b>       |                      |                      | <b>\$ <u>42,156,115</u></b>     | <b><u>24,712,655</u></b>          | <b><u>2,607,042</u></b>   | <b><u>-</u></b>          | <b><u>22,105,613</u></b>          |

**CITY OF MERIDIAN, MISSISSIPPI**  
Schedule of Long-Term Debt Maturities  
September 30, 2009

|  | <u>Date of Issue</u> | <u>Interest Rate</u> | <u>Amount of Original Issue</u> | <u>Balance September 30, 2009</u> | <u>2010</u>      |
|--|----------------------|----------------------|---------------------------------|-----------------------------------|------------------|
| <b><u>Governmental activities:</u></b>       |                      |                      |                                 |                                   |                  |
| Public Improvement of 1998                   | 03/01/1998           | 4.20-6.00%           | \$ 4,500,000                    | 1,555,000                         | 360,000          |
| Public Improvement of 1999                   | 04/01/1999           | 4.10-5.70%           | 1,150,000                       | 475,000                           | 85,000           |
| Public Improvement of 2000                   | 05/01/2000           | 4.40-6.25%           | 1,100,000                       | 140,000                           | 140,000          |
| Public Improvement of 2003                   | 07/01/2003           | 3.25-4.125%          | 6,000,000                       | 4,060,000                         | 375,000          |
| Public Improvement of 2006                   | 06/01/2006           | 4.00-5.50%           | 10,000,000                      | 9,010,000                         | 360,000          |
| Water and Sewer Improvement of 2007          | 04/01/2007           | 3.75-5.25%           | 3,600,000                       | 3,365,000                         | 125,000          |
| Public Improvement of 2008                   | 04/22/2008           | 2.60-3.65%           | 1,000,000                       | 950,000                           | 50,000           |
| Public Improvement of 2009                   | 06/01/2009           | 3.00-4.00%           | 10,000,000                      | 10,000,000                        | 310,000          |
| Total general obligations bonds              |                      |                      | <u>37,350,000</u>               | <u>29,555,000</u>                 | <u>1,805,000</u> |
| Special Obligation Bonds 2003A               | 07/01/2003           | 2.75-4.50%           | 5,500,000                       | 4,350,000                         | 225,000          |
| Special Obligation Bonds 2003B               | 07/01/2003           | 3.30-5.375%          | 1,500,000                       | 1,215,000                         | 60,000           |
| Total special obligation bonds               |                      |                      | <u>7,000,000</u>                | <u>5,565,000</u>                  | <u>285,000</u>   |
| Limited Obligation Tax Increment Bonds (TIF) | 09/01/2000           | 9.00%                | 2,200,000                       | 1,215,000                         | 270,000          |
| Limited Obligation Tax Increment Bonds (TIF) | 12/01/2000           | 9.00%                | 1,100,000                       | 555,000                           | 120,000          |
| Total tax increment bonds                    |                      |                      | <u>3,300,000</u>                | <u>1,770,000</u>                  | <u>390,000</u>   |
| Revolving loan - capital improvements        | 06/01/2001           | 3.00%                | 1,000,000                       | 499,527                           | 68,634           |
| Total promissory loans                       |                      |                      | <u>1,000,000</u>                | <u>499,527</u>                    | <u>68,634</u>    |
| Taxable Negotiable Notes                     | 09/28/2006           | 5.45%                | 1,225,000                       | 529,318                           | 257,634          |
| Total taxable negotiable notes               |                      |                      | <u>1,225,000</u>                | <u>529,318</u>                    | <u>257,634</u>   |
| Special Street Improvements                  | 08/01/1995           | 4.80-6.75%           | 1,920,000                       | 845,000                           | 120,000          |
| Special Assessment Public Improvement        | 06/01/1996           | 4.70-6.70%           | 2,000,000                       | 975,000                           | 115,000          |
| Special Assessment Public Improvement        | 06/01/2000           | 5.20-6.25%           | 1,125,000                       | 775,000                           | 50,000           |
| Special Assessment Public Imp 2001           | 08/01/2001           | 4.50-6.00%           | 500,000                         | 360,000                           | 20,000           |
| Total special assessment                     |                      |                      | <u>5,545,000</u>                | <u>2,955,000</u>                  | <u>305,000</u>   |
| CitiCapital Lease - energy saving equipment  | 05/21/2002           | 5.87%                | 709,066                         | 424,317                           | 47,847           |
| Trustmark Lease - backhoe                    | 08/15/2007           | 4.14%                | 40,941                          | -                                 | -                |
| Trustmark Lease - fire truck                 | 08/27/2007           | 4.14%                | 649,617                         | 218,670                           | 218,670          |
| Trustmark Lease - rescue pumper              | 04/04/2008           | 2.85%                | 364,800                         | 244,161                           | 120,342          |
| Total capital leases                         |                      |                      | <u>1,764,424</u>                | <u>887,148</u>                    | <u>386,859</u>   |
| <b>Total governmental activities</b>         |                      |                      | \$ <u>57,184,424</u>            | <u>41,760,993</u>                 | <u>3,498,127</u> |
| <b><u>Business-type activities:</u></b>      |                      |                      |                                 |                                   |                  |
| Water and Sewer Revenue                      | 07/01/1994           | 6.00-6.50%           | \$ 9,710,000                    | 1,845,000                         | 1,845,000        |
| Water and Sewer Revenue                      | 12/01/1995           | 4.60-6.50%           | 5,000,000                       | 2,430,000                         | 290,000          |
| Water and Sewer Revenue                      | 10/01/1997           | 4.50-6.375%          | 5,000,000                       | 2,905,000                         | 260,000          |
| Water and Sewer Revenue                      | 06/01/2000           | 5.00-6.25%           | 2,000,000                       | 1,395,000                         | 90,000           |
| Total revenue bonds                          |                      |                      | <u>21,710,000</u>               | <u>8,575,000</u>                  | <u>2,485,000</u> |
| Water and sewer promissory loan              | 12/01/1998           | 4.70-6.125%          | 5,300,000                       | 4,145,000                         | 195,000          |
| Loan - capital improvements                  | 01/01/2001           | 3.00%                | 360,000                         | 48,058                            | 40,738           |
| Water and sewer promissory loan              | 11/29/2001           | 2.30-5.125%          | 3,100,000                       | 2,480,000                         | 100,000          |
| Water and sewer promissory loan              | 07/01/2003           | 2.60-3.25%           | 7,590,000                       | 3,785,000                         | 710,000          |
| Water and sewer promissory loan              | 03/24/2004           | 1.00-5.00%           | 2,900,000                       | 2,400,000                         | 115,000          |
| Total promissory loans                       |                      |                      | <u>19,250,000</u>               | <u>12,858,058</u>                 | <u>1,160,738</u> |
| CitiCapital lease - energy saving equipment  | 05/21/2002           | 5.87%                | 1,053,181                       | 623,359                           | 71,067           |
| CitiCapital lease - energy saving equipment  | 05/21/2002           | 5.87%                | 3,460                           | 2,047                             | 233              |
| Trustmark lease - flush truck                | 07/20/2007           | 4.14%                | 139,474                         | 47,149                            | 47,149           |
| Total capital leases                         |                      |                      | <u>1,196,115</u>                | <u>672,555</u>                    | <u>118,449</u>   |
| <b>Total business-type activities</b>        |                      |                      | \$ <u>42,156,115</u>            | <u>22,105,613</u>                 | <u>3,764,187</u> |

**SCHEDULE 21**

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

| <u>2011</u>      | <u>2012</u>      | <u>2013</u>      | <u>2014</u>      | <u>2015 -</u><br><u>2019</u> | <u>2020 -</u><br><u>2024</u> | <u>2025 -</u><br><u>2029</u> |
|------------------|------------------|------------------|------------------|------------------------------|------------------------------|------------------------------|
| 380,000          | 395,000          | 420,000          | -                | -                            | -                            | -                            |
| 90,000           | 95,000           | 100,000          | 105,000          | -                            | -                            | -                            |
| -                | -                | -                | -                | -                            | -                            | -                            |
| 390,000          | 410,000          | 430,000          | 450,000          | 2,005,000                    | -                            | -                            |
| 375,000          | 400,000          | 410,000          | 430,000          | 2,475,000                    | 3,110,000                    | 1,450,000                    |
| 130,000          | 135,000          | 145,000          | 150,000          | 855,000                      | 1,060,000                    | 765,000                      |
| 55,000           | 55,000           | 60,000           | 60,000           | 345,000                      | 325,000                      | -                            |
| 325,000          | 340,000          | 355,000          | 375,000          | 2,150,000                    | 2,715,000                    | 3,430,000                    |
| <u>1,745,000</u> | <u>1,830,000</u> | <u>1,920,000</u> | <u>1,570,000</u> | <u>7,830,000</u>             | <u>7,210,000</u>             | <u>5,645,000</u>             |
| 235,000          | 250,000          | 260,000          | 270,000          | 1,565,000                    | 1,545,000                    | -                            |
| 60,000           | 65,000           | 70,000           | 75,000           | 430,000                      | 455,000                      | -                            |
| <u>295,000</u>   | <u>315,000</u>   | <u>330,000</u>   | <u>345,000</u>   | <u>1,995,000</u>             | <u>2,000,000</u>             | -                            |
| 290,000          | 315,000          | 340,000          | -                | -                            | -                            | -                            |
| 135,000          | 145,000          | 155,000          | -                | -                            | -                            | -                            |
| <u>425,000</u>   | <u>460,000</u>   | <u>495,000</u>   | -                | -                            | -                            | -                            |
| 70,721           | 72,872           | 75,089           | 77,373           | 134,838                      | -                            | -                            |
| <u>70,721</u>    | <u>72,872</u>    | <u>75,089</u>    | <u>77,373</u>    | <u>134,838</u>               | -                            | -                            |
| 271,684          | -                | -                | -                | -                            | -                            | -                            |
| <u>271,684</u>   | -                | -                | -                | -                            | -                            | -                            |
| 125,000          | 135,000          | 145,000          | 155,000          | 165,000                      | -                            | -                            |
| 125,000          | 130,000          | 140,000          | 145,000          | 320,000                      | -                            | -                            |
| 55,000           | 60,000           | 60,000           | 65,000           | 390,000                      | 95,000                       | -                            |
| 25,000           | 25,000           | 25,000           | 30,000           | 160,000                      | 75,000                       | -                            |
| <u>330,000</u>   | <u>350,000</u>   | <u>370,000</u>   | <u>395,000</u>   | <u>1,035,000</u>             | <u>170,000</u>               | -                            |
| 50,734           | 53,796           | 57,043           | 60,486           | 154,411                      | -                            | -                            |
| -                | -                | -                | -                | -                            | -                            | -                            |
| -                | -                | -                | -                | -                            | -                            | -                            |
| 123,819          | -                | -                | -                | -                            | -                            | -                            |
| <u>174,553</u>   | <u>53,796</u>    | <u>57,043</u>    | <u>60,486</u>    | <u>154,411</u>               | -                            | -                            |
| <u>3,311,958</u> | <u>3,081,668</u> | <u>3,247,132</u> | <u>2,447,859</u> | <u>11,149,249</u>            | <u>9,380,000</u>             | <u>5,645,000</u>             |
| -                | -                | -                | -                | -                            | -                            | -                            |
| 305,000          | 325,000          | 345,000          | 365,000          | 800,000                      | -                            | -                            |
| 270,000          | 285,000          | 305,000          | 320,000          | 1,465,000                    | -                            | -                            |
| 95,000           | 105,000          | 110,000          | 115,000          | 710,000                      | 170,000                      | -                            |
| <u>670,000</u>   | <u>715,000</u>   | <u>760,000</u>   | <u>800,000</u>   | <u>2,975,000</u>             | <u>170,000</u>               | -                            |
| 215,000          | 225,000          | 235,000          | 245,000          | 1,430,000                    | 1,600,000                    | -                            |
| 7,320            | -                | -                | -                | -                            | -                            | -                            |
| 105,000          | 110,000          | 115,000          | 120,000          | 675,000                      | 855,000                      | 400,000                      |
| 730,000          | 755,000          | 780,000          | 810,000          | -                            | -                            | -                            |
| 120,000          | 125,000          | 130,000          | 135,000          | 785,000                      | 990,000                      | -                            |
| <u>1,177,320</u> | <u>1,215,000</u> | <u>1,260,000</u> | <u>1,310,000</u> | <u>2,890,000</u>             | <u>3,445,000</u>             | <u>400,000</u>               |
| 75,356           | 79,904           | 84,727           | 89,840           | 222,465                      | -                            | -                            |
| 247              | 262              | 278              | 295              | 732                          | -                            | -                            |
| -                | -                | -                | -                | -                            | -                            | -                            |
| <u>75,603</u>    | <u>80,166</u>    | <u>85,005</u>    | <u>90,135</u>    | <u>223,197</u>               | -                            | -                            |
| <u>1,922,923</u> | <u>2,010,166</u> | <u>2,105,005</u> | <u>2,200,135</u> | <u>6,088,197</u>             | <u>3,615,000</u>             | <u>400,000</u>               |

**(This page intentionally left blank)**

## STATISTICAL SECTION

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

| <u>Contents</u>   | <u>Page</u> |
|---|-------------|
| Financial trends .....  | 137 - 144   |
| <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 .....  | 145 - 148   |
| <i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i>  |             |
| Debt capacity .....   | 149 - 153   |
| <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 economic information .....  | 154 - 155   |
| <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.....  | 156 - 158   |
| <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> |             |

**(This page intentionally left blank)**

**CITY OF MERIDIAN, MISSISSIPPI**

Net Assets by Component  
Last Eight Fiscal Years<sup>1</sup>  
(accrual basis of accounting)  
(amounts expressed in thousands)

|  | <b>Fiscal Year</b> |                    |                    |                    |                    |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | <b><u>2002</u></b> | <b><u>2003</u></b> | <b><u>2004</u></b> | <b><u>2005</u></b> | <b><u>2006</u></b> | <b><u>2007</u></b> | <b><u>2008</u></b> | <b><u>2009</u></b> |
| <b>Governmental activities:</b>                  |                    |                    |                    |                    |                    |                    |                    |                    |
| Invested in capital assets, net of related debt  | \$ 43,469          | \$ 43,643          | \$ 45,586          | \$ 45,997          | \$ 48,025          | \$ 48,799          | \$ 50,692          | \$ 75,492          |
| Restricted                                       | 2,447              | 2,214              | 1,561              | 4,009              | 5,626              | 6,881              | 5,810              | 6,429              |
| Unrestricted                                     | 4,296              | 6,496              | 6,156              | 5,635              | 7,197              | 3,920              | 4,076              | 3,700              |
| <b>Total governmental activities net assets</b>  | <b>\$ 50,212</b>   | <b>\$ 52,353</b>   | <b>\$ 53,303</b>   | <b>\$ 55,641</b>   | <b>\$ 60,848</b>   | <b>\$ 59,600</b>   | <b>\$ 60,578</b>   | <b>\$ 85,621</b>   |
| <b>Business-type activities:</b>                 |                    |                    |                    |                    |                    |                    |                    |                    |
| Invested in capital assets, net of related debt  | \$ 23,103          | \$ 22,052          | \$ 20,624          | \$ 19,003          | \$ 19,534          | \$ 18,938          | \$ 17,684          | \$ 19,326          |
| Restricted                                       | 4,170              | 3,362              | 3,949              | 4,467              | 4,021              | 7,509              | 7,717              | 5,441              |
| Unrestricted                                     | 1,668              | 1,759              | 1,454              | 3,779              | 3,440              | 3,354              | 3,167              | 2,253              |
| <b>Total business-type activities net assets</b> | <b>\$ 28,941</b>   | <b>\$ 27,173</b>   | <b>\$ 26,027</b>   | <b>\$ 27,249</b>   | <b>\$ 26,995</b>   | <b>\$ 29,801</b>   | <b>\$ 28,568</b>   | <b>\$ 27,020</b>   |
| <b>Primary government:</b>                       |                    |                    |                    |                    |                    |                    |                    |                    |
| Invested in capital assets, net of related debt  | \$ 66,572          | \$ 65,695          | \$ 66,210          | \$ 65,000          | \$ 67,559          | \$ 67,737          | \$ 68,376          | \$ 94,818          |
| Restricted                                       | 6,617              | 5,576              | 5,510              | 8,476              | 9,647              | 14,390             | 13,527             | 11,870             |
| Unrestricted                                     | 5,964              | 8,255              | 7,610              | 9,414              | 10,637             | 7,274              | 7,243              | 5,953              |
| <b>Total primary government net assets</b>       | <b>\$ 79,153</b>   | <b>\$ 79,526</b>   | <b>\$ 79,330</b>   | <b>\$ 82,890</b>   | <b>\$ 87,843</b>   | <b>\$ 89,401</b>   | <b>\$ 89,146</b>   | <b>\$ 112,641</b>  |

**Source:** Audit Reports - Statement of Net Assets

<sup>1</sup>GASB 34 was implemented effective fiscal year 2002, therefore, information from government-wide statements is not available for the fiscal years 2000 and 2001.

**CITY OF MERIDIAN, MISSISSIPPI**  
 Changes in Net Assets  
 Last Eight Fiscal Years<sup>1</sup>  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

|  | Fiscal Year      |                  |                  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  | <u>2002</u>      | <u>2003</u>      | <u>2004</u>      | <u>2005</u>      | <u>2006</u>      | <u>2007</u>      | <u>2008</u>      | <u>2009</u>      |
| <b>Expenses</b>  |                  |                  |                  |                  |                  |                  |                  |                  |
| Governmental activities:                               |                  |                  |                  |                  |                  |                  |                  |                  |
| General government                                     | \$ 5,548         | \$ 5,270         | \$ 5,721         | \$ 5,778         | \$ 6,209         | \$ 6,526         | \$ 7,211         | \$ 7,017         |
| Public safety  | 10,395           | 10,864           | 11,981           | 14,875           | 16,074           | 14,976           | 15,017           | 16,010           |
| Public works   | 5,608            | 6,230            | 6,770            | 6,650            | 6,738            | 6,893            | 6,567            | 7,440            |
| Culture and recreation                                 | 1,609            | 1,806            | 1,968            | 1,975            | 2,008            | 2,156            | 2,390            | 2,307            |
| Economic development                                   | 156              | 85               | 169              | 121              | 105              | 98               | 134              | 22               |
| Other  | 71               | 50               | 101              | 127              | 82               | 64               | 6                | 42               |
| Interest on long-term debt                             | 1,553            | 1,390            | 1,685            | 1,443            | 1,333            | 1,918            | 1,772            | 1,615            |
| <b>Total governmental activities expenses</b>          | <u>24,940</u>    | <u>25,695</u>    | <u>28,395</u>    | <u>30,969</u>    | <u>32,549</u>    | <u>32,631</u>    | <u>33,097</u>    | <u>34,453</u>    |
| Business-type activities:                              |                  |                  |                  |                  |                  |                  |                  |                  |
| Water and sewer  | 8,324            | 10,742           | 10,381           | 10,879           | 11,577           | 12,218           | 12,078           | 12,557           |
| Waste collection and disposal                          | 2,174            | 2,529            | 2,739            | 2,234            | 2,332            | 2,380            | 2,401            | 2,526            |
| Golf course  | 453              | 433              | 423              | 407              | 394              | 400              | 419              | 418              |
| Union Station  | 251              | 254              | 284              | 307              | 335              | 323              | 331              | 388              |
| Concessions  | 41               | 48               | 39               | 41               | 37               | 26               | 32               | 29               |
| <b>Total business-type activities expenses</b>         | <u>11,243</u>    | <u>14,006</u>    | <u>13,866</u>    | <u>13,868</u>    | <u>14,675</u>    | <u>15,347</u>    | <u>15,261</u>    | <u>15,918</u>    |
| <b>Total primary government expenses</b>               | <u>\$ 36,183</u> | <u>\$ 39,701</u> | <u>\$ 42,261</u> | <u>\$ 44,837</u> | <u>\$ 47,224</u> | <u>\$ 47,978</u> | <u>\$ 48,358</u> | <u>\$ 50,371</u> |
| <b>Program revenues</b>                                |                  |                  |                  |                  |                  |                  |                  |                  |
| Governmental activities:                               |                  |                  |                  |                  |                  |                  |                  |                  |
| Charges for services:                                  |                  |                  |                  |                  |                  |                  |                  |                  |
| General government                                     | 562              | 827              | 681              | 788              | 1,063            | 587              | 640              | 581              |
| Public safety  | 605              | 853              | 1,148            | 2,164            | 2,484            | 2,856            | 1,730            | 1,590            |
| Culture and recreation                                 | 110              | 137              | 144              | 135              | 162              | 164              | 180              | 173              |
| Operating grants and contributions                     | 792              | 817              | 1,168            | 3,257            | 3,229            | 2,194            | 1,379            | 1,572            |
| Capital grants and contributions                       | 60               | 280              | 603              | 581              | 2,169            | 250              | 500              | 1,497            |
| <b>Total governmental activities program revenues</b>  | <u>2,129</u>     | <u>2,914</u>     | <u>3,744</u>     | <u>6,925</u>     | <u>9,107</u>     | <u>6,051</u>     | <u>4,429</u>     | <u>5,413</u>     |
| Business-type activities:                              |                  |                  |                  |                  |                  |                  |                  |                  |
| Charges for services:                                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Water and sewer  | 9,442            | 9,002            | 9,798            | 10,902           | 11,036           | 10,907           | 11,125           | 11,715           |
| Waste collection and disposal                          | 1,607            | 1,599            | 1,580            | 1,569            | 1,564            | 1,560            | 1,570            | 1,611            |
| Golf course  | 421              | 367              | 346              | 310              | 343              | 324              | 318              | 284              |
| Union Station  | 90               | 98               | 103              | 97               | 117              | 114              | 103              | 80               |
| Concessions  | 46               | 45               | 41               | 43               | 36               | 35               | 43               | 44               |
| Operating grants and contributions                     | 2,823            | 312              | 253              | 8                | -                | -                | -                | -                |
| Capital grants and contributions                       | -                | -                | -                | 1,644            | 494              | 740              | 87               | 65               |
| <b>Total business-type activities program revenues</b> | <u>14,429</u>    | <u>11,423</u>    | <u>12,121</u>    | <u>14,573</u>    | <u>13,590</u>    | <u>13,680</u>    | <u>13,246</u>    | <u>13,799</u>    |
| <b>Total primary government program revenues</b>       | <u>\$ 16,558</u> | <u>\$ 14,337</u> | <u>\$ 15,865</u> | <u>\$ 21,498</u> | <u>\$ 22,697</u> | <u>\$ 19,731</u> | <u>\$ 17,675</u> | <u>\$ 19,212</u> |

(Continued)

**CITY OF MERIDIAN, MISSISSIPPI**  
 Changes in Net Assets  
 Last Eight Fiscal Years<sup>1</sup>  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

|  | Fiscal Year        |                    |                    |                    |                    |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | 2002               | 2003               | 2004               | 2005               | 2006               | 2007               | 2008               | 2009               |
| <b>Net (expense)/revenue</b>   |                    |                    |                    |                    |                    |                    |                    |                    |
| Governmental activities  | \$ (22,811)        | \$ (22,781)        | \$ (24,651)        | \$ (24,044)        | \$ (23,442)        | \$ (26,580)        | \$ (28,668)        | \$ (29,040)        |
| Business-type activities   | 3,186              | (2,583)            | (1,745)            | 705                | (1,085)            | (1,667)            | (2,015)            | (2,119)            |
| <b>Total primary government net (expense)/revenue</b>                                  | <b>\$ (19,625)</b> | <b>\$ (25,364)</b> | <b>\$ (26,396)</b> | <b>\$ (23,339)</b> | <b>\$ (24,527)</b> | <b>\$ (28,247)</b> | <b>\$ (30,683)</b> | <b>\$ (31,159)</b> |
| <b>General revenues and other changes in net assets</b>                                |                    |                    |                    |                    |                    |                    |                    |                    |
| Governmental activities:   |                    |                    |                    |                    |                    |                    |                    |                    |
| Taxes:   |                    |                    |                    |                    |                    |                    |                    |                    |
| Property taxes   | \$ 9,385           | \$ 9,828           | \$ 10,107          | \$ 10,162          | \$ 10,121          | \$ 10,098          | \$ 10,826          | \$ 12,085          |
| Sales taxes  | 11,450             | 11,839             | 12,179             | 12,715             | 14,170             | 13,574             | 14,166             | 13,744             |
| Franchise taxes  | 1,747              | 1,794              | 1,845              | 1,990              | 2,381              | 2,587              | 2,568              | 2,744              |
| County road taxes  | 651                | 868                | 815                | 798                | 971                | 1,040              | 1,042              | 1,194              |
| Motor fuel taxes   | 19                 | 19                 | 19                 | 19                 | 19                 | 19                 | 19                 | 19                 |
| Unrestricted grants and contributions  | 61                 | 68                 | 65                 | 64                 | 69                 | 65                 | 70                 | 74                 |
| Unrestricted investment earnings   | 173                | 149                | 176                | 259                | 564                | 1,131              | 628                | 146                |
| Special item - annexed property  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | 23,549             |
| Transfers  | 700                | 357                | 395                | 375                | 353                | (3,182)            | 327                | 528                |
| <b>Total governmental activities general revenues and other changes in net assets</b>  | <b>24,186</b>      | <b>24,922</b>      | <b>25,601</b>      | <b>26,382</b>      | <b>28,648</b>      | <b>25,332</b>      | <b>29,646</b>      | <b>54,083</b>      |
| Business-type activities:  |                    |                    |                    |                    |                    |                    |                    |                    |
| Property taxes   | 823                | 901                | 882                | 740                | 975                | 811                | 810                | 999                |
| Unrestricted investment earnings   | 201                | 270                | 113                | 152                | 210                | 480                | 299                | 100                |
| Transfers  | (700)              | (357)              | (395)              | (375)              | (353)              | 3,182              | (327)              | (528)              |
| <b>Total business-type activities general revenues and other changes in net assets</b> | <b>324</b>         | <b>814</b>         | <b>600</b>         | <b>517</b>         | <b>832</b>         | <b>4,473</b>       | <b>782</b>         | <b>571</b>         |
| <b>Total primary government general revenues and other changes in net assets</b>       | <b>\$ 24,510</b>   | <b>\$ 25,757</b>   | <b>\$ 26,201</b>   | <b>\$ 26,899</b>   | <b>\$ 29,480</b>   | <b>\$ 29,805</b>   | <b>\$ 30,428</b>   | <b>\$ 54,654</b>   |
| <b>Change in Net Assets</b>  |                    |                    |                    |                    |                    |                    |                    |                    |
| Governmental activities  | \$ 1,375           | \$ 2,141           | \$ 950             | \$ 2,338           | \$ 5,206           | \$ (1,248)         | \$ 978             | \$ 25,043          |
| Business-type activities   | 3,510              | (1,769)            | (1,145)            | 1,222              | (253)              | 2,806              | (1,233)            | (1,548)            |
| <b>Total primary government change in net assets</b>                                   | <b>\$ 4,885</b>    | <b>\$ 372</b>      | <b>\$ (195)</b>    | <b>\$ 3,560</b>    | <b>\$ 4,953</b>    | <b>\$ 1,558</b>    | <b>\$ (255)</b>    | <b>\$ 23,495</b>   |

Source: Audit Reports - Statement of Activities

<sup>1</sup>GASB 34 was implemented effective fiscal year 2002, therefore, information from government-wide statements is not available for the fiscal years 2000 and 2001.

**CITY OF MERIDIAN, MISSISSIPPI**  
Governmental Activities Tax Revenues by Source  
Last Eight Fiscal Years<sup>1</sup>  
(accrual basis of accounting)  
(amounts expressed in thousands)

| <b><u>Fiscal Year</u></b> | <b><u>Property Tax</u></b> | <b><u>Sales Tax</u></b> | <b><u>Franchise Tax</u></b> | <b><u>County Road Tax</u></b> | <b><u>Motor Fuel Tax</u></b> | <b><u>Total</u></b> |
|---------------------------|----------------------------|-------------------------|-----------------------------|-------------------------------|------------------------------|---------------------|
| 2002                      | \$ 9,385                   | \$ 11,450               | \$ 1,747                    | \$ 651                        | \$ 19                        | \$ 23,252           |
| 2003                      | 9,828                      | 11,839                  | 1,794                       | 868                           | 19                           | 24,348              |
| 2004                      | 10,107                     | 12,179                  | 1,845                       | 815                           | 19                           | 24,965              |
| 2005                      | 10,162                     | 12,715                  | 1,990                       | 798                           | 19                           | 25,684              |
| 2006                      | 10,121                     | 14,170                  | 2,381                       | 971                           | 19                           | 27,662              |
| 2007                      | 10,098                     | 13,574                  | 2,587                       | 1,040                         | 19                           | 27,318              |
| 2008                      | 10,826                     | 14,166                  | 2,568                       | 1,042                         | 19                           | 28,621              |
| 2009                      | 12,085                     | 13,744                  | 2,744                       | 1,194                         | 19                           | 29,786              |

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

<sup>1</sup>GASB 34 was implemented effective fiscal year 2002, therefore, information from government-wide statements is not available for the fiscal years 2000 and 2001.

SCHEDULE 25

**CITY OF MERIDIAN, MISSISSIPPI**

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

|   | <b>Fiscal Year</b> |                 |                 |                  |                 |                 |                  |                  |                  |                  |
|---|--------------------|-----------------|-----------------|------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|
|   | <u>2000</u>        | <u>2001</u>     | <u>2002</u>     | <u>2003</u>      | <u>2004</u>     | <u>2005</u>     | <u>2006</u>      | <u>2007</u>      | <u>2008</u>      | <u>2009</u>      |
| <b>General fund:</b>                      |                    |                 |                 |                  |                 |                 |                  |                  |                  |                  |
| Reserved                                  | \$ 662             | \$ 297          | \$ 348          | \$ 1,000         | \$ 880          | \$ 845          | \$ 1,168         | \$ 1,923         | \$ 2,554         | \$ 2,484         |
| Unreserved                                | <u>2,927</u>       | <u>3,326</u>    | <u>4,871</u>    | <u>6,099</u>     | <u>6,211</u>    | <u>5,638</u>    | <u>6,301</u>     | <u>6,754</u>     | <u>5,618</u>     | <u>4,276</u>     |
| <b>Total general fund</b>                 | <u>\$ 3,589</u>    | <u>\$ 3,623</u> | <u>\$ 5,219</u> | <u>\$ 7,099</u>  | <u>\$ 7,091</u> | <u>\$ 6,483</u> | <u>\$ 7,469</u>  | <u>\$ 8,677</u>  | <u>\$ 8,172</u>  | <u>\$ 6,760</u>  |
| <b>All other governmental funds:</b>      |                    |                 |                 |                  |                 |                 |                  |                  |                  |                  |
| Reserved                                  | \$ 2,776           | \$ 2,438        | \$ 2,396        | \$ 8,510         | \$ 4,721        | \$ 3,006        | \$ 4,395         | \$ 4,407         | \$ 6,110         | \$ 12,809        |
| Unreserved, reported in:                  |                    |                 |                 |                  |                 |                 |                  |                  |                  |                  |
| Special revenue funds                     | 183                | 50              | 228             | 340              | 533             | 1,006           | 2,308            | 2,725            | 3,493            | 2,076            |
| Capital projects funds                    | <u>5,198</u>       | <u>5,302</u>    | <u>567</u>      | <u>5,640</u>     | <u>2,031</u>    | <u>1,846</u>    | <u>9,789</u>     | <u>7,832</u>     | <u>1,957</u>     | <u>1,984</u>     |
| <b>Total all other governmental funds</b> | <u>\$ 8,157</u>    | <u>\$ 7,790</u> | <u>\$ 3,191</u> | <u>\$ 14,490</u> | <u>\$ 7,285</u> | <u>\$ 5,858</u> | <u>\$ 16,492</u> | <u>\$ 14,964</u> | <u>\$ 11,560</u> | <u>\$ 16,869</u> |

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

**Note:** Beginning in fiscal year 2001, the City moved the waste collection and disposal operations from the General Fund to the newly created the Waste Collection and Disposal Enterprise Fund.

**CITY OF MERIDIAN, MISSISSIPPI**

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

|  | Fiscal Year    |                |                |               |                |                |               |                |                |                |
|--|----------------|----------------|----------------|---------------|----------------|----------------|---------------|----------------|----------------|----------------|
|  | <u>2000</u>    | <u>2001</u>    | <u>2002</u>    | <u>2003</u>   | <u>2004</u>    | <u>2005</u>    | <u>2006</u>   | <u>2007</u>    | <u>2008</u>    | <u>2009</u>    |
| <b>Revenues:</b>   |                |                |                |               |                |                |               |                |                |                |
| Taxes  | \$ 20,093      | \$ 19,874      | \$ 21,322      | \$ 22,380     | \$ 22,944      | \$ 23,534      | \$ 25,121     | \$ 24,562      | \$ 25,889      | \$ 26,859      |
| Franchise  | 1,582          | 1,748          | 1,747          | 1,794         | 1,845          | 1,990          | 2,381         | 2,587          | 2,568          | 2,744          |
| Payments in lieu of taxes  | 144            | 107            | 112            | 100           | 86             | 83             | 80            | 77             | 66             | 67             |
| Intergovernmental  | 1,694          | 2,173          | 864            | 976           | 1,613          | 3,746          | 4,913         | 2,203          | 1,514          | 1,951          |
| Fines and forfeitures  | 775            | 638            | 605            | 853           | 1,148          | 2,164          | 2,484         | 2,855          | 1,730          | 1,580          |
| Licenses and permits   | 240            | 232            | 233            | 225           | 298            | 302            | 305           | 373            | 386            | 256            |
| Charges for services   | 1,545          | 109            | 110            | 137           | 144            | 135            | 162           | 164            | 180            | 173            |
| Special assessments  | 151            | 119            | 127            | 120           | 132            | 96             | 79            | 75             | 86             | 67             |
| Local contributions  | 69             | 81             | 49             | 189           | 223            | 155            | 555           | 307            | 434            | 98             |
| Investment earnings  | 561            | 529            | 173            | 148           | 176            | 259            | 564           | 1,131          | 628            | 146            |
| Interest costs and damages                                       | 165            | 83             | 69             | 84            | 94             | 95             | 91            | 92             | 99             | 117            |
| Miscellaneous  | 198            | 249            | 328            | 652           | 471            | 499            | 758           | 234            | 302            | 389            |
| <b>Total Revenues</b>  | <u>27,217</u>  | <u>25,942</u>  | <u>25,739</u>  | <u>27,658</u> | <u>29,174</u>  | <u>33,058</u>  | <u>37,493</u> | <u>34,660</u>  | <u>33,882</u>  | <u>34,447</u>  |
| <b>Expenditures:</b>   |                |                |                |               |                |                |               |                |                |                |
| General government   | 4,896          | 4,843          | 5,116          | 4,885         | 5,342          | 5,440          | 5,843         | 6,033          | 6,760          | 6,836          |
| Public safety  | 10,510         | 9,956          | 9,998          | 10,576        | 11,500         | 14,767         | 16,420        | 15,684         | 14,731         | 16,117         |
| Public works   | 5,201          | 2,966          | 2,876          | 3,541         | 3,827          | 3,956          | 4,223         | 4,425          | 4,146          | 4,671          |
| Culture and recreation   | 1,571          | 1,527          | 1,535          | 1,750         | 1,884          | 1,963          | 2,027         | 2,065          | 2,484          | 2,639          |
| Economic development   | 153            | 153            | 156            | 85            | 169            | 411            | 105           | 98             | 134            | 118            |
| Other  | 84             | 65             | 71             | 51            | 102            | 127            | 268           | 150            | 56             | 42             |
| Capital outlay   | 6,881          | 4,366          | 4,644          | 2,438         | 8,855          | 4,529          | 4,833         | 2,858          | 5,904          | 6,025          |
| Debt service:  |                |                |                |               |                |                |               |                |                |                |
| Principal  | 2,794          | 3,893          | 4,064          | 3,346         | 3,440          | 3,059          | 2,356         | 3,019          | 3,467          | 3,062          |
| Interest   | 1,530          | 1,685          | 1,634          | 1,261         | 1,705          | 1,506          | 1,354         | 1,736          | 1,790          | 1,555          |
| <b>Total expenditures</b>  | <u>33,620</u>  | <u>29,454</u>  | <u>30,094</u>  | <u>27,933</u> | <u>36,824</u>  | <u>35,758</u>  | <u>37,429</u> | <u>36,068</u>  | <u>39,472</u>  | <u>41,065</u>  |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <u>(6,403)</u> | <u>(3,512)</u> | <u>(4,355)</u> | <u>(275)</u>  | <u>(7,650)</u> | <u>(2,700)</u> | <u>64</u>     | <u>(1,408)</u> | <u>(5,590)</u> | <u>(6,618)</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)

|  | Fiscal Year     |                 |                   |                  |                   |                   |                  |                 |                   |                 |
|--|-----------------|-----------------|-------------------|------------------|-------------------|-------------------|------------------|-----------------|-------------------|-----------------|
|  | <u>2000</u>     | <u>2001</u>     | <u>2002</u>       | <u>2003</u>      | <u>2004</u>       | <u>2005</u>       | <u>2006</u>      | <u>2007</u>     | <u>2008</u>       | <u>2009</u>     |
| <b>Other financing sources (uses):</b>                         |                 |                 |                   |                  |                   |                   |                  |                 |                   |                 |
| Transfers in   | \$ 1,338        | \$ 2,332        | \$ 2,611          | \$ 1,438         | \$ 2,634          | \$ 1,929          | \$ 2,960         | \$ 4,531        | \$ 9,599          | \$ 10,304       |
| Transfers out  | (861)           | (1,801)         | (1,968)           | (984)            | (2,264)           | (1,576)           | (2,629)          | (7,733)         | (9,283)           | (9,789)         |
| Bonds issued   | 4,431           | 2,610           | -                 | 13,000           | -                 | -                 | 10,000           | 3,600           | 1,000             | 10,000          |
| Negotiable notes issued  | -               | -               | -                 | -                | -                 | -                 | 1,225            | -               | -                 | -               |
| Capital leases   | 1,108           | -               | 709               | -                | 67                | 312               | -                | 690             | 365               | -               |
| <b>Total other financing source (uses)</b>                     | <u>6,016</u>    | <u>3,141</u>    | <u>1,352</u>      | <u>13,454</u>    | <u>437</u>        | <u>665</u>        | <u>11,556</u>    | <u>1,088</u>    | <u>1,681</u>      | <u>10,515</u>   |
| <b>Net change in fund balance</b>                              | <u>\$ (387)</u> | <u>\$ (371)</u> | <u>\$ (3,003)</u> | <u>\$ 13,179</u> | <u>\$ (7,213)</u> | <u>\$ (2,035)</u> | <u>\$ 11,620</u> | <u>\$ (320)</u> | <u>\$ (3,909)</u> | <u>\$ 3,897</u> |
| <b>Debt service as a percentage of noncapital expenditures</b> | <u>N/A</u>      | <u>N/A</u>      | <u>22.4%</u>      | <u>17.6%</u>     | <u>18.2%</u>      | <u>14.8%</u>      | <u>11.6%</u>     | <u>15.0%</u>    | <u>16.0%</u>      | <u>13.7%</u>    |

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

**Note:** Beginning in fiscal year 2001, the City moved the waste collection and disposal operations from the General Fund to the newly created the Waste Collection and Disposal Enterprise Fund.

N/A - GASB 34 was implemented effective fiscal year 2002, therefore, information on the amounts capitalized on the accrual basis government-wide statements of net assets is not available for the fiscal years 1999 through 2001.

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

| <b><u>Fiscal Year</u></b> | <b><u>Property Tax</u></b> | <b><u>Sales Tax<sup>1</sup></u></b> | <b><u>Franchise Tax</u></b> | <b><u>County Road Tax</u></b> | <b><u>Motor Fuel Tax</u></b> | <b><u>Total</u></b> |
|---------------------------|----------------------------|-------------------------------------|-----------------------------|-------------------------------|------------------------------|---------------------|
| 2000                      | \$ 8,622                   | \$ 10,954                           | \$ 1,582                    | \$ 497                        | \$ 20                        | \$ 21,675           |
| 2001                      | 8,507                      | 10,764                              | 1,748                       | 583                           | 20                           | 21,622              |
| 2002                      | 9,202                      | 11,450                              | 1,747                       | 651                           | 19                           | 23,069              |
| 2003                      | 9,653                      | 11,840                              | 1,794                       | 868                           | 19                           | 24,174              |
| 2004                      | 9,930                      | 12,180                              | 1,845                       | 815                           | 19                           | 24,789              |
| 2005                      | 10,002                     | 12,715                              | 1,990                       | 798                           | 19                           | 25,524              |
| 2006                      | 9,961                      | 14,170                              | 2,381                       | 971                           | 19                           | 27,502              |
| 2007                      | 9,929                      | 13,574                              | 2,587                       | 1,040                         | 19                           | 27,149              |
| 2008                      | 10,662                     | 14,166                              | 2,568                       | 1,042                         | 19                           | 28,457              |
| 2009                      | 11,902                     | 13,744                              | 2,744                       | 1,194                         | 19                           | 29,603              |

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

<sup>1</sup>Sales tax is not an "own-source revenue" of the City. Sales taxes are levied by the State of Mississippi at a rate of 7 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 28**

**CITY OF MERIDIAN, MISSISSIPPI**

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

| <b>Fiscal Year Ended September 30,</b> | <b>Real Property</b>        |                            | <b>Personal Property</b> |              | <b>Less: Tax Exempt Real Property</b> | <b>Total Taxable Assessed Value</b> | <b>Total Direct Tax Rate</b> | <b>Estimated Actual Taxable Value</b> | <b>Assessed Value as a Percentage of Actual Value</b> |
|--|-----------------------------|----------------------------|--------------------------|--------------|---------------------------------------|-------------------------------------|------------------------------|---------------------------------------|---|
|  | <b>Residential Property</b> | <b>Commercial Property</b> | <b>Motor Vehicles</b>    | <b>Other</b> |                                       |                                     |                              |                                       |   |
| 2000                                   | \$ 45,719                   | \$ 107,289                 | \$ 33,457                | \$ 34,665    | \$ 1,990                              | \$ 219,140                          | 49.14                        | \$ 1,419,875                          | 15.43%  |
| 2001                                   | 46,604                      | 112,525                    | 32,113                   | 35,533       | 1,506                                 | 225,269                             | 49.14                        | 1,447,275                             | 15.57%  |
| 2002                                   | 46,652                      | 112,307                    | 34,065                   | 38,864       | 2,043                                 | 229,845                             | 51.49                        | 1,470,234                             | 15.63%  |
| 2003                                   | 59,118                      | 120,764                    | 34,521                   | 40,667       | 2,138                                 | 252,932                             | 50.08                        | 1,608,689                             | 15.72%  |
| 2004                                   | 58,359                      | 122,919                    | 34,883                   | 40,798       | 2,719                                 | 254,240                             | 50.08                        | 1,629,911                             | 15.60%  |
| 2005                                   | 58,138                      | 125,003                    | 34,466                   | 40,651       | 2,911                                 | 255,347                             | 50.08                        | 1,645,053                             | 15.52%  |
| 2006                                   | 58,094                      | 122,836                    | 36,032                   | 44,443       | 2,530                                 | 258,875                             | 50.08                        | 1,657,502                             | 15.62%  |
| 2007                                   | 59,190                      | 124,049                    | 34,299                   | 43,847       | 2,527                                 | 258,858                             | 50.08                        | 1,662,921                             | 15.57%  |
| 2008                                   | 60,176                      | 123,601                    | 32,352                   | 44,701       | 3,139                                 | 257,691                             | 53.08                        | 1,657,190                             | 15.55%  |
| 2009                                   | 76,714                      | 154,532                    | 32,355                   | 49,060       | 5,131                                 | 307,530                             | 50.84                        | 2,002,797                             | 15.36%  |

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

**Note:** During 2002 and 2008, all property in Lauderdale County was reappraised and resulted in an increase in assessed values.

**SCHEDULE 29**

**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  |                   |                      |                      |                                   |                      |                               |                            |               |
|-------------|-------------------|----------------------|-------------------------|---------------------|--------------------|-------------------|----------------------|----------------------|-----------------------------------|----------------------|-------------------------------|----------------------------|---------------|
|             | Special           |                      |                         |                     | Lauderdale County  |                   |                      |                      | Meridian Separate School District |                      |                               |                            |               |
|             | Operating Millage | Debt Service Millage | Revenue Pension Millage | Solid Waste Millage | Total City Millage | Operating Millage | Debt Service Millage | Total County Millage | Operating Millage                 | Debt Service Millage | Total School District Millage | Meridian Community College | Total Millage |
| 2000        | 23.44             | 15.25                | 10.45                   | -                   | 49.14              | 34.04             | 8.22                 | 42.26                | 54.24                             | 2.95                 | 57.19                         | 6.16                       | 154.75        |
| 2001        | 21.86             | 15.00                | 8.28                    | 4.00                | 49.14              | 33.25             | 9.86                 | 43.11                | 52.91                             | 3.77                 | 56.68                         | 6.57                       | 155.50        |
| 2002        | 24.69             | 15.01                | 7.79                    | 4.00                | 51.49              | 34.04             | 9.07                 | 43.11                | 52.68                             | 4.70                 | 57.38                         | 7.00                       | 158.98        |
| 2003        | 26.39             | 12.09                | 7.60                    | 4.00                | 50.08              | 34.87             | 8.19                 | 43.06                | 52.50                             | 2.87                 | 55.37                         | 7.00                       | 155.51        |
| 2004        | 26.39             | 12.20                | 7.49                    | 4.00                | 50.08              | 35.80             | 6.70                 | 42.50                | 54.38                             | 0.92                 | 55.30                         | 7.00                       | 154.88        |
| 2005        | 26.19             | 12.10                | 7.79                    | 4.00                | 50.08              | 38.08             | 6.71                 | 44.79                | 54.38                             | 2.99                 | 57.37                         | 7.00                       | 159.24        |
| 2006        | 25.56             | 12.47                | 8.05                    | 4.00                | 50.08              | 38.36             | 7.09                 | 45.45                | 53.30                             | 3.35                 | 56.65                         | 7.00                       | 159.18        |
| 2007        | 26.51             | 11.17                | 8.40                    | 4.00                | 50.08              | 39.27             | 8.40                 | 47.67                | 54.00                             | 1.87                 | 55.87                         | 7.00                       | 160.62        |
| 2008        | 29.23             | 11.19                | 8.66                    | 4.00                | 53.08              | 40.66             | 7.78                 | 48.44                | 54.40                             | 6.68                 | 61.08                         | 7.00                       | 169.60        |
| 2009        | 25.71             | 12.38                | 8.75                    | 4.00                | 50.84              | 39.66             | 10.95                | 50.61                | 49.89                             | 6.09                 | 55.98                         | 7.00                       | 164.43        |

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

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

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

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

| <u>Taxpayer</u>                               | <u>2009</u>                   |             |   | <u>2000</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                     | \$ 12,049                     | 1           | 3.92%   | \$ 16,494                     | 1           | 7.45%   |
| Bonita Lakes Mall/Bonita Properties, Inc./CBL | 10,020                        | 2           | 3.26%   | 7,400                         | 2           | 3.34%   |
| Wal-Mart                                      | 8,329                         | 3           | 2.71%   | 1,909                         | 6           | 0.86%   |
| Bell South Telecommunications                 | 6,711                         | 4           | 2.18%   | 9,876                         | 3           | 4.46%   |
| Meridian HMA/Riley Hospital                   | 5,060                         | 5           | 1.65%   | 4,278                         | 4           | 1.93%   |
| Rush Foundation Hospital                      | 4,098                         | 6           | 1.33%   | 1,397                         | 9           | 0.63%   |
| Anderson Infirmary Benevolent Association     | 3,909                         | 7           | 1.27%   | 2,410                         | 5           | 1.09%   |
| Peavey Electronics Corporation                | 2,638                         | 8           | 0.86%   | 1,890                         | 7           | 0.85%   |
| Norfolk Southern Railroad                     | 2,135                         | 9           | 0.69%   | 1,997                         | 10          | 0.90%   |
| Atmos Energy/Mississippi Valley Gas Company   | 2,010                         | 10          | 0.65%   | ----                          |             | ----  |
| Sowashee Investment, et al                    | ----                          |             | ----  | <u>1,480</u>                  | 8           | <u>0.67%</u>                                      |
| <b>Totals</b>                                 | <u>\$ 56,959</u>              |             | <u>18.52%</u>                                     | <u>\$ 49,131</u>              |             | <u>22.18%</u>                                     |

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

**SCHEDULE 31**

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

| <b>Fiscal Year<br/>Ended<br/><u>September 30,</u></b> | <b>Total Tax<br/>Levy for<br/><u>Fiscal Year</u></b> | <b>Collected within the</b>           |                                      | <b>Total Collections to Date</b> |                                      |
|---|--|---------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|
|   |  | <b><u>Fiscal Year of the Levy</u></b> | <b><u>Percentage<br/>of Levy</u></b> | <b><u>Amount</u></b>             | <b><u>Percentage<br/>of Levy</u></b> |
| 2000  | \$ 11,173  | \$ 11,033                             | 98.75%                               | \$ 11,269                        | 100.86%                              |
| 2001  | 11,349   | 11,258                                | 99.20%                               | 11,585                           | 102.08%                              |
| 2002  | 11,863   | 11,764                                | 99.17%                               | 11,929                           | 100.56%                              |
| 2003  | 12,362   | 12,104                                | 97.91%                               | 12,279                           | 99.33%                               |
| 2004  | 12,569   | 12,393                                | 98.60%                               | 12,560                           | 99.93%                               |
| 2005  | 12,613   | 12,482                                | 98.96%                               | 12,751                           | 101.09%                              |
| 2006  | 12,962   | 12,835                                | 99.02%                               | 13,118                           | 101.20%                              |
| 2007  | 12,851   | 12,745                                | 99.18%                               | 12,987                           | 101.06%                              |
| 2008  | 13,570   | 13,505                                | 99.52%                               | 13,717                           | 101.08%                              |
| 2009  | 15,634   | 15,462                                | 98.90%                               | 15,683                           | 100.31%                              |

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

**SCHEDULE 32**

**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 |           |       |          |  | Total Primary Government | Percentage of Personal Income <sup>1</sup> | Per Capita <sup>1</sup> |
|-------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------------|----------------|--------------------------|----------------|-----------------------------|--------------------------------|--------------------------|-----------|-------|----------|--|--------------------------|--|-------------------------|
|             | General Obligation Bonds | Special Assessment Bonds | Limited Obligation Bonds | Special Obligation Bonds | Certificates of Participation | Revolving Loan | Taxable Negotiable Notes | Capital Leases | Water & Sewer Revenue Bonds | Water & Sewer Promissory Notes | Capital Leases           |           |       |          |  |                          |  |                         |
| 2000        | \$ 14,965                | \$ 4,630                 | \$ 6,360                 | \$ -                     | \$ 745                        | \$ -           | \$ -                     | \$ 1,217       | \$ 26,700                   | \$ 5,300                       | \$ 114                   | \$ 60,031 | 6.69% | \$ 1,502 |  |                          |  |                         |
| 2001        | 12,440                   | 4,850                    | 6,940                    | -                        | 545                           | 982            | -                        | 843            | 25,470                      | 5,587                          | 76                       | 57,733    | 6.29% | 1,465    |  |                          |  |                         |
| 2002        | 9,735                    | 4,655                    | 6,420                    | -                        | 340                           | 933            | -                        | 1,176          | 24,160                      | 8,594                          | 1,136                    | 57,149    | 6.07% | 1,456    |  |                          |  |                         |
| 2003        | 13,790                   | 4,450                    | 5,900                    | 7,000                    | 130                           | 877            | -                        | 766            | 23,370                      | 8,406                          | 1,004                    | 65,693    | 6.81% | 1,680    |  |                          |  |                         |
| 2004        | 11,770                   | 4,240                    | 5,230                    | 6,790                    | -                             | 815            | -                        | 688            | 14,750                      | 18,045                         | 986                      | 63,314    | 6.39% | 1,638    |  |                          |  |                         |
| 2005        | 9,955                    | 4,020                    | 4,545                    | 6,565                    | -                             | 756            | -                        | 945            | 13,655                      | 17,084                         | 913                      | 58,438    | 5.66% | 1,523    |  |                          |  |                         |
| 2006        | 19,070                   | 3,780                    | 3,765                    | 6,335                    | -                             | 694            | 1,225                    | 785            | 12,490                      | 16,088                         | 837                      | 65,069    | 5.84% | 1,703    |  |                          |  |                         |
| 2007        | 21,415                   | 3,520                    | 2,960                    | 6,085                    | -                             | 631            | 1,005                    | 1,309          | 11,260                      | 15,051                         | 896                      | 64,132    | 5.64% | 1,674    |  |                          |  |                         |
| 2008        | 20,985                   | 3,245                    | 2,135                    | 5,835                    | -                             | 566            | 774                      | 1,283          | 9,955                       | 13,973                         | 785                      | 59,536    | 5.25% | 1,557    |  |                          |  |                         |
| 2009        | 29,555                   | 2,955                    | 1,770                    | 5,565                    | -                             | 500            | 529                      | 887            | 8,575                       | 12,858                         | 673                      | 63,867    | 5.63% | 1,671    |  |                          |  |                         |

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

<sup>1</sup>See the Schedule of Demographic and Economic Statistics for personal income and population data.

**SCHEDULE 33**

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

| <b><u>Fiscal Year</u></b> | <b><u>General Obligation Bonds</u></b> | <b><u>Less: Amounts Available in Debt Service Fund</u></b> | <b><u>Total</u></b> | <b><u>Percentage of Estimated Actual Taxable Value<sup>1</sup> of Property</u></b> | <b><u>Per Capita<sup>2</sup></u></b> |
|---------------------------|--|--|---------------------|--|--------------------------------------|
| 2000                      | \$ 14,965                              | \$ 2,176   | \$ 12,789           | 0.90%  | \$ 320                               |
| 2001                      | 12,440                                 | 2,099  | 10,341              | 0.71%  | 262                                  |
| 2002                      | 9,735                                  | 2,194  | 7,541               | 0.51%  | 192                                  |
| 2003                      | 13,790                                 | 2,085  | 11,705              | 0.73%  | 299                                  |
| 2004                      | 11,770                                 | 1,983  | 9,787               | 0.60%  | 253                                  |
| 2005                      | 9,955                                  | 1,988  | 7,967               | 0.48%  | 208                                  |
| 2006                      | 19,070                                 | 3,148  | 15,922              | 0.96%  | 417                                  |
| 2007                      | 21,415                                 | 2,950  | 18,465              | 1.11%  | 482                                  |
| 2008                      | 20,985                                 | 2,325  | 18,660              | 1.13%  | 488                                  |
| 2009                      | 29,555                                 | 2,680  | 26,875              | 1.34%  | 703                                  |

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

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

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

**SCHEDULE 34**

**CITY OF MERIDIAN, MISSISSIPPI**  
Direct and Overlapping Governmental Activities Debt  
As of September 30, 2009  
(amounts expressed in thousands)

| <b><u>Governmental Unit</u></b>          | <b><u>Debt Outstanding</u></b> | <b><u>Estimated Percentage Applicable<sup>1</sup></u></b> | <b><u>Estimated Share of Overlapping Debt</u></b> |
|--|--------------------------------|---|---|
| Debt repaid with property taxes: County  | \$ 45,134                      | 52.49%  | \$ 23,691   |
| Debt repaid with property taxes: School  | <u>18,067</u>                  | 93.10%  | <u>16,820</u>                                     |
| <b>Subtotal, overlapping debt</b>        | 63,201                         |   | 40,511  |
| City of Meridian direct debt             | <u>29,555</u>                  | 100.00%   | <u>29,555</u>                                     |
| <b>Total direct and overlapping debt</b> | <u>\$ 92,756</u>               |   | <u>\$ 70,066</u>                                  |

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

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

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

**SCHEDULE 35**

**CITY OF MERIDIAN, MISSISSIPPI**

Legal Debt Margin Information  
Last Ten Fiscal Years  
(amounts expressed in thousands)

|   | <b>Fiscal year</b> |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | <b><u>2000</u></b> | <b><u>2001</u></b> | <b><u>2002</u></b> | <b><u>2003</u></b> | <b><u>2004</u></b> | <b><u>2005</u></b> | <b><u>2006</u></b> | <b><u>2007</u></b> | <b><u>2008</u></b> | <b><u>2009</u></b> |
| Debt Limit  | \$ 33,170          | \$ 34,016          | \$ 34,783          | \$ 38,261          | \$ 38,544          | \$ 38,739          | \$ 39,211          | \$ 39,208          | \$ 39,125          | \$ 46,899          |
| Total net debt applicable to limit                                      | <u>12,789</u>      | <u>10,341</u>      | <u>7,541</u>       | <u>11,705</u>      | <u>9,787</u>       | <u>7,967</u>       | <u>15,922</u>      | <u>18,465</u>      | <u>18,660</u>      | <u>26,875</u>      |
| Legal debt margin   | <u>\$ 20,381</u>   | <u>\$ 23,675</u>   | <u>\$ 27,242</u>   | <u>\$ 26,556</u>   | <u>\$ 28,757</u>   | <u>\$ 30,772</u>   | <u>\$ 23,289</u>   | <u>\$ 20,743</u>   | <u>\$ 20,465</u>   | <u>\$ 20,024</u>   |
| Total net debt applicable to the limit<br>as a percentage of debt limit | <u>38.56%</u>      | <u>30.40%</u>      | <u>21.68%</u>      | <u>30.59%</u>      | <u>25.39%</u>      | <u>20.57%</u>      | <u>40.61%</u>      | <u>47.09%</u>      | <u>47.69%</u>      | <u>57.30%</u>      |

**Legal Debt Margin Calculation for Fiscal Year 2009:**

|  |                   |
|--|-------------------|
| Assessed value   | \$ 307,530        |
| Add back: exempt real property                                     | <u>5,131</u>      |
| <b>Total assessed value</b>  | <u>\$ 312,661</u> |
| Debt limit (15% of total assessed value)                           | <u>\$ 46,899</u>  |
| Debt applicable to limit:  |                   |
| General obligation bonds   | 29,555            |
| Less: Amount set aside for<br>repayment of general obligation debt | <u>(2,680)</u>    |
| <b>Total net debt applicable to limit</b>                          | <u>26,875</u>     |
| <b>Legal debt margin</b>   | <u>\$ 20,024</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 36**

**CITY OF MERIDIAN, MISSISSIPPI**

Pledged-Revenue Bond Coverage  
Last Ten Fiscal Years  
(amounts expressed in thousands)

| <b>Fiscal<br/>Year</b> | <b>Water &amp; Sewer<br/>Charges<br/>and Other</b> | <b>Less:<br/>Operating<br/>Expenses<sup>1</sup></b> | <b>Net<br/>Available<br/>Revenue</b> | <b>Debt Service</b> |                 | <b>Coverage</b> |
|------------------------|--|---|--------------------------------------|---------------------|-----------------|-----------------|
|                        |  |   |                                      | <b>Principal</b>    | <b>Interest</b> |                 |
| 2000                   | \$ 8,728   | \$ 4,461  | \$ 4,267                             | \$ 1,105            | \$ 1,725        | 150.78%         |
| 2001                   | 8,459  | 4,837   | 3,622                                | 1,230               | 1,725           | 122.57%         |
| 2002                   | 9,442  | 4,777   | 4,665                                | 1,370               | 1,518           | 161.53%         |
| 2003                   | 9,002  | 5,435   | 3,567                                | 1,555               | 1,655           | 111.12%         |
| 2004                   | 9,798  | 5,269   | 4,529                                | 1,845               | 1,495           | 135.60%         |
| 2005                   | 10,902   | 5,690   | 5,212                                | 2,020               | 1,516           | 147.40%         |
| 2006                   | 11,036   | 6,416   | 4,620                                | 2,125               | 1,399           | 131.10%         |
| 2007                   | 10,907   | 7,016   | 3,891                                | 2,230               | 1,298           | 110.29%         |
| 2008                   | 11,125   | 6,976   | 4,149                                | 2,345               | 1,193           | 117.27%         |
| 2009                   | 11,715   | 7,510   | 4,205                                | 2,455               | 1,072           | 119.22%         |

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

**Note:** In 2003, the 1994 Water and Sewer Revenues Bonds were defeased in the amount of \$6,980,000.

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

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

**SCHEDULE 37**

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

| <b><u>Fiscal Year</u></b> | <b><u>Population<sup>1</sup></u></b> | <b><u>Personal Income (amounts expressed in thousands)<sup>2</sup></u></b> | <b><u>Per Capita Personal Income<sup>3</sup></u></b> | <b><u>Median Age<sup>4</sup></u></b> | <b><u>School Enrollment<sup>5</sup></u></b> | <b><u>Unemployment Rate<sup>6</sup></u></b> |
|---------------------------|--------------------------------------|--|--|--------------------------------------|---|---|
| 2000                      | 39,968                               | \$ 897,881   | \$ 22,465  | 36.5                                 | 7,089                                       | 6.4%  |
| 2001                      | 39,395                               | 917,194  | 23,282   | 34.6                                 | 6,898                                       | 6.4%  |
| 2002                      | 39,245                               | 941,919  | 24,001   | 34.6                                 | 6,695                                       | 7.7%  |
| 2003                      | 39,114                               | 964,434  | 24,657   | 34.6                                 | 6,619                                       | 8.4%  |
| 2004                      | 38,665                               | 991,332  | 25,639   | 35.5                                 | 6,305                                       | 8.1%  |
| 2005                      | 38,360                               | 1,031,922  | 26,901   | 35.6                                 | 6,449                                       | 8.6%  |
| 2006                      | 38,200                               | 1,114,447  | 29,174   | 35.9                                 | 6,722                                       | 7.8%  |
| 2007                      | 38,314                               | 1,136,355  | 29,659   | 36.5                                 | 6,630                                       | 8.6%  |
| 2008                      | 38,232                               | 1,133,923  | 29,659   | 36.6                                 | 6,612                                       | 9.1%  |
| 2009                      | 38,232                               | 1,133,923  | 29,659   | 36.2                                 | 6,461                                       | 12.7%                                       |

**Sources:**

- <sup>1</sup>U.S. Census Bureau website at [www.census.gov](http://www.census.gov).
- <sup>2</sup>This information is not available for the City of Meridian. The amounts used were calculated based on the City of Meridian's population times the per capital personal income for Lauderdale County.
- <sup>3</sup>U.S. Department of Commerce, Bureau of Economic Analysis website at [www.bea.gov](http://www.bea.gov). This information is not available for the City of Meridian. The amounts used represent the data available for Lauderdale County.
- <sup>4</sup>East Mississippi Business Development Corporation, Decision Data Resources.
- <sup>5</sup>Meridian Separate School District.
- <sup>6</sup>Mississippi Department of Employment Security "Annual Labor Force Report" at [www.mdes.ms.gov](http://www.mdes.ms.gov).

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

**SCHEDULE 38**

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

| <u>Taxpayer</u>                       | <u>2009</u>      |             |  | <u>2000</u>      |             |  |
|---------------------------------------|------------------|-------------|--|------------------|-------------|--|
|                                       | <u>Employees</u> | <u>Rank</u> | <u>Percentage of<br/>Total City<br/>Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of<br/>Total City<br/>Employment</u> |
| Rush Foundation Hospital              | 1,767            | 1           | 12.55%   | 1,123            | 3           | 6.73%  |
| East Mississippi State Hospital       | 1,205            | 2           | 8.56%  | 1,150            | 2           | 6.89%  |
| Jeff Anderson Regional Medical Center | 1,200            | 3           | 8.52%  | 1,065            | 4           | 6.38%  |
| Mississippi National Guard            | 1,035            | 4           | 7.35%  | 680              | 7           | 4.07%  |
| Meridian Public Schools               | 1,000            | 5           | 7.10%  | 987              | 5           | 5.91%  |
| Wal-Mart Supercenters                 | 760              | 6           | 5.40%  | 370              | 10          | 2.22%  |
| Meridian HMA/Riley Hospital           | 650              | 7           | 4.62%  | 700              | 6           | 4.19%  |
| City of Meridian                      | 548              | 8           | 3.89%  | 579              | 8           | 3.47%  |
| Alliance Health Center                | 385              | 9           | 2.73%  | ----             |             | ----   |
| Meridian Community College            | 327              | 10          | 2.32%  | 471              | 9           | 2.82%  |
| Peavey Electronics Corporation        | ----             |             | ----   | <u>1,643</u>     | 1           | <u>9.84%</u>                                       |
| <b>Totals</b>                         | <u>8,877</u>     |             | <u>63.04%</u>                                      | <u>8,768</u>     |             | <u>52.52%</u>                                      |

**Source:** East Mississippi Business Development Corporation

**SCHEDULE 39**

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

|                           | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                           | 50          | 49          | 50          | 49          | 47          | 46          | 47          | 49          | 54          | 49          |
| General government        |             |             |             |             |             |             |             |             |             |             |
| Public safety:            |             |             |             |             |             |             |             |             |             |             |
| Police:                   |             |             |             |             |             |             |             |             |             |             |
| Officers                  | 99          | 100         | 104         | 94          | 96          | 104         | 106         | 112         | 105         | 111         |
| Civilians                 | 31          | 21          | 15          | 15          | 17          | 18          | 18          | 14          | 18          | 19          |
| Fire:                     |             |             |             |             |             |             |             |             |             |             |
| Firefighters and officers | 114         | 108         | 106         | 105         | 106         | 103         | 104         | 106         | 98          | 101         |
| Civilians                 | 10          | 10          | 10          | 11          | 10          | 9           | 10          | 8           | 9           | 9           |
| Highways and streets      | 71          | 69          | 74          | 69          | 68          | 70          | 75          | 70          | 72          | 72          |
| Sanitation                | 1           | 1           | 1           | 1           | 2           | 1           | 1           | 1           | 1           | 1           |
| Culture and recreation    | 40          | 33          | 42          | 42          | 45          | 52          | 45          | 49          | 49          | 49          |
| Water                     | 50          | 54          | 51          | 48          | 51          | 52          | 50          | 44          | 50          | 48          |
| Sewer                     | 42          | 40          | 43          | 44          | 45          | 44          | 44          | 45          | 45          | 46          |
| Golf course               | 5           | 5           | 5           | 5           | 5           | 3           | 3           | 3           | 3           | 3           |
| Union Station             | 1           | 1           | 1           | 1           | 2           | 2           | 2           | 2           | 2           | 2           |
| Municipal Garage          | 15          | 12          | 13          | 13          | 15          | 15          | 14          | 11          | 14          | 14          |
| Homeland Security         | -           | -           | -           | -           | 2           | 6           | 7           | 6           | 5           | 5           |
| Community Development     | 19          | 20          | 20          | 21          | 21          | 20          | 21          | 20          | 19          | 19          |
| <b>Totals</b>             | <u>548</u>  | <u>523</u>  | <u>535</u>  | <u>518</u>  | <u>532</u>  | <u>545</u>  | <u>547</u>  | <u>540</u>  | <u>544</u>  | <u>548</u>  |

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

**SCHEDULE 40**

**CITY OF MERIDIAN, MISSISSIPPI**

Operating Indicators by Function

Last Ten Fiscal Years

| <b>Function</b>   | <b>Fiscal Year</b> |             |             |             |             |             |             |             |             |             |
|---|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|   | <b>2000</b>        | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> | <b>2006</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> |
| <b>Police:</b>  |                    |             |             |             |             |             |             |             |             |             |
| Physical arrests  | 4,896              | 4,223       | 3,956       | 4,514       | 4,322       | 4,568       | 4,376       | 4,289       | 4,785       | 4,967       |
| Parking violations  | 8,276              | 5,612       | 5,813       | 6,757       | 7,045       | 7,544       | 7,717       | 6,481       | 5,565       | 6,088       |
| Traffic violations  | 9,921              | 7,033       | 9,261       | 12,272      | 11,564      | 13,049      | 14,766      | 10,763      | 12,663      | 10,816      |
| <b>Fire:</b>  |                    |             |             |             |             |             |             |             |             |             |
| Number calls answered   | 2,826              | 3,051       | 3,315       | 2,848       | 2,752       | 2,743       | 3,273       | 3,209       | 3,357       | 1,666       |
| Inspections   | 1,540              | 955         | 1,900       | 2,048       | 2,844       | 3,051       | 3,734       | 3,673       | 2,907       | 2,814       |
| <b>Highways and streets:</b>                                    |                    |             |             |             |             |             |             |             |             |             |
| Street resurfacing (miles)                                      | 16                 | -           | 8           | -           | 10          | 35          | -           | 1           | -           | -           |
| Potholes repaired   | 252                | 382         | 327         | 284         | 348         | 355         | 260         | 277         | 351         | 352         |
| <b>Culture and recreation<sup>1</sup>:</b>                      |                    |             |             |             |             |             |             |             |             |             |
| Meridian Activity Center/Velma Young Park/Highland Park classes | -                  | 798         | 812         | 841         | 912         | 1,075       | 1,096       | 1,175       | 1,194       | 1,215       |
| <b>Water:</b>   |                    |             |             |             |             |             |             |             |             |             |
| New connections   | 74                 | 183         | 56          | 45          | 74          | 71          | 112         | 93          | 88          | 45          |
| Water mains breaks  | 1,786              | 1,512       | 1,415       | 1,143       | 1,193       | 1,286       | 948         | 1,130       | 823         | 1,190       |
| Average daily consumption (millions of gallons)                 | 5.196              | 5.260       | 5.347       | 5.401       | 5.916       | 4.802       | 4.495       | 5.079       | 5.221       | 4.447       |
| <b>Wastewater:</b>  |                    |             |             |             |             |             |             |             |             |             |
| Average daily sewerage treatment (millions of gallons)          | 7.460              | 9.100       | 9.450       | 10.090      | 9.560       | 11.570      | 10.800      | 6.350       | 9.230       | 5.730       |

**Source:** Various City departments.

<sup>1</sup>Culture and recreation statistics are not available prior to fiscal year 2001.

**SCHEDULE 41**

**CITY OF MERIDIAN, MISSISSIPPI**

Capital Asset Statistics by Function

Last Ten Fiscal Years

| Function   | Fiscal Year |        |        |        |        |        |        |        |        |        |
|--|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|  | 2000        | 2001   | 2002   | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   |
| <b>Public safety:</b>                                      |             |        |        |        |        |        |        |        |        |        |
| Police:  |             |        |        |        |        |        |        |        |        |        |
| Stations   | 1           | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Patrol Units   | 26          | 24     | 28     | 36     | 37     | 43     | 71     | 67     | 77     | 73     |
| Fire stations  | 7           | 7      | 7      | 7      | 7      | 7      | 7      | 7      | 8      | 8      |
| <b>Highways and streets:</b>                               |             |        |        |        |        |        |        |        |        |        |
| Streets (miles)  | 303.97      | 304.68 | 306.01 | 306.01 | 306.15 | 306.83 | 306.83 | 306.83 | 307.50 | 330.35 |
| Streetlights <sup>1</sup>                                  | ----        | ----   | 6,267  | 6,273  | 6,287  | 6,298  | 6,351  | 6,400  | 6,411  | 6,570  |
| Traffic signals  | 116         | 116    | 118    | 118    | 118    | 120    | 121    | 121    | 120    | 120    |
| <b>Culture and recreation:</b>                             |             |        |        |        |        |        |        |        |        |        |
| Parks acreage  | 224         | 225    | 225    | 226    | 286    | 286    | 286    | 286    | 286    | 286    |
| Parks  | 13          | 14     | 15     | 16     | 17     | 17     | 17     | 17     | 17     | 17     |
| Swimming pools   | 2           | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      |
| Tennis courts  | 8           | 18     | 18     | 18     | 18     | 18     | 18     | 18     | 18     | 18     |
| Community centers  | 3           | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      |
| Softball/Baseball fields                                   | 16          | 16     | 16     | 18     | 18     | 18     | 18     | 18     | 18     | 18     |
| Soccer fields  | 12          | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 14     |
| Golf course  | 1           | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| <b>Water:</b>  |             |        |        |        |        |        |        |        |        |        |
| Water mains (miles)  | 408         | 420    | 426    | 426    | 426    | 428    | 428    | 428    | 428    | 429    |
| Fire hydrants  | 3,694       | 3,721  | 3,777  | 3,793  | 3,802  | 3,820  | 3,832  | 2,105  | 2,113  | 2,131  |
| Maximum daily capacity<br>(thousands of gallons)           | 14,500      | 14,500 | 14,500 | 14,500 | 14,500 | 14,500 | 14,500 | 14,500 | 14,500 | 14,500 |
| <b>Sewer:</b>  |             |        |        |        |        |        |        |        |        |        |
| Sanitary sewers (miles)                                    | 410         | 418    | 424    | 442    | 442    | 442    | 442    | 444    | 444    | 445    |
| Storm sewers (miles)                                       | 200         | 200    | 200    | 200    | 200    | 200    | 200    | 200    | 225    | 225    |
| Maximum daily treatment capacity<br>(thousands of gallons) | 13,000      | 13,000 | 13,000 | 13,000 | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 |

**Source:** Various City departments.

<sup>1</sup>Information on streetlights is not available prior to fiscal year 2002.

## **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, 2009

| Federal Grantor/Pass-through Grantor/Program Title  | Federal CFDA Number | Pass-through Grantor's Number/Federal Contract | Program or Award Amount | Accrued (Deferred) Revenue 9/30/2008 | Federal Receipts | Federal Share Disbursements/Expenditures | Accrued (Deferred) Revenue 9/30/2009 | Cumulative Federal Receipts | Cumulative Federal Share Disbursements/Expenditures | Fund Type        |
|---|---------------------|--|-------------------------|--------------------------------------|------------------|--|--------------------------------------|-----------------------------|---|------------------|
| <b>U. S. Department of Housing &amp; Urban Development</b>  |                     |  |                         |                                      |                  |  |                                      |                             |   |                  |
| Direct program -  |                     |  |                         |                                      |                  |  |                                      |                             |   |                  |
| Mississippi Arts and Entertainment Center   | 14.251              | B-06-SP-MS-0540                                | \$ 198,000              | \$ 6,000                             | \$ 98,780        | \$ 96,267                                | \$ 3,487                             | \$ 98,780                   | \$ 102,267  | Special revenue  |
| Pass-through Mississippi Development Authority:   |                     |  |                         |                                      |                  |  |                                      |                             |   |                  |
| Katrina CDBG Bonita Lakes Dam Rehab   | 14.218              | R-110-258-01-GZ                                | 1,786,000               | -                                    | 25,575           | 46,760                                   | 21,185                               | 25,575                      | 46,760  | Special revenue  |
| Homeowners Assistance   | 14.239              | 1217-M05-SG-28-0138                            | 225,255                 | -                                    | 5,000            | 5,000                                    | -                                    | 131,424                     | 131,424   | Special revenue  |
| Total pass-through programs   |                     |  |                         |                                      | 30,575           | 51,760                                   | 21,185                               | 156,999                     | 178,184   |                  |
| <b>Total U.S. Department of Housing &amp; Urban Development</b>                                   |                     |  |                         | 6,000                                | 129,355          | 148,027                                  | 24,672                               | 255,779                     | 280,451   |                  |
| <b>U. S. Department of Transportation</b>   |                     |  |                         |                                      |                  |  |                                      |                             |   |                  |
| Direct program -  |                     |  |                         |                                      |                  |  |                                      |                             |   |                  |
| Federal Railroad Administration   | 20.303              | DTRF53-08-G-00001                              | 250,000                 | 145,907                              | 97,002           | 104,093                                  | 152,998                              | 97,002                      | 250,000   | General fund     |
| Pass-through Mississippi Department of Transportation:  |                     |  |                         |                                      |                  |  |                                      |                             |   |                  |
| Occupant Protection   | 20.600              | 08-OP-222-1                                    | 10,000                  | 5,788                                | 5,788            | -  | -                                    | 10,000                      | 10,000  | Special revenue  |
| Occupant Protection Seatbelt Enforcement  | 20.600              | 09-OP-222-1                                    | 15,000                  | -                                    | 5,757            | 13,808                                   | 8,051                                | 5,757                       | 13,808  | Special revenue  |
| DUI Enforcement Grant   | 20.600              | 07-TA-222-1                                    | 132,149                 | (409)                                | -                | 409                                      | -                                    | 107,240                     | 107,240   | Special revenue  |
| Meridian DUI Enforcement Program  | 20.600              | 08-TA-222-1                                    | 100,000                 | 16,341                               | 16,355           | 14                                       | -                                    | 87,935                      | 87,935  | Special revenue  |
| Meridian DUI Enforcement Program  | 20.600              | 09-TA-222-1                                    | 100,000                 | -                                    | 56,145           | 77,066                                   | 20,921                               | 56,145                      | 77,066  | Special revenue  |
| Pass-through MS Department of Wildlife, Fisheries and Parks - RTP Bonita Lakes Trail Sign Project | 20.219              | 28-RTP-0149                                    | 36,000                  | -                                    | -                | -  | -                                    | -                           | -   | Special revenue  |
| Total pass-through programs   |                     |  |                         | 21,720                               | 84,045           | 91,297                                   | 28,972                               | 267,077                     | 296,049   |                  |
| <b>Total U.S. Department of Transportation</b>  |                     |  |                         | 167,627                              | 181,047          | 195,390                                  | 181,970                              | 364,079                     | 546,049   |                  |
| <b>U. S. Department of Homeland Security</b>  |                     |  |                         |                                      |                  |  |                                      |                             |   |                  |
| Pass-through Mississippi Department of Public Safety:   |                     |  |                         |                                      |                  |  |                                      |                             |   |                  |
| 2003 Flood Assistance   | 83.544              | FEMA-1459-DR-MS                                | 415,125                 | 245,186                              | -                | -  | 245,186                              | 169,939                     | 415,125   | Capital projects |
| Hurricane Ivan Clean Up   | 97.036              | FEMA-1550-MS-DR                                | 758,483                 | 254,309                              | -                | -  | 254,309                              | 504,174                     | 758,483   | Special revenue  |
| Hurricane Katrina Clean Up  | 97.036              | FEMA-1604-MS-DR                                | 3,070,978               | 177,191                              | -                | -  | 177,191                              | 3,079,153                   | 3,256,344   | Special revenue  |
| Hurricane Katrina Personal Property   | 97.036              | FEMA-1604-MS-DR                                | 254,233                 | 231,300                              | 231,300          | -  | -                                    | 254,233                     | 254,233   | Special revenue  |
| Hurricane Gustav  | 97.036              | FEMA-3291-EM-MS                                | 27,355                  | -                                    | 27,355           | -  | -                                    | 27,355                      | 27,355  | Special revenue  |
| Homeland Security - Citizen Corps   | 97.053              | 06CC258  | 10,080                  | -                                    | 5,082            | -  | -                                    | 5,082                       | 5,082   | Special revenue  |
| Homeland Security - Citizen Corps   | 97.053              | 07CC258  | 3,725                   | -                                    | 2,849            | -  | 2,849                                | -                           | 2,849   | Special revenue  |
| Homeland Security - Collapse Structure Training   | 97.067              | S5HS258R                                       | 98,685                  | 90,627                               | 98,685           | 7,937                                    | (121)                                | 98,685                      | 98,564  | Special revenue  |
| Homeland Security - Regional Response Team  | 97.067              | 7HS258T  | 141,300                 | 30,824                               | 55,914           | 105,934                                  | 80,844                               | 55,914                      | 136,758   | Special revenue  |
| Homeland Security - Domestic Preparedness   | 97.067              | 05LE258  | 23,172                  | (55)                                 | -                | 55                                       | -                                    | 23,172                      | 23,172  | Special revenue  |
| Homeland Security   | 97.067              | 5HS038R  | 150,000                 | (496)                                | -                | 378                                      | (118)                                | 150,000                     | 149,882   | Special revenue  |
| Homeland Security   | 97.067              | 06HS258  | 63,922                  | 63,922                               | 63,922           | -  | -                                    | 63,922                      | 63,922  | Special revenue  |
| Homeland Security   | 97.067              | 6HS258R  | 150,000                 | 121,382                              | 121,422          | -  | (40)                                 | 150,000                     | 149,960   | Special revenue  |
| Interoperable Emergency Communication   | 97.067              | 8IC258T  | 103,637                 | -                                    | -                | 36,823                                   | 36,823                               | -                           | 36,823  | Special revenue  |
| Homeland Security - Swift/Floodwater Rescue   | 97.073              | S6HS258R                                       | 29,674                  | -                                    | 29,674           | 29,674                                   | -                                    | 29,674                      | 29,674  | Special revenue  |
| Homeland Security - Regional Response Funds   | 97.073              | A8HS258T                                       | 22,281                  | -                                    | -                | 1,077                                    | 1,077                                | -                           | 1,077   | Special revenue  |
| Homeland Security - Task Force Training   | 97.073              | 08HS258T                                       | 125,000                 | -                                    | -                | 60,880                                   | 60,880                               | -                           | 60,880  | Special revenue  |
| Homeland Security - Task Force Funds  | 97.073              | S8HS258T                                       | 253,633                 | -                                    | -                | 37,924                                   | 37,924                               | -                           | 37,924  | Special revenue  |
| Law Enforcement Terrorism Prevention Program  | 97.074              | 07LE258  | 28,294                  | -                                    | -                | 28,293                                   | 28,293                               | -                           | 28,293  | Special revenue  |
| Law Enforcement Terrorism Prevention Program  | 97.074              | 08LE258  | 93,000                  | -                                    | -                | 93,000                                   | 93,000                               | -                           | 93,000  | Special revenue  |
| <b>Total U.S. Department of Homeland Security</b>   |                     |  |                         | 1,214,190                            | 633,354          | 446,461                                  | 1,027,297                            | 4,611,303                   | 5,638,600   |                  |

(Continued)

**CITY OF MERIDIAN, MISSISSIPPI**  
 Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended September 30, 2009

| Federal Grantor/Pass-through Grantor/Program Title  | Federal CFDA Number | Pass-through Grantor's Number/ Federal Contract | Program or Award Amount | Accrued (Deferred) Revenue 9/30/2008 | Federal Receipts | Federal Share Disbursements/ Expenditures | Accrued (Deferred) Revenue 9/30/2009 | Cumulative Federal Receipts | Cumulative Federal Share Disbursements Expenditures | Fund Type       |
|---|---------------------|---|-------------------------|--------------------------------------|------------------|---|--------------------------------------|-----------------------------|---|-----------------|
| <b>U. S. Department of Interior</b><br>Pass-through Mississippi Department of Archives & History - Certified Local Government Grant | 15.904              | 28-07-21628                                     | 2,500                   | (2,500)                              | -                | 2,500                                     | -                                    | 2,500                       | 2,500   | Special revenue |
| <b>U. S. Department of Justice</b><br>Direct programs:  |                     |   |                         |                                      |                  |   |                                      |                             |   |                 |
| Edward Byrne Memorial Justice Assistance  | 16.738              | 2006-DJ-BX-0575                                 | 26,729                  | -                                    | 4,280            | 4,280                                     | -                                    | 26,729                      | 26,729  | Special revenue |
| Edward Byrne Memorial Justice Assistance  | 16.738              | 2007-DJ-BX-0346                                 | 43,855                  | 17,542                               | 17,542           | 510                                       | 510                                  | 17,542                      | 18,052  | Special revenue |
| Edward Byrne Memorial Justice Assistance  | 16.738              | 2008-DJ-BX-0323                                 | 14,453                  | 5,781                                | 5,781            | -   | -                                    | 5,781                       | 5,781   | Special revenue |
| Edward Byrne Memorial Justice Assistance  | 16.738              | 2009-DJ-BX-0058                                 | 53,020                  | -                                    | -                | -   | -                                    | -                           | -   | Special revenue |
| ARRA - Meridian City Joint Recovery Act JAG   | 16.804              | 2009-SB-B9-1744                                 | 257,141                 | -                                    | -                | 135,422                                   | 135,422                              | -                           | 135,422   | Special revenue |
| ARRA - COPS Hiring Recovery Program   | 16.710              | 2009RKWX0503                                    | 581,680                 | -                                    | -                | -   | -                                    | -                           | -   | Special revenue |
| Total direct programs   |                     |   |                         | 23,323                               | 27,603           | 140,212                                   | 135,932                              | 50,052                      | 185,984   |                 |
| Pass-through Mississippi Department of Public Safety:   |                     |   |                         |                                      |                  |   |                                      |                             |   |                 |
| Domestic Violence Grant   | 16.588              | 04SL2222  | 6,317                   | -                                    | 584              | 584                                       | -                                    | 6,302                       | 6,302   | Special revenue |
| MS Stop Violence Against Women Program  | 16.588              | 05SL2221  | 34,527                  | 2,461                                | 2,887            | 426                                       | -                                    | 33,141                      | 33,141  | Special revenue |
| MS Stop Violence Against Women Program  | 16.588              | 07SL2221  | 34,517                  | 5,553                                | 29,928           | 24,375                                    | -                                    | 32,743                      | 32,743  | Special revenue |
| MS Stop Violence Against Women Program  | 16.588              | 08SL2221  | 34,527                  | -                                    | 5,392            | 8,187                                     | 2,795                                | 5,392                       | 8,187   | Special revenue |
| Bulleproof Vests Partnership  | 16.607              | 2004 BUBX-04023457                              | 33,250                  | -                                    | -                | 4,959                                     | 4,959                                | 28,137                      | 33,096  | Special revenue |
| Bulleproof Vests Partnership  | 16.607              | 2009 BUBX-08041953                              | 4,637                   | -                                    | -                | -   | -                                    | -                           | -   | Special revenue |
| JAG Multi-Jurisdictional Narcotics Assistance   | 16.738              | 06NM2223  | 165,505                 | -                                    | 138,914          | 160,485                                   | 21,571                               | 138,914                     | 160,485   | Special revenue |
| 2006 Hurricane Relief Grant   | 16.753              | 06HI2222  | 32,325                  | 8,014                                | 208,207          | 30,502                                    | 29,325                               | 30,502                      | 30,502  | Special revenue |
| Total pass-through programs   |                     |   |                         | 8,014                                | 208,207          | 229,518                                   | 29,325                               | 275,131                     | 304,456   |                 |
| <b>Total U.S. Department of Justice</b>   |                     |   |                         | 31,337                               | 235,810          | 369,730                                   | 165,257                              | 325,183                     | 490,440   |                 |
| <b>U. S. Department of Agriculture</b><br>Pass-through Mississippi Forestry Commission - Urban and Community Forestry Assistance    | 10.664              | 07-DG-11083128-005                              | 2,500                   | -                                    | 2,234            | 2,234                                     | -                                    | 2,234                       | 2,234   | Special revenue |
| <b>U. S. Environmental Protection Agency</b><br>Direct program - South Industrial Park Study  | 66.202              | XP-96402004-2                                   | 1,349,400               | 550,306                              | 587,510          | 37,204                                    | -                                    | 587,510                     | 587,510   | Enterprise fund |
| <b>U. S. Department of Energy</b><br>Pass-through Mississippi Development Authority - ARRA - Energy Efficiency and Conservation     | 81.128              | DE-EE0001874                                    | 182,400                 | -                                    | -                | -   | -                                    | -                           | -   | Special revenue |
| <b>Total federal financial assistance</b>   |                     |   |                         | \$ 1,966,960                         | \$ 1,769,310     | \$ 1,201,546                              | \$ 1,399,196                         | \$ 6,148,588                | \$ 7,547,784  |                 |

<sup>1</sup> This grant project is funded as expenditures are approved by the funding agency. The beginning Accrued Revenue and Cumulative Federal Share Disbursements/Expenditures for this grant has been adjusted to include disbursements that were subsequently approved.

**CITY OF MERIDIAN, MISSISSIPPI**  
Notes to the Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended September 30, 2009

**(1) Basis of Presentation**

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

**CITY OF MERIDIAN, MISSISSIPPI**  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended September 30, 2009

There were no prior year findings or questioned costs.

**(This page intentionally left blank)**

**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 Cheri M. Barry and  
Honorable Members of the City Council  
City of Meridian, Mississippi:**

We have audited 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, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 29, 2010. We did not audit the financial statements of the Meridian Transportation Commission or the Meridian Airport Authority, which represent 98.04% of the assets and 99.95% of the operating revenues of the component units column. Those statements were audited by other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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.

**The Honorable Mayor Cheri M. Barry 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 29, 2010.

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

*Brigido, Sanders & O'Neil, PLLC*

Jackson, Mississippi  
March 29, 2010

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

The Honorable Mayor Cheri M. Barry and  
Honorable Members of the City Council  
City of Meridian, Mississippi

**Compliance**

We have audited the compliance of the City of Meridian, Mississippi ("City") with the types of compliance requirements described in the U. S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

The City's financial statements include the operations of the Meridian Airport Authority ("MAA"), which expended \$1,330,587 in federal awards; and the Meridian Transportation Commission ("MTC"), which expended \$243,359 in federal awards; both of which are not included in the schedule during the year ended September 30, 2009. Our audit described below did not include the operations of MAA or MTC because they engaged other auditors to perform audits in accordance with OMB Circular A-133.

We conducted our audit 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. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

**The Honorable Mayor Cheri M. Barry and  
Honorable Members of the City Council  
City of Meridian, Mississippi:  
Page two**

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

### **Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weakness. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Jackson, Mississippi  
March 29, 2010

*By: [Signature] : [Signature], et al.*

**CITY OF MERIDIAN, MISSISSIPPI**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended September 30, 2009

**Section I - Summary of Audit Results**

***Financial Statements***

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

***Federal Awards***

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

Identification of major program tested:

| <b><u>CFDA Number</u></b>   | <b><u>Name of Federal Program or Cluster</u></b> |
|-----------------------------|--|
| 97.004/97.067/97.073/97.074 | Homeland Security Grant Program                  |

**Section I - Summary of Audit Results (Continued)**

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

*Continued*

**CITY OF MERIDIAN, MISSISSIPPI**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended September 30, 2009

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

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

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

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

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

**The Honorable Mayor Cheri M. Barry and  
Honorable Members of the City Council  
City of Meridian, Mississippi**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the remaining fund information of the City of Meridian, Mississippi ("City") as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 29, 2010. We did not audit the financial statements of the Meridian Transportation Commission or the Meridian Airport Authority, which represent 98.04% of the assets and 99.95% of the operating revenues of the component units column. Those financial statements were audited by other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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.

*Breazeale, Saunders & O'Neil, Ltd.*

Jackson, Mississippi  
March 29, 2010

THE CITY OF MERIDIAN  
2412 7TH STREET  
P.O. BOX 1430  
MERIDIAN, MS 39302  
[www.meridianms.org](http://www.meridianms.org)