



Financial Statements

September 30, 2021

City of Meridian, Idaho



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Independent Auditor's Report

Mayor and Members of the City Council
City of Meridian
Meridian, Idaho

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information – General Fund, and the Schedule of Employer's Share of Net Pension Liability (Asset) and Employer Contribution, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 or preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Capital Projects Fund and Enterprise Fund 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the financial statements.

The Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Capital Projects Fund and Enterprise Fund and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
February 18, 2022

This section of the City of Meridian's (City's) annual financial report presents management's discussion and analysis of the City's financial performance during the year ended September 30, 2021. Please use this information in conjunction with the information furnished in the City's financial statements.

Financial Highlights

- The total assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of September 30, 2021 by \$644,817,359 as compared to \$594,974,127 at September 30, 2020.
- Net position of the Governmental activities finished the fiscal year 2021 at \$202,709,576.
- Net position of Business-type activities finished fiscal year 2021 at \$442,107,783.
- Total unrestricted fund balance of governmental funds as of September 30, 2021 was \$67,617,648 as compared to a total unrestricted governmental fund balance as of September 30, 2020 of \$53,902,182.
- Total unrestricted fund balance of business-type funds as of September 30, 2021 was \$82,593,538 as compared to a total unrestricted business-type fund balance as of September 30, 2020 of \$59,918,653.
- The City has no outstanding long-term debt as of September 30, 2021.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The basic financial statements have four components – *government-wide financial statements, fund financial statements, notes to the financial statements, and required supplementary information.*

Government-Wide Financial Statements

These statements report information about all of the operations of the City using accounting methods similar to those used by private sector companies. These statements are prepared using the flow of economic resources measurement focus and accrual basis of accounting. The current year's revenues and expenses are recorded as transactions occur rather than when cash is received or paid.

The government-wide financial statements are divided into two categories:

Statement of Net Position – Reports the City's assets (what the City owns) and liabilities (what the City owes) with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Statement of Activities – Reports all of the City's revenues and expenses for the year by function. Examples of functions are public safety, administration, and water and sewer activities. Revenues, such as property tax which cannot be traced to a specific function, are reported as General Revenues.

GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS

Statement of Net Position

As of September 30, 2021, the City's combined assets and deferred outflows exceeded liabilities and deferred inflows by \$644,817,359 as compared to the net position as of September 30, 2020 of \$594,974,127.

Government-wide total assets and deferred outflows of resources increased from last fiscal year to finish FY2021 at \$736,705,342.

Government-wide total liabilities and deferred inflows of resources increased from last fiscal year to finish FY2021 at \$91,887,983.

The largest portion of the City's net position is invested in capital assets. Capital assets include land, building, equipment and machinery, and sewer and water utility infrastructure.

The table below has been condensed from the Statement of Net Position.

	Primary Government				Total	
	Governmental Activities		Business - Type Activities			
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 161,955,709	\$ 125,698,867	\$ 92,542,923	\$ 69,440,109	\$ 254,498,632	\$ 195,138,976
Capital Assets	109,586,457	108,030,712	360,028,182	353,207,185	469,614,639	461,237,897
Deferred Outflows of Resources	10,325,498	5,442,017	2,266,573	1,307,576	12,592,071	6,749,593
TOTAL Assets and Deferred Outflows of Resources	281,867,664	239,171,596	454,837,678	423,954,870	736,705,342	663,126,466
Current Liabilities	7,071,793	6,410,622	7,204,027	5,932,444	14,275,820	12,343,066
Long-term Liabilities	9,264,034	20,119,716	999,510	5,223,213	10,263,544	25,342,929
Deferred Inflows of Resources	62,822,261	30,319,549	4,526,358	146,795	67,348,619	30,466,344
TOTAL Liabilities and Deferred Inflows of Resources	79,158,088	56,849,887	12,729,895	11,302,452	91,887,983	68,152,339
Investment in Capital Assets	108,941,888	108,030,712	359,514,245	352,733,765	468,456,133	460,764,477
Restricted	26,150,040	20,388,815	-	-	26,150,040	20,388,815
Unrestricted	67,617,648	53,902,182	82,593,538	59,918,653	150,211,186	113,820,835
TOTAL Net Position	\$ 202,709,576	\$ 182,321,709	\$ 442,107,783	\$ 412,652,418	\$ 644,817,359	\$ 594,974,127

Statement of Activities

During the 2021 fiscal year the City's financial position improved by \$49,843,232. The following condensed financial information was derived from the government-wide Statement of Activities and shows how the City's net position changed during the year.

Government-wide total revenues increased from last fiscal year to finish FY2021 at \$145,700,631.

Government-wide total expenses increased from last fiscal year to finish FY2021 at \$95,857,399.

Changes in Net Position for Fiscal Year Ending September 30, 2021						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
Revenues						
Program Revenues						
Charges for services	\$ 15,408,298	\$ 12,806,959	\$ 31,015,063	\$ 28,678,125	\$ 46,423,361	\$ 41,485,084
Operating grants and contributions	11,451,436	1,051,057	18,255,767	19,087,316	29,707,203	20,138,373
Capital Grants and Contributions	8,028,828	7,844,897	14,280,626	13,718,483	22,309,454	21,563,380
General Revenue:						
Property taxes	30,617,436	37,362,945	-	-	30,617,436	37,362,945
Franchise fees	1,759,563	1,568,465	-	-	1,759,563	1,568,465
Sales tax and other governmental	14,220,950	10,170,339	-	-	14,220,950	10,170,339
Investment Earnings	511,581	1,173,355	562,286	792,905	1,073,867	1,966,260
Other Revenue	(203,624)	373,261	(207,579)	429,603	(411,203)	802,864
Total Revenues	<u>81,794,468</u>	<u>72,351,278</u>	<u>63,906,163</u>	<u>62,706,432</u>	<u>145,700,631</u>	<u>135,057,710</u>
Expenses						
General Government						
Administration	10,798,007	11,443,259	-	-	10,798,007	11,443,259
Law Enforcement	22,146,405	24,148,931	-	-	22,146,405	24,148,931
Fire Department	14,367,843	14,990,279	-	-	14,367,843	14,990,279
Parks and Recreation	9,994,801	8,230,063	-	-	9,994,801	8,230,063
Community Planning and Devlp	6,832,569	6,548,078	-	-	6,832,569	6,548,078
Enterprise - sewer and water	-	-	31,717,774	29,765,820	31,717,774	29,765,820
Total Expenses	<u>64,139,625</u>	<u>65,360,610</u>	<u>31,717,774</u>	<u>29,765,820</u>	<u>95,857,399</u>	<u>95,126,430</u>
Excess (deficiency) of revenues over expenditures before transfers	<u>17,654,843</u>	<u>6,990,668</u>	<u>32,188,389</u>	<u>32,940,612</u>	<u>49,843,232</u>	<u>39,931,280</u>
Transfers - internal activities	<u>2,733,024</u>	<u>2,732,616</u>	<u>(2,733,024)</u>	<u>(2,732,616)</u>	<u>-</u>	<u>-</u>
Change in net position	20,387,867	9,723,284	29,455,365	30,207,996	49,843,232	39,931,280
Net Position, Beginning of Year	<u>182,321,709</u>	<u>172,598,425</u>	<u>412,652,418</u>	<u>382,444,422</u>	<u>594,974,127</u>	<u>555,042,847</u>
Net Position, Ending of Year	<u>\$ 202,709,576</u>	<u>\$ 182,321,709</u>	<u>\$ 442,107,783</u>	<u>\$ 412,652,418</u>	<u>\$ 644,817,359</u>	<u>\$ 594,974,127</u>

Fund Financial Statements

The fund financial statements provide information about the City's major funds, not the City as a whole. The City uses a method of accounting, called fund accounting, to separate specific sources of funds and corresponding expenditures. Funds may be required by law or may be established by the City Council. At the end of a fiscal year the unreserved fund balance serves as a useful measure of a government's net resources.

The City has the following funds:

Governmental Funds: These funds encompass the City's basic services, public safety, community planning and development, administration, and parks and recreation. Governmental fund financial statements focus on short-term inflows and outflows of spendable resources, an accounting approach known as the flow of current financial resources measurement focus and the modified accrual basis of accounting. Information provided by these statements provides a short-term view of what resources will be available to meet needs.

The City has two governmental funds:

- General Fund – The general fund is the general operating fund of the City. It derives most of its income from property tax and funds the operations of the City. It includes the Development Services Fund, used to account for revenue and expenses of the community planning and development function, and the Public Safety Fund used to set aside funds for police and fire capital projects. It also includes the Impact Fee Fund used to account for park and public safety impact fee revenue and capital acquisitions.
- Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition of major capital facilities.

The City has one proprietary fund:

Enterprise Fund (Business-Type Activities): User fees finance activities in this fund. The water and sewer utilities and all the activities necessary to support their operation are accounted for in this fund. Accounting for this fund is the same as a private business on a full accrual basis.

The City has one Fiduciary Fund: The City established the "City of Meridian Employee Benefits Plan Trust" (the Trust) in January 2020. All health claims are paid from this Trust and all plan contributions are deposited into the Trust. The Trust uses a calendar year basis as its fiscal year and the most recent audited financial statements are presented as part of this financial statement (fiscal year ended December 31, 2020).

FUND FINANCIAL STATEMENTS ANALYSIS

Governmental Funds

Governmental Activities ending net position for fiscal year 2021 was \$202,709,576 as compared to \$182,321,709 for fiscal year 2020.

Governmental Activities total assets and deferred outflows of resources increased from last fiscal year to finish FY2021 at \$281,867,664.

Governmental Activities total liabilities and deferred inflows of resources increased from last fiscal year to finish FY2021 at \$79,158,088.

The largest portion of the Governmental Activities net position is invested in current and other assets. Current and other assets include cash, investments, property taxes, deposits, and receivables.

During the 2021 fiscal year the Governmental Activities financial position improved by \$20,387,867. The following condensed financial information was derived from the government-wide Statement of Activities and shows how the Governmental activities net position changed during the year.

Governmental Activities total revenues increased from last fiscal year to finish FY2021 at \$81,794,468. The primary revenue source of governmental revenue is property tax which decreased from last year to finish the fiscal year at \$30,617,436.

Governmental Activities total expenses decreased from last fiscal year to finish FY2021 at \$64,139,625. The largest expenditure source of governmental expenses is law enforcement which decreased from last year to finish the fiscal year at \$22,146,405.

Enterprise Fund (Business-Type Activities)

Business-Type Activities ending net position for fiscal year 2021 was \$442,107,783 as compared to \$412,652,418 for fiscal year 2020.

Business-Type Activities total assets and deferred outflows of resources increased from last fiscal year to finish FY2021 at \$454,837,678.

Business-Type Activities total liabilities and deferred inflows of resources increased from last fiscal year to finish FY2021 at \$12,729,895.

The largest portion of the Business-Type Activities net position is invested in capital assets. Capital assets include land, building, equipment and machinery, and sewer and water utility infrastructure.

During the 2021 fiscal year the Business-Type Activities financial position improved by \$29,455,365. The following condensed financial information was derived from the government-wide Statement of Activities and shows how the Business-Type Activities net position changed during the year.

Business-Type Activities total revenues increased from last fiscal year to finish FY2021 at \$63,906,163. The primary revenue source of Business-Type Activities revenue is charges for service which increased from last year to finish the fiscal year at \$31,015,063.

Business-Type Activities total expenses increased from last fiscal year to finish FY2021 at \$31,717,774.

Fiduciary-Type Activities

The Trust uses a calendar year basis as its fiscal year and the most recent audited financial statements are presented as part of this financial statement (fiscal year ended December 31, 2020).

The fiscal year ended December 31, 2020, was the first reporting year for the Health Trust.

Total assets ended the year at \$1,658,653. Amounts represented cash on hand, and receivables to the Trust.

Total Liabilities ended the year at \$404,736. Amounts represent the claims incurred but not reported as of December 31, 2020.

During the year ended December 31, 2020, additions to the Trust totaled \$7,328,663. Amounts reported as additions represent contributions to the Trust through employee and employer contributions, as well as interest income and prescription rebates.

During the year ended December 31, 2020, deductions from the Trust totaled \$6,074,746. Deductions from the Trust are primarily comprised of health claim benefits paid, which totaled \$4,893,870.

Notes to the Financial Statements

The notes provide additional information that is necessary to fully understand the data presented in the government-wide and fund financial statements.

Required Supplementary Information

This section has information that further explains and supports the information in the financial statements by including a comparison of the City's budget data for the year, as well as the City's schedule of employer's share of net pension liability and the City's Schedule of employer contributions and the City's schedule of expenditures of federal awards.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget to Actual comparisons are found following the Notes to the Financial Statements within the Supplemental section of this Audit Report. Below is a discussion regarding the General Fund Budget to Actual comparison.

The final FY2021 overall expenditure budget was \$75,724,119 as compared to the actual expenditures of \$64,990,214.

There are three categories of budget expenditures: personnel, operating, and capital outlay. The discussion below will address each category and the differences between budget and actual.

The total actual personnel expense for FY2021 was \$44,988,095 as compared to the final budget of \$46,088,957. The primary reason for the variance between actual and budget is related to the amount of vacancy positions that were not filled during the fiscal year.

The total actual operating expense was \$15,970,851 as compared to the final budget of \$20,276,570. The largest budget to actual variance for the operating expenses is due to the City not expending the Linder Road Overpass project budget as anticipated (about \$2,500,000 unspent).

The total General Fund FY2021 capital expense was \$4,031,268 as compared to the final budget of \$9,358,592. The largest budget to actual variance for capital expenses is related to construction in progress Public Safety building construction.

FY2021 General Fund actual revenue of \$81,033,955 exceeded the final budget of \$69,227,131.

The largest percentage of General Fund revenue resides in property tax and finished FY2021 at \$30,628,429. Intergovernmental revenue sharing is the second largest revenue stream in FY2021 and finished the fiscal year higher than FY2020 at \$26,561,175. The third largest source of General Fund revenue in FY2021 was licenses and permits; namely building permit sales. At the end of FY2021, the licenses and permits revenue finished the year at \$9,894,134.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of FY2021 the City had \$468,456,133 invested in capital assets (net of accumulated depreciation).

The City's investment in capital assets includes land, buildings, sewer and water lines, buildings, vehicles and equipment. Sidewalks, bridges, and roads belong to the Ada County Highway District.

Major capital asset changes in the General Government Funds in FY2021 included:

- (\$1,116,355) in Buildings and Improvements
- \$1,118,573 in new capital projects still in construction
- (\$152,377) in Equipment
- \$74,836 in new Land

Major capital asset changes in the Business-type Funds in FY2021 included:

- \$(6,159,583) in Buildings and Improvements
- \$4,707,351 in Capital projects still in construction
- \$(2,156,950) in Equipment
- \$7,233,277 in new Sewer and Water Lines
- \$(8,569) in Land

Capital Assets as of September 30, 2021
(net of depreciation)

	Governmental Activities		Business - Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 30,554,124	\$ 30,479,288	\$ 6,249,313	\$ 6,257,882	\$ 36,803,437	\$ 36,737,170
Easements	2,375,099	1,388,600	19,600,354	16,439,399	21,975,453	17,827,999
Buildings and improvements other than buildings	67,546,351	68,662,706	103,718,754	109,878,337	171,265,105	178,541,043
Sewer and water lines	-	-	194,804,688	187,567,411	194,804,688	187,567,411
Equipment	6,516,210	6,668,587	26,760,545	28,917,495	33,276,755	35,586,082
Construction in progress	1,950,104	831,531	8,380,591	3,673,241	10,330,695	4,504,772
	<u>\$ 108,941,888</u>	<u>\$ 108,030,712</u>	<u>\$ 359,514,245</u>	<u>\$ 352,733,765</u>	<u>\$ 468,456,133</u>	<u>\$ 460,764,477</u>

The City recorded \$6,100,430 in depreciation expense for Governmental City functions and \$14,134,206 for Business-type activities (See Note 5 to the financial statements).

Debt Administration

The City has no outstanding debt for the year ended September 30, 2021.

FY2021 Economic Factors and Budgetary Considerations

The City of Meridian prepares an economic forecast as a component in the process of developing the annual budget. Following local and national indicators currently affecting the City of Meridian, the City's approved FY2022 budget anticipated a level of economic activity commiserate with the prior year. Since the spring of 2012, construction and development continues to be active and steady. The following considerations by the City Council were taken when it adopted the FY2022 Budget:

- The City provided for a compensation increases for general employees.
- The City considered the current FY2021 economic conditions and trends while working on the FY2022 budget.
- The City maintained that a conservative approach to revenue projections was in the best interest of the City.
- The City Council elected to increase the annual property taxes by 1.925% which is allowable by State code.
- The City continued to the practice of taking on no debt.
- The City's sewer and water customer utility accounts continue to see growth of about 5.0% annually (based on last 10-year average).
- The City continues to see population growth year over year with a 10-year annual average of about 5.3%.

Requests for Information

This report is designed to provide a general overview of the City of Meridian's finances for our citizens and customers. If you have questions about this report or need additional financial information, please visit the City's Finance Department webpage or contact:

City of Meridian
Finance Department
33 E. Broadway Ave.
Meridian, Idaho 83642

Phone: (208) 888-4433

City of Meridian, Idaho
Statement of Net Position
September 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 60,258,768	\$ 44,916,569	\$ 105,175,337	\$ 5,418,947
Restricted cash and cash equivalents	22,982,449	-	22,982,449	-
Investments	25,906,599	43,117,707	69,024,306	-
Restricted investments	2,267,378	-	2,267,378	-
Receivables				
Accounts (net of \$35,000 allowance for enterprise fund uncollectibles)	1,130,844	4,194,727	5,325,571	3,122
Current portion of note receivable	-	45,240	45,240	-
Property taxes	42,987,037	-	42,987,037	3,000,995
Due from other governmental units	4,393,138	1,632	4,394,770	-
Interest	45,557	62,138	107,695	-
Deposits and prepaid expenses	1,909,934	204,910	2,114,844	2,937
Lakeview Inventory	74,005	-	74,005	-
Total Current Assets	<u>161,955,709</u>	<u>92,542,923</u>	<u>254,498,632</u>	<u>8,426,001</u>
Noncurrent Assets				
Long-term note receivable	-	372,447	372,447	-
Net pension asset	644,569	141,490	786,059	-
Capital Assets				
Land, easements, and other assets not depreciated	34,879,327	34,230,258	69,109,585	672,384
Buildings, improvements and equipment, net of depreciation	<u>74,062,561</u>	<u>325,283,987</u>	<u>399,346,548</u>	<u>-</u>
Total Noncurrent Assets	<u>109,586,457</u>	<u>360,028,182</u>	<u>469,614,639</u>	<u>672,384</u>
Deferred Outflows of Resources				
Pension obligations	<u>10,325,498</u>	<u>2,266,573</u>	<u>12,592,071</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 281,867,664</u>	<u>\$ 454,837,678</u>	<u>\$ 736,705,342</u>	<u>\$ 9,098,385</u>

City of Meridian, Idaho
Statement of Net Position
September 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 3,302,721	\$ 5,036,668	\$ 8,339,389	\$ 55,188
Accrued payroll and taxes	1,828,660	381,543	2,210,203	-
Customer deposits	1,606,868	1,736,183	3,343,051	-
Due within one year				
Accrued vacation, current portion	333,544	49,633	383,177	-
Note payable - current portion	-	-	-	50,744
Total Current Liabilities	<u>7,071,793</u>	<u>7,204,027</u>	<u>14,275,820</u>	<u>105,932</u>
Noncurrent Liabilities				
Accrued vacation - less current portion	2,703,210	446,697	3,149,907	-
Due to Developers	-	-	-	3,516,171
Settlement payable	-	240,000	240,000	-
Advanced revenue - ARPA obligations	6,422,755	-	6,422,755	-
Advanced revenue - Lakeview Golf Course	138,069	-	138,069	-
Advanced revenue - other	-	312,813	312,813	-
Total Noncurrent Liabilities	<u>9,264,034</u>	<u>999,510</u>	<u>10,263,544</u>	<u>3,516,171</u>
Deferred Inflows of Resources				
Pension obligations	20,620,075	4,526,358	25,146,433	-
Unavailable revenues - property taxes	42,202,186	-	42,202,186	2,941,320
Total Deferred Inflows of Resources	<u>62,822,261</u>	<u>4,526,358</u>	<u>67,348,619</u>	<u>2,941,320</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>79,158,088</u>	<u>12,729,895</u>	<u>91,887,983</u>	<u>6,563,423</u>
NET POSITION				
Investment in capital assets	108,941,888	359,514,245	468,456,133	621,640
Restricted				1,913,322
Impact funds	26,149,865	-	26,149,865	-
Grant funds	175	-	175	-
Unrestricted				
Capital improvements	20,095,041	-	20,095,041	-
General funds	47,522,607	82,593,538	130,116,145	-
TOTAL NET POSITION	<u>202,709,576</u>	<u>442,107,783</u>	<u>644,817,359</u>	<u>2,534,962</u>
Total Liabilities and Net Position	<u>\$ 281,867,664</u>	<u>\$ 454,837,678</u>	<u>\$ 736,705,342</u>	<u>\$ 9,098,385</u>

City of Meridian, Idaho
Statement of Activities
September 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Government Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General government								
Administration	\$ 10,798,007	\$ 308,584	\$ 1,427,875	\$ 68,850	\$ (8,992,698)	\$ -	\$ (8,992,698)	\$ -
Public safety								
Law enforcement	22,146,405	1,168,804	5,934,347	424,342	(14,618,912)	-	(14,618,912)	-
Fire department	14,367,843	1,047,080	3,882,516	2,220,531	(7,217,716)	-	(7,217,716)	-
Parks and recreation	9,994,801	2,627,250	157,778	5,315,105	(1,894,668)	-	(1,894,668)	-
Community development	6,832,569	10,256,580	48,920	-	3,472,931	-	3,472,931	-
Total governmental activities	64,139,625	15,408,298	11,451,436	8,028,828	(29,251,063)	-	(29,251,063)	-
Business-Type Activities								
Water and wastewater	31,717,774	31,015,063	18,255,767	14,280,626	-	31,833,682	31,833,682	-
Total Primary Government	\$ 95,857,399	\$ 46,423,361	\$ 29,707,203	\$ 22,309,454	\$ (29,251,063)	\$ 31,833,682	\$ 2,582,619	\$ -
Component Unit								
Downtown development	\$ 5,081,437	\$ -	\$ 356,841	\$ -	\$ -	\$ -	\$ -	\$ (4,724,596)
General revenues								
Shared revenues								
Property taxes, levied for general purposes					\$ 30,617,436	\$ -	\$ 30,617,436	\$ 2,588,967
Franchise fees					1,759,563	-	1,759,563	-
Sales tax and other governmental					14,220,950	-	14,220,950	-
Investment earnings					511,581	562,286	1,073,867	23,984
Net increase (decrease) in fair value of investments					(229,533)	(377,038)	(606,571)	-
Miscellaneous					70,688	12,885	83,573	747
Gain (loss) on sale of fixed assets					(44,779)	156,574	111,795	-
Transfers - internal activities					2,733,024	(2,733,024)	-	-
Total General Revenues and Transfers					49,638,930	(2,378,317)	47,260,613	2,613,698
Change in Net Position					20,387,867	29,455,365	49,843,232	(2,110,898)
Net Position, Beginning of Year					182,321,709	412,652,418	594,974,127	4,645,860
Net Position, Ending of Year					\$ 202,709,576	\$ 442,107,783	\$ 644,817,359	\$ 2,534,962

City of Meridian, Idaho
Balance Sheet – Governmental Funds
September 30, 2021

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 43,212,184	\$ 17,046,584	\$ 60,258,768
Investments	25,906,599	-	25,906,599
Receivables			
Accounts	1,130,766	78	1,130,844
Property taxes	42,987,037	-	42,987,037
Due from other governmental units	4,393,138	-	4,393,138
Interest	43,906	1,651	45,557
Prepaid items	1,909,934	-	1,909,934
Lakeview Inventory	74,005	-	74,005
Restricted assets			
Cash and cash equivalents	22,982,449	-	22,982,449
Investments	2,267,378	-	2,267,378
Total Assets	<u>\$ 144,907,396</u>	<u>\$ 17,048,313</u>	<u>\$ 161,955,709</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts payable	\$ 2,942,514	\$ 218,583	\$ 3,161,097
Accrued payroll and taxes	1,828,660	-	1,828,660
Advanced revenue - Lakeview Golf Course	138,069	-	138,069
Advanced revenue - ARPA obligations	6,422,755	-	6,422,755
Customer deposits	1,606,868	-	1,606,868
Total Current Liabilities	<u>12,938,866</u>	<u>218,583</u>	<u>13,157,449</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	42,951,529	-	42,951,529
Total Liabilities and Deferred Inflows	<u>55,890,395</u>	<u>218,583</u>	<u>56,108,978</u>
Fund Balances			
Nonspendable			
Prepays	1,909,934	-	1,909,934
Inventory for Lakeview Golf Course	74,005	-	74,005
Restricted			
Impact Fund	23,836,116	-	23,836,116
Fund Balance Budget of Carryforward	2,313,749	-	2,313,749
Grant Fund	172	-	172
Committed			
Capital Projects Fund	-	13,663,448	13,663,448
Fund Balance Budget of Carryforward	-	3,166,282	3,166,282
Public Safety Fund	3,467,009	-	3,467,009
Fund Balance Budget of Carryforward	63,833	-	63,833
Assigned			
Fund Balance Budget of Carryforward	2,965,979	-	2,965,979
Comm. Dev. Excess Revenue Transfer	3,265,311	-	3,265,311
Operating Reserve	14,114,850	-	14,114,850
Emergency Reserve	4,840,878	-	4,840,878
Unassigned	32,165,165	-	32,165,165
Total Fund Balances	<u>89,017,001</u>	<u>16,829,730</u>	<u>105,846,731</u>
Total Liabilities and Fund Balances	<u>\$ 144,907,396</u>	<u>\$ 17,048,313</u>	<u>\$ 161,955,709</u>

City of Meridian, Idaho
 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
 September 30, 2021

Fund balance - total governmental funds	\$ 105,846,731
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	108,941,888
Retainage that are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(141,623)
Some of the property taxes receivable are not available to pay for current-period expenditures and therefore are deferred in the funds.	749,343
Long-term obligation is not due and payable in the current period and therefore is not reported in the funds.	
Net pension asset	644,569
Deferred outflows of resources related to pension obligations.	10,325,498
Deferred inflows of resources related to pensions.	(20,620,075)
Accrued vacation is not due and payable in the current period and therefore is not reported in the funds.	<u>(3,036,755)</u>
Net Position of governmental activities	<u><u>\$ 202,709,576</u></u>

City of Meridian, Idaho
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended September 30, 2021

	General	Capital Projects	Total Governmental Funds
Revenues			
Taxes	\$ 30,628,429	\$ -	\$ 30,628,429
Licenses and permits	9,894,134	-	9,894,134
Intergovernmental	26,561,175	-	26,561,175
Franchise fees	1,759,563	-	1,759,563
Fines and forfeitures	525,451	-	525,451
Charges for services	4,145,773	-	4,145,773
Interest	452,260	59,321	511,581
Miscellaneous	70,686	-	70,686
Donations	23,005	-	23,005
Impact revenues	6,973,479	-	6,973,479
Total revenues	<u>81,033,955</u>	<u>59,321</u>	<u>81,093,276</u>
Expenditures			
General government	9,883,583	-	9,883,583
Public safety	36,758,648	-	36,758,648
Parks and recreation	7,367,542	-	7,367,542
Community development services	6,949,173	-	6,949,173
Capital outlay	4,031,268	1,977,476	6,008,744
Total expenditures	<u>64,990,214</u>	<u>1,977,476</u>	<u>66,967,690</u>
Excess of Revenues Over (Under) Expenditures	<u>16,043,741</u>	<u>(1,918,155)</u>	<u>14,125,586</u>
Other Financing Sources (Uses)			
Operating transfer in	2,733,024	3,646,860	6,379,884
Operating transfer out	(3,646,860)	-	(3,646,860)
Unrealized gain (loss) on investments	(229,533)	-	(229,533)
Proceeds from sale of capital assets	130,336	-	130,336
Total other financing sources (uses)	<u>(1,013,033)</u>	<u>3,646,860</u>	<u>2,633,827</u>
Net Change in Fund Balances	15,030,708	1,728,705	16,759,413
Fund Balance, Beginning of Year	<u>73,986,293</u>	<u>15,101,025</u>	<u>89,087,318</u>
Fund Balance, End of Year	<u>\$ 89,017,001</u>	<u>\$ 16,829,730</u>	<u>\$ 105,846,731</u>

City of Meridian, Idaho
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
 Funds to the Statement of Activities
 Year Ended September 30, 2021

Change in fund balance - total governmental funds \$ 16,759,413

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

Governmental funds report capital outlay 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 and loss on sale of assets in the current period.

New capital	\$ 6,058,598	
Depreciation	(6,100,430)	
Gain (loss) on capital assets	<u>(175,115)</u>	
Total		(216,947)

Capital assets contributed by citizens or developers are not a source of financial resources and thus, are not recognized in the governmental funds. 986,499

Some property tax revenue in the statement of activities does not provide current financial resources and is not reported as revenue in the governmental funds. (10,993)

Expenditures (revenues) related to the net pension asset that do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 3,256,054

Expenditures related to the long-term portion of accrued vacation do not require the use of current financial resources and therefore are not reported as expenditures governmental funds. (386,159)

Change in net position of governmental activities \$ 20,387,867

City of Meridian, Idaho
Statement of Net Position – Proprietary Fund
September 30, 2021

	Enterprise Fund Water and Sewer
Assets	
Current Assets	
Cash and cash equivalents	\$ 44,916,569
Investments	43,117,707
Receivables	
Accounts (net of \$35,000 allowance for uncollectibles)	4,194,727
Current portion of long-term receivable	45,240
Due from other governments	1,632
Interest	62,138
Prepays	204,910
Total Current Assets	92,542,923
Noncurrent Assets	
Long-term notes receivable	372,447
Net pension asset	141,490
Capital assets	
Land	6,249,313
Easements	19,600,353
Construction in progress	8,380,592
Buildings and improvements other than buildings	151,176,790
Sewer and water lines	257,041,543
Machinery and equipment	55,106,770
Less accumulated depreciation	(138,041,116)
Total Noncurrent Assets	360,028,182
Deferred outflow of resources	
Pension	2,266,573
Total Assets	\$ 454,837,678

City of Meridian, Idaho
Statement of Net Position – Proprietary Fund
September 30, 2021

	Enterprise Fund Water and Sewer
Liabilities and Net Position	
Current Liabilities	
Accounts payable	\$ 5,036,668
Accrued payroll and taxes	381,543
Accrued vacation - current portion	49,633
Customer deposits	1,736,183
Total Current Liabilities	7,204,027
Noncurrent Liabilities	
Accrued vacation - less current portion	446,697
Settlement payable	240,000
Advanced Revenue	312,813
Total Noncurrent Liabilities	999,510
Deferred Inflow of Resources	
Pension	4,526,358
Total Deferred Inflow of Resources	4,526,358
Net Position	
Invested in capital assets	359,514,245
Unrestricted	82,593,538
Total Net Position	442,107,783
Total Liabilities and Net Position	\$ 454,837,678

City of Meridian, Idaho
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
Year Ended September 30, 2021

	<u>Enterprise Fund Water and Sewer</u>
Operating Revenues	
Charges for services	
Water sales	\$ 10,001,393
Sewer sales	17,916,059
Other service revenues	683,211
Sale of meters	712,339
Trash billing service	1,106,180
Engineering fees	595,881
Miscellaneous	<u>12,885</u>
Total Operating Revenues	<u>31,027,948</u>
Operating Expenses	
Personnel services	9,212,441
Other services and charges	3,897,537
Depreciation	14,134,207
Supplies	2,899,838
Heat, lights and power	<u>1,573,751</u>
Total Operating Expenses	<u>31,717,774</u>
Operating Loss	<u>(689,826)</u>
Nonoperating Revenues (Expenses)	
Interest revenue	562,286
Connection assessment fees and donations	18,578,003
Gain on sale of fixed assets	156,574
Net decrease in fair value of investments	<u>(377,038)</u>
Total Nonoperating Revenues (Expenses)	<u>18,919,825</u>
Income before contributions and transfers	18,229,999
Donated waterlines and sewerlines	13,958,390
Operating transfers out	<u>(2,733,024)</u>
Change in Net Position	29,455,365
Net Position, Beginning of Year	<u>412,652,418</u>
Net Position, End of Year	<u><u>\$ 442,107,783</u></u>

City of Meridian, Idaho
Statement of Cash Flows – Proprietary Fund
Year Ended September 30, 2021

	<u>Enterprise Fund Water and Sewer</u>
Operating Activities	
Receipts from customers and users	\$ 31,027,948
Receipts from customers deposits	103,276
Payments to suppliers	(7,283,800)
Payments to employees	<u>(10,149,586)</u>
Net Cash from Operating Activities	<u>13,697,838</u>
Noncapital Financing Activities	
Operating transfer to general fund	<u>(2,733,024)</u>
Net Cash used for Noncapital Financing Activities	<u>(2,733,024)</u>
Capital and Related Financing Activities	
Connection assessment fees	18,578,003
Proceeds from sale of capital assets	173,305
Cost from disposal of capital assets	(11,214)
Payments from note receivable	108,150
Due from other governmental units	62
Acquisition of capital assets	<u>(6,961,815)</u>
Net Cash from Capital and Related Financing Activities	<u>11,886,491</u>
Investing Activities	
Purchase of investments	(29,345,309)
Interest received	<u>543,433</u>
Net Cash used for Investing Activities	<u>(28,801,876)</u>
Net Change in Cash	(5,950,571)
Cash, Beginning of Year	<u>50,867,140</u>
Cash, End of Year	<u><u>\$ 44,916,569</u></u>

City of Meridian, Idaho
Statement of Cash Flows – Proprietary Fund
Year Ended September 30, 2021

Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (689,826)
Adjustments to reconcile operating loss to net cash from operating activities	
Depreciation	14,134,207
Pension offset	(1,048,263)
Changes in assets and liabilities	
Accounts receivable	(101,809)
Prepaid items	28,310
Accounts payable	1,160,825
Accrued payroll and taxes	111,118
Customer deposits	<u>103,276</u>
Net Cash from Operating Activities	<u>\$ 13,697,838</u>
Supplemental Disclosure of Cash Flow Information	
Developer and customer contributed sewer and water lines	\$ 13,958,390

City of Meridian, Idaho
Statement of Fiduciary Net Position
December 31, 2020

	<u>Employee Benefit Plan Trust</u>
Assets	
Cash	\$ 1,597,283
Accounts receivables	<u>61,370</u>
Total current assets	<u>1,658,653</u>
Liabilities	
Health claims incurred but not reported	<u>404,736</u>
Total liabilities	<u>404,736</u>
Fiduciary Net Position	<u><u>\$ 1,253,917</u></u>

City of Meridian, Idaho
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2020

	Employee Benefit Plan Trust
Additions	
Contributions	
Employer	\$ 6,377,814
Plan member	697,524
COBRA	18,022
Total contributions	7,093,360
Prescription rebates	215,150
Interest income	20,153
Total additions	7,328,663
Deductions	
Health claim benefits	4,893,870
Change in health claims incurred but not paid	404,736
Stop loss premiums	426,123
Administrative expenses	350,017
Total deductions	6,074,746
Change in Fiduciary Net Position	1,253,917
Fiduciary Net Position, Beginning of Year	-
Fiduciary Net Position, End of Year	\$ 1,253,917

Note 1 - Summary of Significant Accounting Policies

The City of Meridian, Idaho (the City) was incorporated August, 1903. The City operates under a mayor and council form of government and provides the following services as authorized by its charter; public safety (police and fire), community planning and development, parks and recreation, general administrative services, and water and sewer service.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to generally accepted accounting principles applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing government accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Financial Reporting Entity

As required by generally accepted accounting principles, these basic financial statements present the City in conformance with GASB.

Component units are organizations that are included in the reporting entity because of the significance of their operational or financial relationships with the City and are legally separate organizations for which the City is financially accountable. The component unit column in the combined financial statements is the financial data of the City's single component unit, the Meridian Development Corporation (MDC). MDC is a separate and distinct legal entity created by state statute. The directors of MDC are appointed by the Mayor and approved by the City Council. MDC promotes downtown development services for the citizens of the City. Complete financial statements can be obtained from the City of Meridian Division of Financial Management, 33 East Broadway Avenue, Meridian, Idaho.

The City of Meridian Employee Benefit Plan Trust (the Trust) is reported as a Fiduciary Activity of the City. The Trust reports under GASB standards in the same manner as the City. The Trust uses a calendar year basis as its fiscal year and the most recent audited financial statements are presented as part of this financial statement (fiscal year ended December 31, 2020).

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include; charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds;

General Fund - The General Fund is the general operating fund of the City. It is used for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The City reports the following major proprietary fund;

Enterprise Fund – The Enterprise Fund is used to account for water, sewer, and trash operations financed and operated in a manner similar to private business. The intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Additionally, the governing body may have decided that periodic determination of revenues earned, expenditures incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The City reports the following other fund types;

Fiduciary Fund – The Employee Benefit Plan Trust is used to account for the City’s self-insured health insurance. Plan assets are dedicated to providing health benefits to current employees.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between various functions of the government when elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and products and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise funds are charges for services to customers for water and sewer sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses, such as fees property owners pay to connect to the utility system, not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Property Taxes Receivable

Within the governmental fund financial statement, property taxes are recognized as revenue when the amount of taxes levied is measurable, and proceeds are available to finance current period expenditures.

Available tax proceeds include property tax receivables expected to be collected within sixty days after year end. Property taxes attach as liens on properties on January 1, and are levied in September of each year. Tax notices are sent to taxpayers during November, with tax payments scheduled to be collected on or before December 20. Taxpayers may pay all or one half of their tax liability on or before December 20, and if one half of the amount is paid, they may pay the remaining balance by the following June 20. Since the City is on a September 30 fiscal year end, property taxes levied during September for the succeeding year's collection are recorded as deferred inflow of resources at the City's year end and recognized as revenue in the following fiscal year. Ada County bills and collects taxes for the City.

Customer Services Receivable

Amounts owed to the City for customer services are due from area residents and businesses and relate to water, sewer and trash services provided by the City. The receivable is reported net of an allowance for uncollectible accounts. An allowance is reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts was \$35,000 as of September 30, 2021.

Deposits and Prepaid Expenses

Deposits and prepaid expenses consist of deposits paid by developers for various improvements as well as payments to vendors that reflect costs applicable to future accounting periods and are reported as prepaid expenses.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., parks, wells, water and sewer lines and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial individual cost of \$10,000 and over for machinery and equipment, \$75,000 and over for building and land improvements, buildings, intangibles, and infrastructure, and an estimated useful life in excess of three years. Land acquisitions regardless of cost are recorded as capital assets. All material fixed assets are valued at cost. Donated fixed assets are valued at their acquisition value on the date donated.

GASB requires that the City capitalize and report intangible assets, such as easements and internally created software. To value easements, the City uses current land values calculated from Ada County Assessor's data divided by two, internally developed software is valued at cost.

Depreciation is recorded by use of the straight-line method. The book value of each asset is reduced by equal amounts over its estimated useful life as follows:

	<u>Estimated Useful Life (Years)</u>
Buildings	30
Sewer plant	25
Sewer and water lines	50
Improvements other than buildings	10-50
Equipment and software	5-20
Public domain infrastructure	40

Maintenance, repairs, and minor renewals are charged to operations as incurred. When an asset is disposed of, accumulated depreciation is deducted from the original cost and any gain or loss arising from its disposal is credited or charged to operations.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred during construction of capital assets of business-type activities are capitalized when they are material. No interest costs were included as part of the cost of capital assets under construction in the current year.

As of September 30, 2021, no capital assets were considered to be impaired and no impairment loss was recognized for the year ended September 30, 2021.

Vacation Payable

The City provides vacation and sick leave to its full-time employees. Earned vacation is paid to employees when taken or paid to employees or beneficiaries upon the employees' termination, retirement or death. The City does not pay earned sick pay upon the employees' termination, retirement or death for non-union employees. The Fire Department union members are paid ten percent of their sick leave accrual upon the employees' voluntary termination, 25% upon employees' retirement, and 100% upon employees' death. The amount of unused vacation accumulated by City employees is accrued as an expense when incurred in the Proprietary Fund, which uses the accrual basis of accounting. In the Governmental Funds, only the amount that normally would be liquidated with expendable available financial resources is accrued as current year expenditures. Unless it is anticipated that compensated absences will be used in excess of a normal year's accumulation, no additional expenditures are accrued.

Deferred Outflows/Inflows of Resources

The statement of net position includes a separate section for deferred outflows of resources. The separate financial statement element represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense) until then. The City's deferred outflow of resources is its pension obligation. The pension obligation is the difference between projected and actual investment earnings, the changes in assumptions, the change the City's proportionate share of the City's net pension liability, and the contributions subsequent to the measurement date of the City's net pension liability.

In addition to the liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until then. The City has one item that qualify for reporting in the category: the deferred pension obligation. The employer deferred pension obligation results from the difference between the expected and actual experience of the pension plan and the net difference between projected and actual investment earnings on the pension plan investments.

Advanced Revenue

The City reports advanced revenues on its Statement of Net Position and Fund Balance Sheet. Advanced revenues arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the City has a legal claim to the resources, the liability for advanced revenue is removed from the balance sheet and the revenue is recognized.

Pensions

For purposes of measuring the net pension asset and pension expense offset, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from the Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

For government-wide reporting as well as in the proprietary fund, the difference between assets and deferred outflows of resources less liabilities and deferred inflows or resources is called net position. Net position is comprised of three components: investment in capital assets, restricted and unrestricted.

Investment in capital assets – consists of capital assets, net of accumulated depreciation.

Restricted net position – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, if applicable. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislature.

Unrestricted net position – consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

The City may fund outlays for a particular purpose from both restricted and unrestricted sources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balances

Fund balance of governmental funds is reported in various categories based on the nature of any limitation requiring the use for specific purposes. Fund balances in the governmental balance sheet are categorized as follows:

Non-spendable - when the resources cannot be spent because they are either legally or contractually required to be maintained intact, or are in a non-spendable form such as inventories, prepaid accounts, and assets held for resale.

Restricted - when the constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - when the City Council passes an ordinance or resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the ordinance or resolution at any time through passage of an additional ordinance or resolution, respectively.

Assigned - when it is intended for a specific purpose and the authority to “assign” is delegated to the City’s Chief Financial Officer.

Unassigned - fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, assigned, or deemed as non-spendable within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

The City Council adopted a Fund Balance Policy that establishes a practice of reserving four months of the current year budget of personnel and recurring annual operating costs as minimum fund balance needed to ensure sufficient cash flow to meet the City’s obligations. This reserve will be in the unassigned fund balance. This policy also recommends a spending order of restricted, committed, assigned and then unassigned unless Council approves otherwise.

Risk Management

The City is exposed to various risks of loss related to theft of, damage to, or destruction of assets. The City participates in a public entity risk pool, Idaho Counties Risk Management Pool (ICRMP), for liability, medical and disability insurance. The City's exposure to loss from its participation in ICRMP is limited only to the extent of their deductible.

Estimates

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 reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Cash and Investments

Cash and investments as of September 30, 2021 are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 105,175,337
Cash and cash equivalents - restricted	<u>22,982,449</u>
Total cash and cash equivalents	<u>\$ 128,157,786</u>
Investments	\$ 69,024,306
Investments - restricted	<u>2,267,378</u>
Total Investments	<u>\$ 71,291,684</u>
Cash - fiduciary activities	<u>\$ 1,597,283</u>
Total cash - fiduciary activities	<u>\$ 1,597,283</u>

Investments Authorized by the State of Idaho and the City of Meridian’s Investment Policy

Investment types that are authorized for the City of Meridian by the Idaho Code and the City’s investment policy are as follows:

1. Local, State and U.S. Agency Bonds
2. U. S. Agency Securities
3. Certificates of Deposit

The City also participates in the State of Idaho Local Investment Pool (LGIP) and the State of Idaho Diversified Bond Fund (DBF). Both the LGIP and the DBF are regulated by Idaho Code under the oversight of the Treasurer of the State of Idaho. The Pools are not registered with the Securities and Exchange Commission or any other regulatory body. The State Treasurer does not provide any legally binding guarantees to support the value of the shares to participants.

The LGIP is a low risk investment pool with high liquidity. Therefore, the City’s investment in the pool is reported as a cash equivalent in the accompanying financial statements as it does not meet the definition of an investment. The LGIP is not currently rated by a nationally recognized rating agency. The funds are invested in short-term investments in the priority order of safety, liquidity, and yield.

The DBF invests in longer term investment vehicles with higher returns over time than the LGIP. The DBF is not currently rated by a nationally recognized rating agency. However, the investment guidelines require that funds be invested in high quality securities that provide a high level of return, with a reasonable level of risk while meeting or exceeding the Barclay’s Capital Intermediate A+ Aggregate Fixed Income Index. The City invests money in the DBF that it does not expect to need within the next three to five years. The City’s investment in the DBF is reported based on its pro-rata share of the fair market value provided by the fund for the entire portfolio.

Fair Value Hierarchy

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value. The following provides a summary of the hierarchy used to measure fair value.

- Level 1 – Inputs are quoted prices in active markets for identical assets.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly, including quoted prices for similar assets or liabilities.
- Level 3 – Valuations derived from valuation techniques in which significant valuation drivers are observable.

The City’s investment at September 30, 2021 are valued using the net assets value (NAV) per share, as noted below. Investments valued using the NAV generally do not have readily obtainable market values and are instead valued based on the City’s pro-rata share of the pool’s fair value of the underlying assets.

Investments measured at the net asset value (NAV)

State of Idaho Diversified Bond Fund (DBF)	\$ 71,291,686
Total investments at NAV	\$ 71,291,686

Oversight for the Diversified Bond Fund is with the Idaho State Treasurer and Idaho Code, which defines allowable investments. In general, the investment guidelines require that funds be invested in high quality securities in a manner that provides higher total return than the shorter pools given a reasonable level of risk measured over a long period.

Securities in DBF are shared positions valued at current market values. The City values these investments based on information provided by the State of Idaho Treasurer’s Office. The following table presents the unfunded commitments, redemption frequency and the redemption notice period for the City’s investments measured at the NAV:

Investments Measured at the NAV				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
State of Idaho Diversified Bond Fund (DBF)	\$ 71,291,686	None	Monthly	5-25 days

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. This risk can be managed using a calculation called duration that uses various inputs such as yield and years until maturity to estimate interest rate risk. Generally, the higher the duration number, the higher the risk. The City manages exposure to interest rate risk by purchasing a combination of long and short-term investments. The City manages the portfolio so it is not necessary to sell securities before maturity. The City’s policy does not limit the duration of the investments.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Duration</u>
Idaho Diversified Bond Fund (DBF)	\$ 71,291,686	not rated	2.56 years
Idaho Local Government Investment Pool (LGIP)	115,700,551	not rated	0.36 years
Money market funds	1,647,765	not rated	
Other cash amounts	<u>10,809,468</u>		
Total cash and investments	<u>\$ 199,449,470</u>		

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City’s investment policy is consistent with the State Code related to credit risk.

Concentration of Credit Risk

When investments are concentrated in one issuer this concentration represents increased risk of potential loss. The GASB has adopted a principal that governments should provide note disclosure when five percent of the entity’s total investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. Government, mutual funds, and other pooled investments are exempt from disclosure. The City’s investment policy has no limitations on the amount that can be invested in any one issuer.

Other than State Investment Pools, no single issuer exceeded 5% or more of the City’s total investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

At year end, the carrying amount of the City's cash deposits was \$128,157,786 and the bank balance was \$128,171,059. Of the bank balance \$250,000 was covered by federal depository insurance, \$1,647,765 was collateralized with securities held at the Federal Home Bank of Seattle for First Interstate Bank and pledged to the City of Meridian, \$115,423,030 was held by the State of Idaho Local Group Investment Pool, and the remainder of the City's deposits of \$10,850,264 with First Interstate Bank are secured in an undivided collateral pool for public agencies.

It is the City's policy to minimize exposure to custodial credit risk with investments by requiring that to the extent possible they be identified as to City of Meridian ownership and be held in the City's name. The City further reduces risk by confining investments to insured levels in any one institution.

Note 3 - Due from Other Governmental Units

The following summarizes the intergovernmental receivables at September 30, 2021:

State of Idaho		
State Liquor Dispensary	\$	369,626
State Tax Commission		3,668,679
Idaho Transportation Department		14,039
Idaho Attorney General		13,214
Federal agencies		91,116
Other Governmental Agencies		
Meridian Rural Fire District		201,105
Ada County		36,991
		\$ 4,394,770
Total Due from Other Governmental Units		\$ 4,394,770

Note 4 - Note Receivable

In December 2014, the City entered into an agreement to annex the homes in a subdivision outside of city limits and provide them with water and sewer service. The subdivision had a utility district, Meridian Heights Water and Sewer District (MHWS), which was dissolved in December 2014 upon approval from the District Court. All assets and liabilities of MHWS were transferred to the City at that time, including MHWS's debt of \$1,280,294, which is being repaid to the City by the former members of MHWS over a period of 20 years at an interest rate of 3.5% as follows:

	Beginning Balance as of Oct 1, 2020	Interest and Adjustments	Payments	Ending Balance as of Sep 30, 2021
Long-term note receivable	\$ 525,836	\$ 17,221	\$ (125,370)	\$ 417,687

Minimum payments expected to be received are as follows:

<u>Fiscal Year</u>	<u>Annual Payment</u>
2022	\$ 45,240
2023	45,240
2024	45,240
2025	45,240
2026	45,240
2027-2031	<u>191,487</u>
Total	<u>\$ 417,687</u>

Note 5 - Capital Assets

Changes to capital assets are as follows:

Governmental Activities	Balance Oct. 1, 2020	Additions	Deletions	Transfers	Balance Sept. 30, 2021
Capital assets, not depreciated					
Land	\$ 30,479,288	\$ 75,305	\$ 469	\$ -	\$ 30,554,124
Easements	1,388,600	986,499	-	-	2,375,099
Construction in progress	831,531	1,529,112	-	(410,539)	1,950,104
Total capital assets, not depreciated	<u>32,699,419</u>	<u>2,590,916</u>	<u>469</u>	<u>(410,539)</u>	<u>34,879,327</u>
Capital assets, depreciated					
Buildings	50,477,173	2,376,341	-	283,871	53,137,385
Improvements other than buildings	52,671,569	450,143	-	51,810	53,173,522
Internally developed software	464,311	49,855	-	-	514,166
Equipment	18,776,666	1,719,466	912,779	74,858	19,658,211
Total capital assets, depreciated	<u>122,389,719</u>	<u>4,595,805</u>	<u>912,779</u>	<u>410,539</u>	<u>126,483,284</u>
Less accumulated depreciation for					
Buildings	15,349,281	1,738,198	-	-	17,087,479
Improvements other than buildings	19,136,755	2,540,322	-	-	21,677,077
Internally developed software	153,076	84,288	-	-	237,364
Equipment	12,419,314	1,737,622	738,133	-	13,418,803
Total accumulated depreciation	<u>47,058,426</u>	<u>6,100,430</u>	<u>738,133</u>	<u>-</u>	<u>52,420,723</u>
Total net capital assets, depreciated	<u>75,331,293</u>	<u>(1,504,625)</u>	<u>174,646</u>	<u>-</u>	<u>74,062,561</u>
Governmental activities capital assets, net	<u>\$ 108,030,712</u>	<u>\$ 1,086,291</u>	<u>\$ 175,115</u>	<u>\$ -</u>	<u>\$ 108,941,888</u>

City of Meridian, Idaho
Notes to Financial Statements
September 30, 2021

Business-Type Activities	Balance Oct. 1, 2020	Additions	Deletions	Transfers	Balance Sept. 30, 2021
Capital assets, not depreciated					
Land	\$ 6,257,882	\$ -	\$ 8,569	\$ -	\$ 6,249,313
Easements	16,439,400	3,160,954	-	-	19,600,354
Construction in progress	3,673,240	5,828,514	2,534	(1,118,629)	8,380,591
Total capital assets, not depreciated	<u>26,370,522</u>	<u>8,989,468</u>	<u>11,103</u>	<u>(1,118,629)</u>	<u>34,230,258</u>
Capital assets, depreciated					
Buildings and improvements other than buildings	150,578,568	449,239	-	148,983	151,176,790
Sewer and water lines	244,787,992	11,283,905	-	969,646	257,041,543
Machinery and equipment	54,927,816	205,710	26,757	-	55,106,769
Total capital assets, depreciated	<u>450,294,376</u>	<u>11,938,854</u>	<u>26,757</u>	<u>1,118,629</u>	<u>463,325,102</u>
Less accumulated depreciation for					
Buildings and improvements other than buildings	40,700,231	6,757,805	-	-	47,458,036
Sewer and water lines	57,220,581	5,016,274	-	-	62,236,855
Machinery and equipment	26,010,321	2,360,128	24,225	-	28,346,224
Total accumulated depreciation	<u>123,931,133</u>	<u>14,134,207</u>	<u>24,225</u>	<u>-</u>	<u>138,041,115</u>
Total net capital assets, depreciated	<u>326,363,243</u>	<u>(2,195,353)</u>	<u>2,532</u>	<u>1,118,629</u>	<u>325,283,987</u>
Business-type activities capital assets, net	<u>\$ 352,733,765</u>	<u>\$ 6,794,115</u>	<u>\$ 13,635</u>	<u>\$ -</u>	<u>\$ 359,514,245</u>

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

Governmental activities	
General government	\$ 1,452,689
Public safety	1,833,597
Parks and recreation	<u>2,814,144</u>
Total depreciation expense - governmental activities	<u>\$ 6,100,430</u>
Business-type activities	
Water and Sewer	<u>\$ 14,134,207</u>
Total depreciation expense - business-type activities	<u>\$ 14,134,207</u>

Note 6 - Interfund Balances and Transfers

The following transfers were made for the purpose of funding operations:

	Transfer In		Total
	General Fund	Capital Projects Fund	
Transfer out			
General fund	\$ -	\$ 3,646,860	\$ 3,646,860
Enterprise fund	2,733,024	-	2,733,024
Total transfers	\$ 2,733,024	\$ 3,646,860	\$ 6,379,884

The transfer from the enterprise fund to the general fund was related to personnel and operating costs that were paid by the general fund during FY2021. The transfer from the general fund to the capital projects fund includes \$3,464,073 from the excess of building permit revenues from prior year and \$182,787 from commitments during budget development by City Council.

Note 7 - Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended September 30, 2021:

	Balance Oct.1, 2020	Obligation Issued	Obligation Retired	Balance Sept. 30, 2021	Due Within One Year
Governmental Activities					
Accrued vacation	\$ 2,650,596	\$ 3,282,917	\$ 2,896,759	\$ 3,036,754	\$ 333,544
Business-Type Activities					
Accrued vacation	\$ 381,179	\$ 495,193	\$ 380,042	\$ 496,330	\$ 49,633
Settlement payable	240,000	-	-	240,000	-
	\$ 621,179	\$ 495,193	\$ 380,042	\$ 736,330	\$ 49,633

Note 8 - Fund Balances – Governmental Funds

	Balance Oct. 1, 2020	Net Change	Balance Sept. 30, 2021
Fund Balances			
Nonspendable			
Prepays	\$ 320,752	\$ 1,589,182	\$ 1,909,934
Inventory for Lakeview Golf Course	-	74,005	74,005
Restricted			
Impact fund	17,979,714	5,856,402	23,836,116
Impact fund budget carryforward	2,409,101	(95,352)	2,313,749
Grant fund	-	172	172
Committed			
Capital projects fund	10,881,948	2,781,500	13,663,448
Capital projects budget carryforward	4,219,077	(1,052,795)	3,166,282
Public safety fund	2,715,692	751,317	3,467,009
Public safety budget carryforward	-	63,833	63,833
Assigned			
General fund budget carryforward	1,702,222	1,263,757	2,965,979
Comm. Dev. excess revenue transfer	3,464,073	(198,762)	3,265,311
Operating reserve	-	14,114,850	14,114,850
Emergency reserve	-	4,840,878	4,840,878
Unassigned	45,394,739	(13,229,574)	32,165,165
Total fund balances	<u>\$ 89,087,318</u>	<u>\$ 16,759,413</u>	<u>\$ 105,846,731</u>

Note 9 - Lease Agreements

The City has operating leases for office equipment and short-term land use. In FY2014 the City entered into a prepaid irrevocable use 20 year agreement with Syringa Networks, LLC for the right to use certain dark fiber in the Syringa Networks System. The City incurred costs of \$1,385,250 associated with the Syringa agreement. As of September 30, 2021, the related accumulated depreciation was \$490,609. The City has no ownership rights now or in the future in the fiber, but prepayment is considered an asset and recorded as a capital asset. The agreement also requires that the City pay annual maintenance and operating costs for a period of twenty years.

The equipment lease agreements cover periods from 2014 through 2033, and the minimum annual payments range from \$3,514 to \$13,800. Total rental expense in FY2021 for all operating leases (which include rental, maintenance and usage) was approximately \$142,740.

Future minimum annual lease payments for operating leases with remaining lease terms in excess of one year are as follows:

Operating Leases

2022	\$	17,314
2023		17,314
2024		17,314
2025		17,314
2026		14,971
Years 2027 - 2031		69,000
Years 2032 - 2036		<u>14,375</u>
 Total minimum obligations	 \$	 <u>167,602</u>

Note 10 - Defined Benefit Pension Plan

Plan Description

The City contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2021 it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The City's contributions were \$4,435,365 for the year ended September 30, 2021.

Pension Liabilities (Assets), Pension Expense (Expense Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2021, the City reported an asset for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2021, the City's proportion was 0.99528992 percent compared to 0.95173640 percent at June 30, 2020.

For the year ended September 30, 2021, the City recognized pension expense offset of \$183,651. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,158,150	\$ 456,911
Changes in assumptions or other inputs	9,022,949	-
Net difference between projected and actual earnings on pension plan investments	-	24,689,522
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	1,300,192	-
City contributions subsequent to the measurement date	1,110,780	-
Total	\$ 12,592,071	\$ 25,146,433

The City reported \$1,110,780 as deferred outflows of resources related to the pension resulting from Employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension asset in the year ending September 30, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2020, the beginning of the measurement period ended June 30, 2021, is 4.7 and 4.6 for the measurement period June 30, 2020.

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

Years Ended September 30,

2022	\$ (2,992,510)
2023	(2,763,602)
2024	(2,517,613)
2025	<u>(5,391,417)</u>
	<u>\$ (13,665,142)</u>

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability (asset) in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30 %
Salary increases	3.05 %
Salary inflation	3.05%
Investment rate of return	6.35 %, net of pension plan investment expenses
Cost-of-living (COLA) adjustments	1.00 %

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%.

General Employees and All Beneficiaries - Females Pub-2010 General Tables, increased 21%.

Teachers - Males Pub-2010 Teacher Tables, increased 12%.

Teachers - Females Pub-2010 Teacher Tables, increased 21%.

Fire & Police - Males Pub-2010 Safety Tables, increased 21%.

Fire & Police - Females Pub-2010 Safety Tables, increased 26%.

Disabled Members - Males Pub-2010 Disabled Tables, increased 38%.

Disabled Members - Females Pub-2010 Disabled Tables, increased 36%.

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The total pension liability (asset) as of June 30, 2021 is based on the results of an actuarial valuation date July 1, 2021.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are:

Capital Market Assumptions from Callan 2021

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	1.80%	(0.20)%
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term Expected Geometric Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term Expected Geometric Rate of Return, Net of Investment Expenses		5.15%	3.06%

Investment Policy Assumptions from PERSI Board November 2019

Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.14%
Portfolio Standard Deviation	14.16%

Economic/Demographic Assumptions from Milliman 2021

Valuation Assumptions Chosen by PERSI Board	
Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.05%
Assumed Inflation*	2.30%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	6.35%

*2.30% was approved by the Board dated August 2021

Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset). The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of The Employer's Proportionate Share of The Net Pension Liability (Asset) To Changes In The Discount Rate.

The following presents the Employer's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.35 percent, as well as what the Employer's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	<u>1% Decrease (5.35%)</u>	<u>Current Discount Rate (6.35%)</u>	<u>1% Increase (7.35%)</u>
Employer's proportionate share of the net pension liability (asset)	<u>\$ 27,325,100</u>	<u>\$ (786,059)</u>	<u>\$ (23,829,341)</u>

Pension Plan Fiduciary Net Position

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

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to The Pension Plan

At September 30, 2021, the City reported payables to the defined benefit pension plan of \$361,564 for legally required employer contributions and \$245,895 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Note 11 - Other Commitments

The City had the following commitments at September 30, 2021:

Commitments	Amount
Animal Control Services	\$ 616,797
Buildings & Structures	1,911,681
Contracted Services	1,105,650
Dues & Contributions	823,417
Electronics & Software	86,762
Equipment & Vehicles	445,919
Grant Funded Expenditures	107,620
Insurance	408,262
Janitorial Services	365,198
Parks/Pathways Construction & Improvements	667,933
Professional Services	299,183
Wastewater Improvements	2,439,691
Water/Sewer Line Improvements	1,357,012
Well Improvements	2,392,901
Total Commitments	\$ 13,028,026

Note 12 - Contingent Liabilities

The City has been named as a defendant in various legal actions, the results of which are not presently determinable, except as described below. However, in the opinion of the City Attorney, the amount of losses that might be sustained, if any, would not materially affect the City's financial position.

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Any disallowed claims, including amounts already collected, could become a liability of the City. City management believes disallowances, if any, will not be material.

In 2006, the City entered into an agreement with a developer to jointly provide water and sewer services for a subdivision under development (Bittercreek Meadows Subdivision Homeowners Association), outside the City limits. The developer put in a well and turned it over to the City so that homeowners could connect to the City water system. Since the development did not grow beyond 24 lots the City was not able to provide sewer and water services. In 2011, the agreement was nullified and the City paid damages to the developer, reimbursed the existing homeowners for their cost to connect to City water, deeded back the well, the well lot, a lift station lot, and land easements to the homeowners.

In 2014, the City of Meridian entered into a Settlement and Mutual Release Agreement with Bittercreek Meadows Subdivision Homeowners Association in which the City agreed to connect 24 lots to the City of Kuna's wastewater treatment plant. The cost to do this is not known since it is dependent on development of adjoining vacant land but an estimated cost of \$240,000 was recorded and is reflected in the Statement of Net Position for our Proprietary Fund.

Note 13 - Related Party

The City partners with Meridian Development Corporation (MDC) for various downtown improvements. During the year ended September 30, 2021, the City reimbursed MDC \$274,463 for URA allocation of Governor's Public Safety Initiative and MDC agreed to contribute \$16,891 for Concerts of Broadway, traffic box wrap and downtown streetscape projects in the City.

Note 14 - Component Unit

The Meridian Development Corporation (MDC) is created by and exists under the Idaho Urban Renewal Law of 1965, as amended, and is a separate legal entity. In July 2016, the City approved the establishment of MDC's second district, known as the Ten Mile District. A third district was established in June 2020, known as Union Block District.

MDC – Cash and Cash Equivalents

As of September 30, 2021, the account balance of the checking account was \$279,330. As of September 30, 2021, the account balance of the money market account was \$5,351,317. \$5,380,647 was uninsured and uncollateralized as of September 30, 2021. Cash is held in the custody of Washington Trust Bank in MDC's name.

MDC – Capital Assets

Changes to capital assets are as follows:

	Balance Oct. 1, 2020	Additions	Deletions	Transfers	Balance Sept. 30, 2021
Governmental Activities					
Capital assets, not depreciated					
Land	\$ 672,384	\$ -	\$ -	\$ -	\$ 672,384
Total capital assets, not depreciated	<u>672,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 672,384</u>
Capital assets, depreciated					
Equipment	1,843	-	(1,843)	-	-
Intangibles	180,160	-	-	-	180,160
Total capital assets, depreciated	<u>182,003</u>	<u>-</u>	<u>(1,843)</u>	<u>-</u>	<u>180,160</u>
Less accumulated depreciation for					
Equipment	(1,843)	-	1,843	-	-
Intangibles	(180,160)	-	-	-	(180,160)
Total accumulated depreciation	<u>(182,003)</u>	<u>-</u>	<u>1,843</u>	<u>-</u>	<u>(180,160)</u>
Total net capital assets, depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Governmental activities capital assets, net	<u>\$ 672,384</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 672,384</u>

MDC – Changes in Long-Term Debt

MDC has a promissory note for \$1,274,000, with an outstanding balance as of September 30, 2021, of \$50,744. The note matures on March 5, 2022 with a fixed interest rate of 3.51% collateralized by real property.

The following is a summary of changes in debt of MDC for the year ended September 30, 2021.

	October 1, 2020	Debt Issued	Debt Retired	September 30, 2021
Governmental Activities				
Note payable - building	\$ 170,356	\$ -	\$ (119,612)	\$ 50,744
Current Portion of Note Payable				<u>\$ 50,744</u>

Maturities of the note payable are as follows for the years ended September 30:

Fiscal Year	Principal	Interest	Total
2022	\$ 50,744	\$ 449	\$ 51,193
Totals	<u>\$ 50,744</u>	<u>\$ 449</u>	<u>\$ 51,193</u>

MDC – Line of Credit

Washington Trust Bank extended a revolving line of credit to MDC that provides for available borrowings up to \$100,000. The agreement matures on June 30, 2022 and is unsecured. Borrowings under the line of credit bear variable interest rate at 5.5% per annum. There were no amounts outstanding on the line as of September 30, 2021. Borrowings under the line of credit are subject to certain covenants and restrictions on indebtedness and dividend payments.

MDC – Commitments and Contingencies

On February 8, 2017, amended on March 13, 2018, MDC entered into an Owner Participation Agreement with Ten Mile Crossing, Inc., Brighton Corporation, SCS Brighton LLC, Brighton Investments LLC, SCS Investments LLC, and SBG Ten Mile Office No. 1, LLC (the Developers) to carry out the approved urban renewal plan. This agreement contemplates that the Developers will develop the property by constructing private improvements. Eligible public improvements are to be constructed in phases and reimbursed from future tax increment revenues. As of September 30, 2021, the Developers have incurred life-to-date eligible expenses and requested reimbursements totaling \$5,071,911. Of this amount, \$1,199,267 was paid by MDC in fiscal year 2021 and \$356,473 was paid by MDC in prior fiscal years. The remaining amount of \$3,516,171 is to be paid, contingent upon the future receipt of tax increment.

Note 15 - Subsequent Events

Subsequent to year end, the City entered into an agreement with Western Ada Recreation District to operate a public swimming pool located adjacent to Storey Park (Pool) and a .57-acre public park located 1031 E. Tammy Street in Settler Village Subdivision (Park). The agreement commenced on February 8, 2022 and will cease September 2024. During the term of this agreement, City's maintenance of the Pool and Park includes all necessary activities to maintain current operations such as hiring staff directly as City employees, or by an independent staffing agency or some combination thereof. The City will collect and retain revenues from these two operations during the term of this agreement.



Required Supplementary Information
September 30, 2021

City of Meridian, Idaho

City of Meridian, Idaho
 Schedule of Employer's Share of Net Pension Liability (Asset) and Employer Contributions
 Year Ended September 30, 2021

Schedule of Employer's Share of Net Pension Liability (Asset)
 PERSI - Base Plan
 Last 10 - Fiscal Years *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's portion of net pension liability (asset)	(0.99528992%)	0.95173640%	0.91855720%	0.86932910%	0.83853670%	0.83279220%	0.83092250%	0.78774420%
Employer's proportionate share of the net pension liability (asset)	\$ 786,060	\$ 22,100,578	\$ 10,485,074	\$ 12,822,757	\$ 13,180,357	\$ 16,881,978	\$ 10,941,899	\$ 5,799,030
Employer's covered payroll	37,294,313	34,691,943	31,370,306	28,067,928	26,158,967	24,506,473	23,418,704	21,670,660
Employer's proportional share of the net pension liability (asset) as a percentage of its covered payroll	(2.11%)	63.71%	33.42%	45.68%	50.39%	68.89%	46.72%	26.76%
Plan fiduciary net position as a percentage of the total pension liability (asset)	(100.36%)	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%	94.95%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Data reported is measured at the measurement date which is as of June 30 of each year.

City of Meridian, Idaho
 Schedule of Employer's Share of Net Pension Liability (Asset) and Employer Contributions
 Year Ended September 30, 2021

Schedule of Employer's Share of Net Pension Liability (Asset)
 PERSI - Base Plan
 Last 10 - Fiscal Years *

	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ (3,929,693)	\$ 3,734,052	\$ 3,514,771	\$ 3,375,966	\$ 2,827,648	\$ 2,475,578	\$ 2,717,964	\$ 2,560,496
Contributions in relation to the statutorily required contribution	4,487,967	4,134,783	3,669,576	3,228,459	3,001,437	2,796,909	2,682,620	2,461,739
Contribution (deficiency) excess	8,417,661	400,731	154,805	(147,507)	173,789	321,331	(35,344)	(98,758)
Employer's covered payroll	38,316,891	34,957,831	32,747,790	28,750,964	26,645,195	24,966,360	24,029,237	22,142,233
Contributions as a percentage of covered payroll	11.71%	11.83%	11.21%	11.23%	11.26%	11.20%	11.16%	11.12%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Data reported is measured as of September 30 of each year.

City of Meridian, Idaho

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 39,282,350	\$ 39,282,350	\$ 30,628,429	\$ (8,653,921)
Licenses and permits	6,211,909	6,211,909	9,894,134	3,682,225
Intergovernmental	9,812,902	13,809,912	26,561,175	12,751,263
Franchise fees	1,478,505	1,478,505	1,759,563	281,058
Fines and forfeitures	434,759	434,759	525,451	90,692
Charges for services	1,697,282	1,763,732	4,145,773	2,382,041
Impact revenues	5,812,075	5,812,075	6,973,479	1,161,404
Donations	-	15,045	23,005	7,960
Interest	416,589	416,589	452,260	35,671
Miscellaneous	-	2,255	70,686	68,431
Total revenues	65,146,371	69,227,131	81,033,955	11,806,824
Expenditures				
General government personnel costs	6,039,699	5,979,946	5,812,223	167,723
General government operating expense	4,064,074	9,086,957	4,071,360	5,015,597
Public safety				
Police personnel costs	20,045,428	20,161,947	19,116,254	1,045,693
Police operating expense	3,273,335	3,465,194	3,249,311	215,883
Fire personnel costs	12,235,774	12,257,929	12,536,582	(278,653)
Fire operating expense	2,012,993	1,966,847	1,856,501	110,346
Parks and recreation personnel costs	3,649,530	3,686,136	3,892,147	(206,011)
Parks and recreation operating expense	2,374,317	3,278,350	3,475,395	(197,045)
Community development personnel costs	3,951,319	4,002,999	3,630,889	372,110
Community development operating expense	2,266,348	2,479,222	3,318,284	(839,062)
Capital outlay				
General government	671,590	1,156,225	357,005	799,220
Public safety				
Police	3,327,249	2,006,695	1,514,521	492,174
Fire	3,015,000	3,113,601	779,458	2,334,143
Parks and recreation	3,119,054	3,016,374	1,345,974	1,670,400
Community development	58,107	65,697	34,310	31,387
Total expenditures	70,103,817	75,724,119	64,990,214	10,733,905
Excess (Deficiency) of Revenues over (Under) Expenditures	(4,957,446)	(6,496,988)	16,043,741	22,540,729

City of Meridian, Idaho

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund
Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Other Financing Sources (Uses)				
Operating transfer in	3,162,318	3,162,318	2,733,024	(429,294)
Operating transfer out	(430,867)	(430,867)	(3,646,860)	(3,215,993)
Unrealized gain (loss) on investments	-	-	(229,533)	(229,533)
Gain on sale of capital assets	-	-	130,336	130,336
Total other financing sources (uses)	<u>2,731,451</u>	<u>2,731,451</u>	<u>(1,013,033)</u>	<u>(3,744,484)</u>
Excess (Deficiency) of Revenues				
Other Sources (Uses) over (Under)				
Expenditures	<u>(2,225,995)</u>	<u>(3,765,537)</u>	<u>15,030,708</u>	
Fund Balance, Beginning of Year	<u>73,986,293</u>	<u>73,986,293</u>	<u>73,986,293</u>	
Fund Balance, End of Year	<u>\$ 71,760,298</u>	<u>\$ 70,220,756</u>	<u>\$ 89,017,001</u>	

Note 1 - Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

Prior to September 1, the CFO, Department Directors, Mayor, and City Council prepare a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted at City Hall to obtain taxpayer comments.

Prior to October 1, the budget is legally enacted through passage of an ordinance.

Budgets are not adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general fund. Budgets for enterprise funds are not legally required but are adopted on a non-GAAP basis. All annual appropriations lapse at fiscal year-end. Revisions that alter the total expenditure appropriation of any fund must be approved by the City Council. State law does not allow fund expenditures to exceed fund appropriations. The budget presented in the report has been amended.

Formal budgetary integration is employed as a management control device during the year for all funds.



Other Information
September 30, 2021

City of Meridian, Idaho

City of Meridian, Idaho

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund
Year Ended September 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Interest	\$ -	\$ -	\$ 59,321	\$ 59,321
Total revenues	-	-	59,321	59,321
Expenditures				
General government capital outlay	4,195,000	5,119,681	1,977,476	3,142,205
Parks and recreation capital outlay	24,077	24,077	-	24,077
Total expenditures	4,219,077	5,143,758	1,977,476	3,166,282
Excess (Deficiency) of revenues over (Under) Expenditures	(4,219,077)	(5,143,758)	(1,918,155)	3,225,603
Other Financing Sources (Uses)				
Operating transfer in	182,787	182,787	3,646,860	3,464,073
Total other financing sources (uses)	182,787	182,787	3,646,860	3,464,073
Excess (Deficiency) of Revenues and Other Sources (Uses) over (Under) Expenditures	(4,036,290)	(4,960,971)	1,728,705	6,689,676
Fund Balance, Beginning of Year	15,101,025	15,101,025	15,101,025	
Fund Balance, End of Year	\$ 11,064,735	\$ 10,140,054	\$ 16,829,730	

City of Meridian, Idaho

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Enterprise Fund
Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Water sales	\$ 9,749,627	\$ 9,749,627	\$ 10,001,393	\$ 251,766
Sewer sales	17,560,726	17,560,726	17,916,059	355,333
Other service revenues	270,000	370,000	683,211	313,211
Sale of meters	464,517	464,517	712,339	247,822
Trash billing service	825,935	825,935	1,106,180	280,245
Engineering fees	280,000	280,000	595,881	315,881
Assessment revenue and cash donations	15,032,658	16,031,276	18,578,003	2,546,727
Interest	401,483	401,483	562,286	160,803
Miscellaneous	-	-	12,885	12,885
Total revenues	<u>44,584,946</u>	<u>45,683,564</u>	<u>50,168,237</u>	<u>4,484,673</u>
Expenditures				
Administration personnel costs	4,886,178	4,867,861	4,480,756	387,105
Administration operating expenses	1,680,284	2,719,125	1,567,574	1,151,551
Water personnel costs	2,370,011	2,379,167	2,289,797	89,370
Water operating expenses	3,699,339	3,678,813	3,071,539	607,274
Wastewater personnel costs	3,630,487	3,639,648	3,374,999	264,649
Wastewater operating expenses	3,929,710	3,904,982	3,732,013	172,969
Capital outlay	34,698,295	31,352,669	6,852,203	24,500,466
Total expenditures	<u>54,894,304</u>	<u>52,542,265</u>	<u>25,368,881</u>	<u>27,173,384</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(10,309,358)</u>	<u>(6,858,701)</u>	<u>24,799,356</u>	<u>31,658,057</u>
Other Financing Sources (Uses)				
Operating transfer out	(2,914,233)	(2,914,233)	(2,733,024)	181,209
Unrealized gain on investments	-	-	(377,038)	(377,038)
Gain (loss) on sale of capital assets	(146,908)	(30,000)	170,208	200,208
Total other financing sources (uses)	<u>(3,061,141)</u>	<u>(2,944,233)</u>	<u>(2,939,854)</u>	<u>4,379</u>
Excess (Deficiency) of Revenues and Other Sources (Uses) over (Under) Expenditures	<u>(13,370,499)</u>	<u>(9,802,934)</u>	<u>21,859,502</u>	
Fund Balance, Beginning of Year	<u>63,773,551</u>	<u>63,773,551</u>	<u>63,773,551</u>	
Fund Balance, End of Year	<u>\$ 50,403,052</u>	<u>\$ 53,970,617</u>	<u>85,633,053</u>	
Non-cash transactions:				
Deferred outflows			2,266,573	
Deferred inflows			(4,526,358)	
Net pension asset			141,490	
Non current liabilities			(552,813)	
Accrued vacation			(446,697)	
Net invested in capital assets			359,514,245	
Retainage			78,290	
Net Position, GAAP Basis, End of Year			<u>\$ 442,107,783</u>	



Single Audit Section
September 30, 2021

City of Meridian, Idaho



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Mayor and Members of the City Council
City of Meridian, Idaho
Meridian, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Meridian, Idaho (the City) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated February 18, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
February 18, 2022



Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Mayor and Members of the City Council
City of Meridian, Idaho
Meridian, Idaho

Report on Compliance for the Major Federal Program

We have audited City of Meridian, Idaho's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal program for the year ended September 30, 2021. The City's major federal program are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended September 30, 2021.

Report on Internal Control over Compliance

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

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

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

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



Boise, Idaho
February 18, 2022

City of Meridian, Idaho
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures	Amounts Passed-Through to Subrecipients
US Department of Homeland Security				
<i>Passed Through Idaho State Department of Emergency Management</i>				
Idaho Office of Emergency Management	97.036	001-52120-00	\$ 4,704	\$ -
Total US Department of Homeland Security			<u>4,704</u>	<u>-</u>
US Department of Housing and Urban Development				
Community Development Block Grant				
Entitlement Grants Cluster				
Community Development Block Grants	14.218		360,960	105,624
COVID-19 CDBG CARES Grant	14.218		<u>133,522</u>	<u>128,216</u>
Total US Department of Housing and Urban Development			<u>494,482</u>	<u>233,840</u>
US Department of Health and Human Services				
<i>Passed Through Idaho Office of Drug Policy</i>				
Strategic Prevention Framework	93.243	1H79SP080981-01	<u>6,757</u>	<u>-</u>
Total US Department of Health and Human Services			<u>6,757</u>	<u>-</u>
US Department of Transportation				
<i>Passed Through Idaho State Department of Transportation</i>				
Highway Safety Cluster				
Traffic Enforcement Mobilization	20.600	PT-2020-00-00-00	<u>25,922</u>	<u>-</u>
Total US Department of Transportation			<u>25,922</u>	<u>-</u>
US Department of Treasury				
<i>Passed Through Idaho State Controllers Office</i>				
COVID-19 Coronavirus Aid, Relief, and Economic Security Act	21.019	112260	1,268,997	-
<i>Passed Through Idaho State Governor's Office</i>				
Governor's Public Safety Initiative				
COVID-19 Coronavirus Aid, Relief, and Economic Security Act	21.019	2020-15	<u>9,612,178</u>	<u>274,463</u>
Total COVID-19 Coronavirus Aid, Relief, and Economic Security Act			10,881,175	274,463
<i>Passed Through Idaho Commission on the Arts</i>				
National Endowment for the Arts				
COVID-19 Coronavirus Aid, Relief, and Economic Security Act	45.025	1855939-61-19	1,080	-
<i>Passed Through Idaho State Department of Labor</i>				
Assistance for Unemployment				
Assistance for Unemployment	97.044	EMW-2012-FR-	<u>1,645</u>	<u>-</u>
Total US Department of Treasury			<u>10,883,900</u>	<u>548,926</u>
Total Expenditures of Federal Awards			<u>\$ 11,415,765</u>	<u>\$ 782,766</u>

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal grant activity of the City under programs of the federal government for the year ended September 30, 2020. The information presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or fund balance of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are reported on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The City does not draw for indirect administrative expenses, and has not elected to use the 10% de minimis cost rate.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing
Coronavirus Relief Funds	21.019
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None reported

Section III – Federal Award Findings and Questioned Costs

None reported