

CITY OF MERIDIAN

FINANCIAL STATEMENTS

September 30, 2024



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 www.meridiancity.org



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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Meridian, Idaho (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, and each major fund of the City, as of September 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Employer's Share of Net Pension Liability (Asset) and Employer Contributions, and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Enterprise Fund, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (collectively referred to as supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the supplementary information 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, 2025, 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, 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.



Boise, Idaho
February 18, 2025

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, 2024. 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 at September 30, 2024 by \$752,995,183 as compared to \$704,983,854 at September 30, 2023.
- Net position of the Governmental activities finished the fiscal year 2024 at \$228,067,290.
- Net position of Business-type activities finished fiscal year 2024 at \$524,927,893.
- Total unrestricted fund balance of governmental funds at September 30, 2024 was \$45,499,581 as compared to a total unrestricted governmental fund balance at September 30, 2023 of \$57,592,323.
- Total unrestricted fund balance of business-type funds at September 30, 2024 was \$104,877,971 as compared to a total unrestricted business-type fund balance at September 30, 2023 of \$104,834,465.
- The City's total outstanding long-term debt at September 30, 2024 is \$0.

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

At September 30, 2024 the City's combined assets and deferred outflows exceeded liabilities and deferred inflows by \$752,995,183 as compared to the net position as of September 30, 2023 of \$704,983,854.

Government-wide total assets and deferred outflows of resources increased from last fiscal year to finish fiscal year 2024 at \$890,053,809.

Government-wide total liabilities and deferred inflows of resources increased from last fiscal year to finish fiscal year 2024 at \$137,058,626.

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

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

	Primary Government				Total	
	Governmental		Business - Type			
	Activities	Activities	Activities	Activities	Activities	Activities
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$ 176,201,549	\$ 169,705,362	\$ 123,223,641	\$ 117,767,469	\$ 299,425,190	\$ 287,472,831
Capital Assets	157,276,606	143,649,874	420,271,469	380,799,128	577,548,075	524,449,002
Deferred Outflows of Resources	10,856,852	15,510,528	2,223,692	3,176,856	13,080,544	18,687,384
TOTAL Assets and Deferred Outflows of Resources	344,335,007	328,865,764	545,718,802	501,743,453	890,053,809	830,609,217
Current Liabilities	9,336,301	12,742,896	12,297,796	8,212,016	21,634,097	20,954,912
Long-term Liabilities	54,248,831	51,008,357	8,359,418	8,162,238	62,608,249	59,170,595
Deferred Inflows of Resources	52,682,585	45,499,856	133,695	-	52,816,280	45,499,856
TOTAL Liabilities and Deferred Inflows of Resources	116,267,717	109,251,109	20,790,909	16,374,254	137,058,626	125,625,363
Net Investment in Capital Assets	154,059,845	142,199,505	420,049,922	380,534,734	574,109,767	522,734,239
Restricted	28,507,864	19,822,827	-	-	28,507,864	19,822,827
Unrestricted	45,499,581	57,592,323	104,877,971	104,834,465	150,377,552	162,426,788
TOTAL Net Position	\$ 228,067,290	\$ 219,614,655	\$ 524,927,893	\$ 485,369,199	\$ 752,995,183	\$ 704,983,854

Statement of Activities

During the 2024 fiscal year the City's financial position improved by \$48,011,329. 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 fiscal year 2024 at \$192,546,446.

Government-wide total expenses increased from last fiscal year to finish fiscal year 2024 at \$144,535,117.

	Primary Government				Total Primary Government	
	Governmental Activities		Business-Type Activities		2024	2023
	2024	2023	2024	2023		
Revenues						
Program Revenues						
Charges for services	\$ 16,572,552	\$ 18,786,450	\$ 35,518,424	\$ 33,046,132	\$ 52,090,976	\$ 51,832,582
Operating grants and contributions	5,563,383	1,619,149	14,350,752	20,658,840	19,914,135	22,277,989
Capital Grants and Contributions	14,981,294	9,789,358	26,671,040	19,164,075	41,652,334	28,953,433
General Revenue:						
Property taxes	48,352,956	46,096,236	-	-	48,352,956	46,096,236
Franchise fees	2,231,298	2,447,941	-	-	2,231,298	2,447,941
Sales tax and other governmental	15,219,210	15,088,288	-	-	15,219,210	15,088,288
Investment Earnings	4,673,868	3,981,810	5,207,000	3,857,400	9,880,868	7,839,210
Other Revenue	<u>1,355,903</u>	<u>503,945</u>	<u>1,848,766</u>	<u>277,761</u>	<u>3,204,669</u>	<u>781,706</u>
Total Revenues	<u>108,950,464</u>	<u>98,313,177</u>	<u>83,595,982</u>	<u>77,004,208</u>	<u>192,546,446</u>	<u>175,317,385</u>
Expenses						
General Government						
Administration	19,722,238	14,917,157	-	-	19,722,238	14,917,157
Law Enforcement	35,165,856	33,293,428	-	-	35,165,856	33,293,428
Fire Department	27,854,715	22,480,889	-	-	27,854,715	22,480,889
Parks and Recreation	15,176,299	13,251,188	-	-	15,176,299	13,251,188
Community Planning and Devlp	6,204,197	7,525,483	-	-	6,204,197	7,525,483
Enterprise - sewer and water	-	-	40,411,812	37,584,783	40,411,812	37,584,783
Total Expenses	<u>104,123,305</u>	<u>91,468,145</u>	<u>40,411,812</u>	<u>37,584,783</u>	<u>144,535,117</u>	<u>129,052,928</u>
Excess (deficiency) of revenues over expenditures before transfers	<u>4,827,159</u>	<u>6,845,032</u>	<u>43,184,170</u>	<u>39,419,425</u>	<u>48,011,329</u>	<u>46,264,457</u>
Transfers - internal activities	<u>3,625,476</u>	<u>3,369,332</u>	<u>(3,625,476)</u>	<u>(3,369,332)</u>	-	-
Change in net position	8,452,635	10,214,364	39,558,694	36,050,093	48,011,329	46,264,457
Net Position, Beginning of Year	<u>219,614,655</u>	<u>209,400,291</u>	<u>485,369,199</u>	<u>449,319,106</u>	<u>704,983,854</u>	<u>658,719,397</u>
Net Position, Ending of Year	<u>\$ 228,067,290</u>	<u>\$ 219,614,655</u>	<u>\$ 524,927,893</u>	<u>\$ 485,369,199</u>	<u>\$ 752,995,183</u>	<u>\$ 704,983,854</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, 2023).

FUND FINANCIAL STATEMENTS ANALYSIS

Governmental Funds

The General Fund had an ending fund balance of \$91,614,558 for fiscal year 2024, an increase from the ending fund balance at the end of fiscal year 2023, which was \$87,218,652. This represented an overall increased in ending fund balance of 5%.

The Capital Project Fund ending fund balance decreased from fiscal year 2023 to fiscal year 2024, to finish the year at \$11,043,749. The decrease was seen primarily in the cash and cash equivalents balance which decreased by approximately \$1.9 million, as the City utilized its financial resources to continue providing improvements to local area infrastructure, including the continued development of Discovery Park.

General Fund revenues increased significantly by approximately \$3.5 million to finish the year at \$100,516,510. The increase was primarily attributable to an increase in property taxes (increase of \$2.2 million), an increase in interest earnings (increase of \$776 thousand), and an decrease in the impact fee revenue amounts (increase of \$340 thousand).

Capital Project Fund revenue amounts decreased from fiscal year 2023 by \$74,892, which was due to the reduction of available funds in the Capital Project Fund to invest.

Expenditures for the General Fund increased by \$3.5 million, which was attributable to increases in General Government, Public Safety, and Parks & Recreation segments of the City. Public Safety and General Government Safety for the General Fund increased from fiscal year 2023 by \$10.0 million to finish the year at \$71.9 million.

For the Capital Project Fund, expenditures decreased by \$7.0 million, to finish the year at \$2,601,752, which again demonstrates the City's investment in providing and maintaining the City's building and infrastructure assets, as well as continued planned projects for citizens, including Discovery Park.

Enterprise Fund (Business-Type Activities)

Ending Net Position for the Business-Type activities increased significantly from fiscal year 2023, to finish the year at \$524,927,893. There were numerous contributing factors that led to the increase including an increase in the cash and cash equivalents balance (increase of \$5.4 million) and an increase in the capital asset amounts (increase of \$39.5 million).

Operating revenues for the Business-Type activities increased due to an overall increase in water and sewer sales, an increase of \$2.5 million from fiscal year 2023. The largest increase was \$2.3 million for charges for services, which was due to an increase in the number of overall customers being served. Nonoperating revenues decreased by \$2.8 million from 2023. The largest decrease was in the connections assessment fees and donations amount, which decreased by \$1.9 million from 2023.

Expenditures for the Business-Type activities also increased from fiscal year 2023 by \$2.9 million, to finish the year at \$40.4 million. The largest increase was in personnel services, which represents the City's investment in its people.

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, 2023).

Total assets ended the year at \$3,097,982. Amounts represented cash on hand, receivables to the Trust and prepaid expense.

Total Liabilities ended the year at \$356,835. Amounts represent the claims incurred but not reported and claims payable as of December 31, 2023.

During the year ended December 31, 2023, additions to the Trust totaled \$8,389,054. 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, 2023, deductions from the Trust totaled \$7,917,786. Deductions from the Trust are primarily comprised of health claim benefits paid, which totaled \$6,707,158.

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 fiscal year 2024 overall expenditure budget was \$133,186,958 as compared to the actual expenditures of \$104,567,004.

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 the 2024 fiscal year was \$64,886,030 as compared to the final budget of \$69,196,981. 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 \$24,969,224 as compared to the final budget of \$43,219,593. The largest budget to actual variance for the operating expenses is due to City receiving a Federal Grant that was not expensed during the fiscal year. Federal Grant dollars will be spent during fiscal year 2025 and 2026.

The total General Fund 2024 capital expense was \$14,711,750 as compared to the final budget of \$20,770,384. The largest budget to actual variance for capital expenses is related to construction in progress projects associated to our Parks construction projects.

The fiscal year 2024 General Fund actual revenue of \$100,516,510 fell short of the final budget of \$119,473,072.

The largest percentage of General Fund revenue resides in property tax and finished fiscal year 2024 at \$48,282,079. Intergovernmental revenue sharing is the second largest revenue stream in 2024 and finished the fiscal year higher than fiscal year 2023 at \$22,331,535. The third largest source of non-restricted General Fund revenue in fiscal year 2024 was licenses and permits, namely building permit sales. At the end of 2024, the licenses and permits revenue finished the year at \$7,228,281.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2024, the City had \$577,326,529 invested in capital assets (net of accumulated depreciation and amortization). The City's investment in capital assets includes land, buildings, sewer and water lines, IT subscriptions, leases, and vehicles and equipment. Sidewalks, bridges, and roads belong to the Ada County Highway District.

Major capital asset changes in the General Government Funds in 2024 included:

- \$28,300,590 in Buildings and Improvements
- \$(24,185,662) in Capital projects still in construction
- \$926,395 in new Equipment
- \$5,259,141 in new Land
- \$3,398,307 in new right to use subscription IT assets

Major capital asset changes in the Business-type Funds in 2024 included:

- \$(5,174,126) in Buildings and Improvements
- \$16,063,701 in Capital projects still in construction
- \$(1,403,562) in Equipment
- \$18,297,443 in new Sewer and Water Lines
- \$4,424,494 in Land

Capital Assets as of September 30, 2024 (net of depreciation and amortization)						
	Governmental Activities		Business - Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Land	\$ 35,564,265	\$ 30,305,124	\$ 10,673,807	\$ 6,249,313	\$ 46,238,072	\$ 36,554,437
Easements	1,167,123	832,164	27,433,815	20,126,576	28,600,938	20,958,740
Buildings and improvements						
other than buildings	103,792,944	75,492,354	85,816,210	90,990,336	189,609,154	166,482,690
Sewer and water lines	-	-	227,472,309	209,174,866	227,472,309	209,174,866
Software & equipment	10,022,594	9,096,199	24,245,798	25,649,360	34,268,392	34,745,559
Construction in progress	2,510,776	27,549,911	44,407,984	28,344,283	46,918,760	55,894,194
Right to use subscriptions	3,998,137	374,122	-	-	3,998,137	374,122
Right to use lease	220,767	-	-	-	220,767	-
	<u>\$ 157,276,606</u>	<u>\$143,649,874</u>	<u>\$ 420,049,923</u>	<u>\$380,534,734</u>	<u>\$577,326,529</u>	<u>\$524,184,608</u>

The City recorded \$8,293,545 in depreciation and amortization expense for Governmental City functions and \$15,027,701 for Business-type activities. (See Note 5 to the financial statements).

Debt Administration

The only outstanding obligations the City had as of September 30, 2024, related to the outstanding right to use leased assets and IT subscriptions and (See Notes 6 and 7 to the financial statements).

Fiscal Year 2025 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 FY2025 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 FY2025 Budget:

- The City provided compensation increases for general employees.
- The City considered the current FY2024 economic conditions and trends while working on the FY2025 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 3.0% 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 project to see an increase in sales by 2.50% year over year as growth slows down as compared to years past.

- The City continues to see population growth year over year with a 10-year annual average of about 5.33%.

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
Year Ended September 30, 2024

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 59,449,958	\$ 72,792,649	\$ 132,242,607	\$ 9,627,069
Restricted cash and cash equivalents	25,975,725	-	25,975,725	-
Investments	26,918,449	44,801,781	71,720,230	-
Restricted investments	2,355,937	-	2,355,937	-
Receivables				
Accounts (net of \$30,000 allowance for enterprise fund uncollectibles)	1,417,599	5,017,975	6,435,574	12,598
Current portion of note receivable	-	34,944	34,944	-
Property taxes	51,725,199	-	51,725,199	5,154,489
Due from opioid settlement	990,428	-	990,428	-
Due from other governmental units	4,717,597	69,106	4,786,703	-
Interest	401,086	409,912	810,998	-
Deposits and prepaid expenses	2,134,830	97,274	2,232,104	2,535
Lakeview inventory	114,741	-	114,741	-
Total current assets	176,201,549	123,223,641	299,425,190	14,796,691
Noncurrent Assets				
Long-term note receivable	-	221,547	221,547	-
Capital Assets				
Land, easements, and other assets not depreciated	39,242,164	82,515,606	121,757,770	672,384
Buildings, improvements and equipment, net of depreciation	113,815,538	337,534,316	451,349,854	-
Right to use leased assets, net of accumulated amortization	220,767	-	220,767	-
Right to use subscription IT assets, net of accumulated amortization	3,998,137	-	3,998,137	-
Total noncurrent assets	157,276,606	420,271,469	577,548,075	672,384
Deferred Outflows of Resources				
Pension obligations	10,856,852	2,223,692	13,080,544	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 344,335,007	\$ 545,718,802	\$ 890,053,809	\$ 15,469,075

City of Meridian, Idaho
Statement of Net Position
Year Ended September 30, 2024

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 3,350,890	\$ 9,652,816	\$ 13,003,706	\$ 49,875
Accrued payroll and taxes	2,592,132	484,793	3,076,925	-
Customer deposits	2,396,143	1,844,502	4,240,645	-
Interest payable	138,175	-	138,175	-
Due within one year				
Accrued vacation, current portion	607,205	75,685	682,890	-
Settlement payable	-	240,000	240,000	-
Right to use IT subscription liability	216,521	-	216,521	-
Right to use lease liability	35,235	-	35,235	-
Total current liabilities	<u>9,336,301</u>	<u>12,297,796</u>	<u>21,634,097</u>	<u>49,875</u>
Noncurrent Liabilities				
Accrued vacation - less current portion	4,002,853	681,164	4,684,017	-
Due to developers	-	-	-	986,044
Net pension liability	35,960,681	7,365,441	43,326,122	-
Right to use IT subscription liability	2,818,046	-	2,818,046	-
Right to use lease liability	164,962	-	164,962	-
Advanced revenue - ARPA obligations	11,156,365	-	11,156,365	-
Advanced revenue - other	145,924	312,813	458,737	-
Total noncurrent liabilities	<u>54,248,831</u>	<u>8,359,418</u>	<u>62,608,249</u>	<u>986,044</u>
Deferred Inflows of Resources				
Pension obligations	652,747	133,695	786,442	-
Lease related	1,350,000	-	1,350,000	-
Unavailable revenues - property taxes	50,679,838	-	50,679,838	4,941,800
Total deferred inflows of resources	<u>52,682,585</u>	<u>133,695</u>	<u>52,816,280</u>	<u>4,941,800</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>116,267,717</u>	<u>20,790,909</u>	<u>137,058,626</u>	<u>5,977,719</u>
NET POSITION				
Net investment in capital assets	154,059,845	420,049,922	574,109,767	672,384
Restricted	-	-	-	8,818,972
Impact funds	28,506,577	-	28,506,577	-
Grant funds	1,287	-	1,287	-
Unrestricted				
Capital improvements	11,043,749	-	11,043,749	-
General funds	34,455,832	104,877,971	139,333,803	-
TOTAL NET POSITION	<u>228,067,290</u>	<u>524,927,893</u>	<u>752,995,183</u>	<u>9,491,356</u>
Total liabilities and net position	<u>\$ 344,335,007</u>	<u>\$ 545,718,802</u>	<u>\$ 890,053,809</u>	<u>\$ 15,469,075</u>

City of Meridian, Idaho
Statement of Activities
Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		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	\$ 19,722,238	\$ 1,835,109	\$ 4,860,879	\$ 150,000	\$ (12,876,250)	\$ -	\$ (12,876,250)	\$ -
Public safety								
Law enforcement	35,165,856	1,551,360	107,698	766,726	(32,740,072)	-	(32,740,072)	-
Fire department	27,854,715	1,763,034	485,551	2,178,332	(23,427,798)	-	(23,427,798)	-
Parks and recreation	15,176,299	4,065,891	88,057	11,886,236	863,885	-	863,885	-
Community development	6,204,197	7,357,158	21,198	-	1,174,159	-	1,174,159	-
Total governmental activities	104,123,305	16,572,552	5,563,383	14,981,294	(67,006,076)	-	(67,006,076)	-
Business-Type Activities								
Water and wastewater	40,411,812	35,518,424	14,350,752	26,671,040	-	36,128,404	36,128,404	-
Total Primary Government	<u>\$144,535,117</u>	<u>\$52,090,976</u>	<u>\$19,914,135</u>	<u>\$ 41,652,334</u>	<u>\$ (67,006,076)</u>	<u>\$ 36,128,404</u>	<u>\$ (30,877,672)</u>	<u>\$ -</u>
Component Unit								
Downtown development	<u>\$ 1,807,959</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,807,959)</u>
General revenues								
Shared revenues								
Property taxes, levied for general purposes					\$ 48,352,956	\$ -	\$ 48,352,956	\$ 4,680,673
Franchise fees					2,231,298	-	2,231,298	-
Sales tax and other governmental					15,219,210	-	15,219,210	-
Investment earnings					4,673,868	5,207,000	9,880,868	118,460
Net increase in fair value of investments					1,212,562	1,773,574	2,986,136	-
Miscellaneous					134,898	51,689	186,587	12,598
Gain on sale of fixed assets					8,443	23,503	31,946	-
Transfers - internal activities					3,625,476	(3,625,476)	-	-
Total General Revenues and Transfers					<u>75,458,711</u>	<u>3,430,290</u>	<u>78,889,001</u>	<u>4,811,731</u>
Change in Net Position					8,452,635	39,558,694	48,011,329	3,003,772
Net Position, Beginning of Year					<u>219,614,655</u>	<u>485,369,199</u>	<u>704,983,854</u>	<u>6,487,584</u>
Net Position, Ending of Year					<u>\$ 228,067,290</u>	<u>\$ 524,927,893</u>	<u>\$752,995,183</u>	<u>\$ 9,491,356</u>

City of Meridian, Idaho
Balance Sheet – Governmental Funds
Year Ended September 30, 2024

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 48,448,155	\$ 11,001,803	\$ 59,449,958
Investments	26,918,449	-	26,918,449
Receivables			
Accounts	1,417,599	-	1,417,599
Property taxes	51,725,199	-	51,725,199
Due from opioid settlement	990,428	-	990,428
Due from other governmental units	4,717,597	-	4,717,597
Interest	355,373	45,713	401,086
Prepaid items	2,134,830	-	2,134,830
Lakeview inventory	114,741	-	114,741
Restricted assets			
Cash and cash equivalents	25,975,725	-	25,975,725
Investments	2,355,937	-	2,355,937
	<u>\$ 165,154,033</u>	<u>\$ 11,047,516</u>	<u>\$ 176,201,549</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 3,227,412	\$ 3,767	\$ 3,231,179
Accrued payroll and taxes	2,592,132	-	2,592,132
Customer deposits - Lakeview Golf Course	145,924	-	145,924
Advanced revenue - ARPA obligations	11,156,365	-	11,156,365
Customer deposits	2,396,143	-	2,396,143
	<u>19,517,976</u>	<u>3,767</u>	<u>19,521,743</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	51,681,071	-	51,681,071
Unavailable revenue - leases	1,350,000	-	1,350,000
Unavailable revenue - opioid settlement	990,428	-	990,428
	<u>73,539,475</u>	<u>3,767</u>	<u>73,543,242</u>

City of Meridian, Idaho
Balance Sheet – Governmental Funds
Year Ended September 30, 2024

	<u>General</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>
Fund Balances			
Nonspendable			
Prepays	2,134,830	-	2,134,830
Inventory for Lakeview Golf Course	114,741	-	114,741
Restricted			
Impact Fund	28,048,739	-	28,048,739
Impact Fund Balance Budget of Carryforward	457,838	-	457,838
Grant Fund	1,187	-	1,187
Committed			
Capital Projects Fund	-	10,250,233	10,250,233
Fund Balance Budget of Carryforward	-	793,516	793,516
Public Safety Fund	6,357,768	-	6,357,768
Assigned			
Fund Balance Budget of Carryforward	8,018,579	-	8,018,579
Capital Improvement Plan	12,500,000	-	12,500,000
Operating Reserve	22,079,389	-	22,079,389
Emergency Reserve	6,614,948	-	6,614,948
Future debt service payments for leases and SBITAs	3,234,764	-	3,234,764
Unassigned	<u>2,051,775</u>	<u>-</u>	<u>2,051,775</u>
Total Fund Balances	<u>91,614,558</u>	<u>11,043,749</u>	<u>102,658,307</u>
Total Liabilities and Fund Balances	<u><u>\$ 165,154,033</u></u>	<u><u>\$ 11,047,516</u></u>	<u><u>\$ 176,201,549</u></u>

City of Meridian, Idaho
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Year Ended September 30, 2024

Fund balance - total governmental funds	\$ 102,658,307
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital assets, including right to use lease, subscription IT assets, used in governmental activities are not financial resources and therefore are not reported in the funds.	157,276,606
Retainage that are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(119,711)
Some of the property taxes receivable are not available to pay for current-period expenditures and therefore are deferred in the funds.	1,001,233
Some of the Opioid Settlement receivable are not available to pay for current-period expenditures and therefore are deferred in the funds.	990,428
Long-term obligation is not due and payable in the current period and therefore is not reported in the funds.	
Net pension liability	(35,960,681)
Deferred outflows and inflows of resources related to pension obligations.	10,856,852
Deferred inflows of resources related to pensions.	(652,747)
Right of use IT subscription and liabilities are expensed at the fund level but reported as a liability due within one year on the Statement of Net Position.	(3,034,567)
Right of use lease and liabilities are expensed at the fund level but reported as a liability due within one year on the Statement of Net Position.	(200,197)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(138,175)
Accrued vacation is not due and payable in the current period and therefore is not reported in the funds.	<u>(4,610,058)</u>
Net Position of governmental activities	<u><u>\$ 228,067,290</u></u>

City of Meridian, Idaho

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended September 30, 2024

	General	Capital Projects	Total Governmental Funds
Revenues			
Taxes	\$ 48,282,079	\$ -	\$ 48,282,079
Licenses and permits	7,228,281	-	7,228,281
Intergovernmental	22,331,535	-	22,331,535
Franchise fees	2,231,298	-	2,231,298
Fines and forfeitures	999,482	-	999,482
Charges for services	5,772,851	-	5,772,851
Interest	4,061,099	612,769	4,673,868
Miscellaneous	134,900	-	134,900
Donations	182,567	-	182,567
Impact revenues	9,292,420	-	9,292,420
Total revenues	<u>100,516,512</u>	<u>612,769</u>	<u>101,129,281</u>
Expenditures			
General government	16,889,394	-	16,889,394
Public safety	55,024,584	-	55,024,584
Parks and recreation	11,337,509	-	11,337,509
Community development services	5,798,610	-	5,798,610
Capital outlay	14,711,752	2,601,752	17,313,504
Debt service	805,157	-	805,157
Total expenditures	<u>104,567,006</u>	<u>2,601,752</u>	<u>107,168,758</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,050,494)</u>	<u>(1,988,983)</u>	<u>(6,039,477)</u>
Other Financing Sources (Uses)			
Operating transfer in	3,625,476	-	3,625,476
Subscriptions	3,371,695	-	3,371,695
Leases	248,197	-	248,197
Proceeds from sale of capital assets	9,580	-	9,580
Unrealized gain on investments	1,191,452	21,110	1,212,562
Total other financing sources (uses)	<u>8,446,400</u>	<u>21,110</u>	<u>8,467,510</u>
Net Change in Fund Balances	4,395,906	(1,967,873)	2,428,033
Fund Balance, Beginning of Year	<u>87,218,652</u>	<u>13,011,622</u>	<u>100,230,274</u>
Fund Balance, End of Year	<u>\$ 91,614,558</u>	<u>\$ 11,043,749</u>	<u>\$ 102,658,307</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, 2024

Change in fund balance - total governmental funds \$ 2,428,033

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	17,313,504	
Depreciation	(7,710,392)	
SBITA and lease amortization	(610,583)	
Gain (loss) on capital assets	(1,135)	
Total	8,991,394	

Capital assets contributed by citizens or developers are not a source of financial resources and thus, are not recognized in the governmental funds. 5,538,875

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. 70,877

Some court revenue in the statement of activities does not provide current financial resources and is not reported as revenue in the governmental funds. 990,428

Expenditures related to the net pension liability that do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (5,733,459)

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. (789,455)

Debt Service Payments for principal payment are reported as expenditures in the governmental funds, but are not reported as expenses in the statement of activities.

Subscription and lease principal payments 697,914

The issuance of long-term debt provides current financial resources to governmental funds, but are not reported as revenues in the statement of activities resources of governmental funds.

Subscription and lease proceeds (3,619,892)

Interest expense accrued but not paid reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds. (122,080)

Change in net position of governmental activities \$ 8,452,635

City of Meridian, Idaho
Statement of Net Position – Proprietary Fund
September 30, 2024

	Enterprise Fund Water and Sewer
Assets	
Current Assets	
Cash and cash equivalents	\$ 72,792,649
Investments	44,801,781
Receivables	
Accounts (net of \$30,000 allowance for uncollectibles)	5,017,975
Current portion of long-term receivable	34,944
Due from other governments	69,106
Interest	409,912
Prepays	97,274
Total current assets	<u>123,223,641</u>
Noncurrent Assets	
Long-term notes receivable	221,547
Capital assets	
Land	10,673,807
Easements	27,433,814
Construction in progress	44,407,985
Buildings and improvements other than buildings	153,754,109
Sewer and water lines	303,463,610
Machinery and equipment	61,913,965
Less accumulated depreciation	<u>(181,597,368)</u>
Total noncurrent assets	<u>420,271,469</u>
Deferred Outflow of Resources	
Pension	<u>2,223,692</u>
Total Assets	<u><u>\$ 545,718,802</u></u>

City of Meridian, Idaho
Statement of Net Position – Proprietary Fund
September 30, 2024

	<u>Enterprise Fund Water and Sewer</u>
Liabilities and Net Position	
Current Liabilities	
Accounts payable	\$ 9,652,816
Accrued payroll and taxes	484,793
Accrued vacation - current portion	75,685
Customer deposits	<u>1,844,502</u>
Total current liabilities	<u>12,057,796</u>
Noncurrent Liabilities	
Accrued vacation - less current portion	681,164
Settlement payable	240,000
Pension payable	7,365,441
Advanced revenue	<u>312,813</u>
Total noncurrent liabilities	<u>8,599,418</u>
Deferred Inflow of Resources	
Pension	<u>133,695</u>
Total deferred inflow of resources	<u>133,695</u>
Net Position	
Invested in capital assets	420,049,922
Unrestricted	<u>104,877,971</u>
Total net position	<u>524,927,893</u>
Total Liabilities and Net Position	<u><u>\$ 545,718,802</u></u>

City of Meridian, Idaho

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund

Year Ended September 30, 2024

	Enterprise Fund Water and Sewer
Operating Revenues	
Charges for services	
Water sales	\$ 11,231,109
Sewer sales	20,850,156
Other service revenues	1,031,423
Sale of meters	598,971
Trash billing service	1,443,166
Engineering fees	363,599
Miscellaneous	51,690
Total operating revenues	35,570,114
Operating Expenses	
Personnel services	14,756,403
Other services and charges	4,811,296
Depreciation	15,027,701
Supplies	3,927,867
Heat, lights and power	1,888,546
Total operating expenses	40,411,813
Operating Loss	(4,841,699)
Nonoperating Revenues (Expenses)	
Interest revenue	5,207,000
Connection assessment fees and donations	15,327,296
Gain on sale of fixed assets	23,503
Net gain in fair value of investments	1,773,574
Total nonoperating revenues (expenses)	22,331,373
Income before contributions and transfers	17,489,674
Donated waterlines and sewerlines	25,694,496
Operating transfers out	(3,625,476)
Change in Net Position	39,558,694
Net Position, Beginning of Year	485,369,199
Net Position, End of Year	\$ 524,927,893

City of Meridian, Idaho
Statement of Cash Flows – Proprietary Fund
Year Ended September 30, 2024

	Enterprise Fund Water and Sewer
Operating Activities	
Receipts from customers and users	\$ 35,570,114
Receipts from customers deposits	659,442
Payments to suppliers	(7,590,055)
Payments to employees	(13,437,047)
Net Cash from Operating Activities	<u>15,202,454</u>
Noncapital Financing Activities	
Non-cash unrealized gains	1,773,574
Operating transfer to general fund	(3,625,476)
Net Cash used for Noncapital Financing Activities	<u>(1,851,902)</u>
Capital and Related Financing Activities	
Connection assessment fees	15,327,296
Proceeds from sale of capital assets	23,503
Receipts from note receivable	(24,387)
Net activity for the acquisition and disposal of capital assets	(28,848,393)
Net Cash used for Capital and Related Financing Activities	<u>(13,521,981)</u>
Investing Activities	
Sales of investments	(3,117,565)
Interest received	5,195,611
Net Change from Investing Activities	<u>2,078,046</u>
Net Change in Cash and Cash Equivalents	1,906,617
Cash and Cash Equivalents, Beginning of Year	<u>70,886,032</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 72,792,649</u></u>

City of Meridian, Idaho
Statement of Cash Flows – Proprietary Fund
Year Ended September 30, 2024

	Enterprise Fund Water and Sewer
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (4,841,698)
Adjustments to reconcile operating loss to net cash from operating activities	
Depreciation	15,027,701
Pension expense	1,165,481
Changes in assets and liabilities	
Accounts receivable	(448,751)
Prepaid items	16,760
Accounts payable	3,391,022
Accrued payroll and taxes	232,497
Customer deposits	659,442
Net Cash from Operating Activities	<u>\$ 15,202,454</u>
Supplemental Disclosure of Cash Flow Information	
Developer and customer contributed sewer and water lines	\$ 25,694,496

City of Meridian, Idaho
Statement of Fiduciary Net Position
December 31, 2023

	Employee Benefit Plan Trust
Assets	
Cash	\$ 2,950,437
Rebates receivables	64,050
Prepaid expense	<u>83,495</u>
Total assets	<u>3,097,982</u>
Liabilities	
Health claims incurred but not reported	<u>356,835</u>
Total liabilities	<u>356,835</u>
Fiduciary Net Position	<u><u>\$ 2,741,147</u></u>

City of Meridian, Idaho
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2023

	Employee Benefit Plan Trust
Additions	
Contributions	
Employer	\$ 7,520,173
Plan member	832,193
COBRA	<u>36,688</u>
Total contributions	<u>8,389,054</u>
Prescription rebates	266,634
Interest income	<u>6,887</u>
Total additions	<u>8,662,575</u>
Deductions	
Health claim benefits	6,707,158
Change in health claims incurred but not paid	41,180
Stop loss premiums	590,082
Administrative expenses	<u>579,366</u>
Total deductions	<u>7,917,786</u>
Change in Fiduciary Net Position	744,789
Fiduciary Net Position, Beginning of Year	<u>1,996,358</u>
Fiduciary Net Position, End of Year	<u><u>\$ 2,741,147</u></u>

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, 2023).

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 \$30,000 as of September 30, 2024.

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.

Lease Receivable

Lease receivables are recorded by the City as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the City charges the lessee.

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 \$50,000 and over for machinery and equipment, \$100,000 for intangibles, \$250,000 and over for buildings, land improvements, 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 the City capitalize and report intangible assets which includes the City's easement amounts. To value easements, the City uses the summation method, which closely looks at the impact of an easement on the total property value. The percentages agreed to are 26% for sewage and 10% for subsurface, resulting in an average easement assessment percentage of 18%.

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:

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

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, 2024, no capital assets were considered to be impaired, and no impairment loss was recognized for the year ended September 30, 2024.

Right to use subscription IT assets are recognized at the subscription commencement date and represent the City's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured in the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization periods range from 3-5 years.

Lease Liabilities and Subscription-based IT Arrangements

A lease and/or subscription-based information technology arrangement (SBITA) is defined as a contractual that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the City.

Subscription Liabilities represent the City's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of the subscription payments are discounted on a borrowing rate determined by the City.

Compensated Absences 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 expenditure is 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 three items that currently qualify for reporting in the category: the deferred pension obligation, amounts relating to the opioid settlement, and deferred inflows expected from leasing arrangements. 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. Opioid settlement amounts are recognized as a deferred inflow of resources until such time an eligible expenditure is incurred. Lease-related deferred inflows are resources not yet available to be recognized based on the provisions of the lease arrangement.

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 liability 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.

Net investment in capital assets – consists of capital assets, net of accumulated depreciation and liability amounts relating to the subscription liabilities.

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, as 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, 2024 are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 132,242,607
Cash and cash equivalents - restricted	<u>25,975,725</u>
Total cash and cash equivalents	<u>\$ 158,218,332</u>
Investments	\$ 71,720,230
Investments - restricted	<u>2,355,937</u>
Total investments	<u>\$ 74,076,167</u>
Cash - fiduciary activities	<u>\$ 2,950,437</u>
Total cash - fiduciary activities	<u>\$ 2,950,437</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, 2024 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)	<u>\$ 74,076,168</u>
Total investments at NAV	<u><u>\$ 74,076,168</u></u>

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)	\$ 74,076,168	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.

Investment Type	Fair Value	Rating	Duration
Idaho Diversified Bond Fund (DBF)	\$ 74,076,168	not rated	2.34
Idaho Local Government Investment Pool (LGIP)	134,962,330	not rated	0.23 years
Money market funds	5,140,122	not rated	
Other cash amounts	<u>18,115,879</u>		
Total cash and investments	<u>\$ 232,294,499</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 \$158,218,332 and the bank balance was \$158,072,758. Of the bank balance \$250,000 was covered by federal depository insurance, \$5,140,122 was collateralized with securities held at the Federal Home Bank of Seattle for First Interstate Bank and pledged to the City of Meridian, \$134,962,330 was held by the State of Idaho Local Group Investment Pool, and the remainder of the City's deposits of \$18,220,396 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, 2024:

State of Idaho	
State Tax Commission	\$ 3,728,456
State Liquor Dispensary	394,748
Idaho Attorney General	26,059
Idaho Transportation Department	25,834
Idaho Office of Drug Policy	4,116
Federal agencies	232,659
Other Governmental Agencies	
Meridian Rural Fire District	305,725
Ada County	69,106
Total Due from Other Governmental Units	\$ 4,786,703

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 (MHWSO), which was dissolved in December 2014 upon approval from the District Court. All assets and liabilities of MHWSO were transferred to the City at that time, including MHWSO's debt of \$1,280,294, which is being repaid to the City by the former members of MHWSO over a period of 20 years at an interest rate of 3.5% as follows:

	<u>Balance as of October 1, 2023</u>	<u>Interest and Adjustments</u>	<u>Payments</u>	<u>Balance as of September 30, 2024</u>
Long-term note receivable	\$ 301,210	\$ 10,129	\$ (54,848)	\$ 256,491

The following represents future expected receipts from the note receivable amount:

<u>Fiscal Years</u>	<u>Annual Payment</u>
2025	\$ 34,944
2026	34,944
2027	34,944
2028	34,944
2029	34,944
2030 - 2031	<u>81,771</u>
Total	<u>\$ 256,491</u>

Note 5 - Capital Assets

Capital asset activity for the year ended September 30, 2024, is as follows:

Governmental Activities	Balance October 1, 2023	Additions	Deletions	Transfers	Balance September 30, 2024
Capital Assets not Being Depreciated					
Land	\$ 30,305,124	\$ 5,259,141	\$ -	\$ -	\$ 35,564,265
Easements	832,164	334,959	-	-	1,167,123
Construction in progress	27,549,911	563,394	-	(25,602,529)	2,510,776
Total capital assets not being depreciated	58,687,199	6,157,494	-	(25,602,529)	39,242,164
Capital Assets Being Depreciated					
Buildings	67,959,550	5,265,301	-	6,438,490	79,663,341
Improvements other than buildings	55,049,607	3,595,705	-	18,219,103	76,864,415
Internally developed software	514,166	-	-	-	514,166
Equipment	25,385,213	2,474,979	240,497	944,936	28,564,631
Total capital assets being depreciated	148,908,536	11,335,985	240,497	25,602,529	185,606,553
Less Accumulated Depreciation					
Buildings	20,784,202	2,346,030	-	-	23,130,232
Improvements other than buildings	26,732,601	2,871,979	-	-	29,604,580
Internally developed software	423,561	48,045	-	-	471,606
Equipment	16,379,619	2,444,338	239,360	-	18,584,597
Total accumulated depreciation	64,319,983	7,710,392	239,360	-	71,791,015
Total capital assets	143,275,752	9,783,087	1,137	-	153,057,702
Right to use Leased Assets Being Amortized					
Right to use leased gun range	-	248,197	-	-	248,197
Less Accumulated Amortization for					
Right to use leased gun range	-	27,430	-	-	27,430
Net right to use leased assets	-	220,767	-	-	220,767
Right to use Subscription IT Assets not Being Amortized	-	835,473	-	-	835,473
Right to use Subscription IT Assets Being Amortized	644,816	3,371,695	508,861	-	3,507,650
Less Accumulated Amortization	270,694	583,153	508,861	-	344,986
Net right to use subscription IT assets, net	374,122	3,624,015	-	-	3,998,137
Total Governmental activities capital assets, net	\$ 143,649,874	\$ 13,627,869	\$ 1,137	\$ -	\$ 157,276,606

City of Meridian, Idaho
Notes to Financial Statements
September 30, 2024

Business-Type Activities	Balance October 1, 2023	Additions	Deletions	Transfers	Balance September 30, 2024
Capital assets, not depreciated					
Land	\$ 6,249,313	\$ 4,424,494	\$ -	\$ -	\$ 10,673,807
Easements	20,126,576	7,307,239	-	-	27,433,815
Construction in progress	28,344,283	25,965,539	-	(9,901,838)	44,407,984
Total capital assets, not depreciated	54,720,172	37,697,272	-	(9,901,838)	82,515,606
Capital assets, depreciated					
Buildings and improvements other than buildings	152,053,561	1,700,549	-	-	153,754,110
Sewer and water lines	279,166,333	14,586,378	-	9,710,899	303,463,610
Machinery and equipment	61,267,525	558,691	103,190	190,939	61,913,965
Total capital assets, depreciated	492,487,419	16,845,618	103,190	9,901,838	519,131,685
Less accumulated depreciation for					
Buildings and improvements other than buildings	61,063,225	6,874,675	-	-	67,937,900
Sewer and water lines	69,991,467	5,999,834	-	-	75,991,301
Machinery and equipment	35,618,165	2,153,192	103,190	-	37,668,167
Total accumulated depreciation	166,672,857	15,027,701	103,190	-	181,597,368
Total net capital assets, depreciated	325,814,562	1,817,917	-	9,901,838	337,534,317
Business-type activities capital assets, net	\$ 380,534,734	\$ 39,515,189	\$ -	\$ -	\$ 420,049,923

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

Governmental activities	
General government	\$ 1,300,465
Public safety	3,188,170
Parks and recreation	3,221,757
Total depreciation expense - governmental activities	\$ 7,710,392
Business-type activities	
Water and Sewer	\$ 15,027,701
Total depreciation expense - business-type activities	\$ 15,027,701

Amortization expense for the year ended September 30, 2024, was charged to the following functions/programs:

Governmental activities	
General government	\$ 101,722
Total amortization expense	<u>\$ 101,722</u>

Note 6 - Leases

Lessee Activities

During the current year, the City entered into a lease agreement as lessee for the use of police training shooting range facility. The initial term is five years and contains year-to-year renewals at the City's option thereafter. The City's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the City's leases is not readily determinable, the City utilized its incremental borrowing rate as of the lease inception date to discount the lease payments. The lease liability was valued using discount rate of 6.18%. The City is required to make principal and interest payments through January 2029.

A summary of the changes in lease liability during the year ended September 30, 2024, is as follows:

	Balance October 1, 2023	Additions	Deletions	Balance September 30, 2024	Due Within One Year
Right to use lease liability	<u> </u>	<u>\$ 248,197</u>	<u>\$ (48,000)</u>	<u>\$ 200,197</u>	<u>\$ 35,235</u>

The remaining principal and interest payments on the lease agreement are as follows:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 35,235	\$ 12,765
2026	37,511	10,489
2027	39,896	8,104
2028	42,433	5,567
2029	45,122	2,877
Total	<u>\$ 200,197</u>	<u>\$ 39,802</u>

Lessor Activities

The City leases out a portion of its fire station building 7 and 8 to Ada County for the County's ambulance services. The initial lease term is 10 years, with an option to renew for another 10-year period. Payment for use of the spaces was paid in full by the County during the year ended September 30, 2024. Deferred inflows related to these leases was \$1,350,000 as of September 30, 2024. \$150,000 will be recognized as revenue each year of the agreement through fiscal year 2033.

Note 7 - Subscription-Based Information Technology Arrangements (SBITAs)

The City has several agreements that qualify for reporting as subscription-based information technology arrangements (SBITAs). The SBITA agreements include contracts for management software, data storage, and security. Payments are made annually on the SBITAs with annual payments ranging from \$60,849 - \$301,047. The subscription liability was valued using discount rates between 5.68% and 6.14% using the City's incremental borrowing rate as of the inception date of the agreement.

A summary of the changes in SBITA liability during the year ended September 30, 2024, is as follows:

	Balance October 1, 2023	Additions	Deletions	Balance September 30, 2024	Due Within One Year
Subscription IT liabilities	<u>\$ 312,786</u>	<u>\$ 3,371,695</u>	<u>\$ (649,914)</u>	<u>\$ 3,034,567</u>	<u>\$ 216,521</u>

The remaining principal and interest payments on the SBITAs are as follows:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 216,521	\$ 190,902
2026	303,479	177,064
2027	327,607	158,179
2028	353,268	137,864
2029	312,420	116,050
2030 - 2033	<u>1,521,272</u>	<u>249,355</u>
Total	<u>\$ 3,034,567</u>	<u>\$ 1,029,414</u>

Note 8 - Interfund Balances and Transfers

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

	General Fund	Transfer In Capital Projects Fund	Total
Transfer out			
General fund	\$ -	\$ -	\$ -
Enterprise fund	<u>3,625,476</u>	<u>-</u>	<u>3,625,476</u>
Total transfers	<u>\$ 3,625,476</u>	<u>\$ -</u>	<u>\$ 3,625,476</u>

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 FY2024.

Note 9 - 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, 2024:

	Balance October 1, 2023	Obligation Issued	Obligation Retired	Balance September 30, 2024	Due Within One Year
Governmental Activities					
Accrued vacation	\$ 3,820,602	\$ 5,143,546	\$ 4,354,090	\$ 4,610,058	\$ 607,205
Business-Type Activities					
Accrued vacation	\$ 634,944	\$ 725,490	\$ 603,585	\$ 756,849	\$ 75,685
Settlement payable	240,000	-	-	240,000	240,000
	<u>\$ 874,944</u>	<u>\$ 725,490</u>	<u>\$ 603,585</u>	<u>\$ 996,849</u>	<u>\$ 315,685</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 74% for police and firefighters. As of June 30, 2024, it was 6.71% for general employees and 9.83% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% for general employees and 13.26% for police and firefighters. The City's contributions were \$6,663,879 for the year ended September 30, 2024.

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

At September 30, 2024, the City reported a liability its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024, 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, 2024, the City's proportion was 1.15825274 percent compared to 1.07279264 percent at June 30, 2023.

For the year ended September 30, 2024, the City recognized pension expense (expense offset) of \$6,907,782. At September 30, 2024, 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	\$ 6,897,918	\$ -
Changes in assumptions and other inputs	1,716,359	-
Net difference between projected and actual earnings on pension plan investments	-	786,442
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share	2,672,813	-
City's contributions subsequent to the measurement date	1,793,454	-
	<u>\$ 13,080,544</u>	<u>\$ 786,442</u>

The City reported \$1,793,455 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, 2025.

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, 2024 the beginning of the measurement period ended June 30, 2024 is 4.4 years.

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:

2025	\$ 3,112,965
2026	8,940,823
2027	(754,482)
2028	(798,658)

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 following are the actuarial assumptions and the entry age normal cost method, applied to all periods included in the measurement:

Inflation	2.30 percent
Salary increases including inflation	3.05 percent
Investment rate of return, net of investment fees	6.35 percent
Cost of Living (COLA) adjustments	1.00 percent

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service and beneficiaries. These rates were adopted for the valuation dated July 1, 2021.

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%.
Fire & Police - Males	Pub-2010 Safety Tables, increased 21%.
Fire & Police - Females	Pub-2010 Safety Tables, increased 26%.
	5% of Fire and Police active member deaths are Assumed to be duty related. The assumption was adopted July , 2021.
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%.
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%.

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. 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 PERSI'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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.00%	0.00%
Large Cap	18.00%	4.50%
Small / Mid Cap	11.00%	4.70%
International Equity	15.00%	4.50%
Emerging Markets Equity	10.00%	4.90%
Domestic Fixed	20.00%	-0.25%
TIPS	10.00%	-0.30%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

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:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	\$ 82,333,130	\$ 43,326,122	\$ 11,467,339

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, 2024, the City reported payables to the defined benefit pension plan of \$622,917 for legally required employer contributions and \$426,463 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, 2024:

Commitments	Amount
Buildings & Structures	\$ 4,132,220
Parks/Pathways Construction & Improvements	341,777
Wastewater Treatment Plant Improvements	21,265,146
Water/Sewer Line Improvements	18,835,369
Well Improvements	10,700,621
Total Commitments	<u>\$ 55,275,133</u>

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, 2024, MDC agreed to contribute \$17,480 for costs related to joint projects.

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. In December 2021, the City approved the establishment of a fourth district known as the Northern Gateway District and in December 2021 a fifth district was established known as the Linder District.

MDC – Cash and Cash Equivalents

As of September 30, 2024, the account balance of the checking account was \$9,634,043. \$9,384,043 was uninsured and uncollateralized as of September 30, 2024. 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 at October 1, 2023	Additions	Deletions	Transfers	Balance at September 30, 2024
Governmental Activities					
Capital assets, not depreciated					
Land	\$ 672,384	\$ -	\$ -	\$ -	\$ 672,384
Total capital assets, not depreciated	672,384	-	-	-	672,384
Capital assets, depreciated					
Equipment	-	-	-	-	-
Intangibles	140,547	-	-	-	140,547
Total capital assets, depreciated	140,547	-	-	-	140,547
Less accumulated depreciation for					
Equipment	-	-	-	-	-
Intangibles	(140,547)	-	-	-	(140,547)
Total accumulated depreciation	(140,547)	-	-	-	(140,547)
Total net capital assets, depreciated	-	-	-	-	-
Governmental activities capital assets, net	<u>\$ 672,384</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 672,384</u>

MDC – Commitments and Contingencies

On February 8, 2017, amended on March 13, 2018, and amended on December 15, 2021, 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 Ten Mile Developers) to carry out the approved urban renewal plan. This agreement contemplates that the Ten Mile 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, 2024, the Ten Mile Developers have incurred life-to-date eligible expenses and requested reimbursements totaling \$6,317,371. Of this amount, \$2,105,508 was paid by MDC in fiscal year 2024 and \$4,149,003 was paid by MDC in prior fiscal years. The remaining amount of \$62,860 is to be paid, contingent upon the future receipt of tax increment.

On January 26, 2022, MDC entered into a Development Agreement with East Broadway Investment Company, LLC (the Union Developers) to carry out the approved urban renewal plan. This agreement contemplates that the Union 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, 2024, the Union Developers have incurred life-to-date eligible expenses and requested reimbursements totaling \$750,000. Of this amount, no amount was paid by MDC in fiscal year 2024 or in prior fiscal years. The remaining amount of \$750,000 is to be paid, contingent upon the future receipt of tax increment.

On October 10, 2018, amended on April 28, 2021, MDC entered into a Development Agreement with Novembrewhisky Properties, LLC, Pacific West Communities, Inc., and Pacific West Builders, Inc. (the Old City Hall Developers) to carry out the approved urban renewal plan. This agreement contemplates that the Old City Hall 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, 2024, the Old City Hall Developers have incurred life-to-date eligible expenses and requested reimbursements totaling \$678,000. Of this amount, \$594,023 was paid by MDC in fiscal year 2024 and \$83,977 was paid by MDC in prior fiscal years. There is no remaining amount to be paid as part of this agreement as of yearend.

On January 8, 2020, amended on August 1, 2020, MDC entered into a Development Agreement with RWP/Meridian, LLC and MKA, LLC (the Bower Street Developers) to carry out the approved urban renewal plan. This agreement contemplates that the Bower Street 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, 2024, the Bower Street Developers have incurred life-to-date eligible expenses and requested reimbursements totaling \$224,000. Of this amount, \$22,425 was paid by MDC in fiscal year 2024 and \$28,391 was paid by MDC in prior fiscal years. The remaining amount of \$173,184 is to be paid, contingent upon the future receipt of tax increment.

Note 15 - Subsequent Events

Subsequent to fiscal year-end, the City entered into a contract in November 2024 for the construction of the Tertiary Filtration Facilities at the Wastewater Resource Recovery Facility. The total contract amount is \$31 million, with funding allocated as follows: \$22.5 million in FY2025 and \$8.5 million in FY2026. Additionally, in December 2024 the City Council allocated \$11 million in American Rescue Plan Act (ARPA) funds to support the development of Fire Station 8 and the Biosolids Dryer Project at the Wastewater Resource Recovery Facility.



Required Supplementary Information
September 30, 2024

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, 2024

	Employer's portion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportional share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2024	1.15825274%	\$ 43,326,122	\$ 52,967,701	81.80%	85.54%
2023	1.07279264%	42,811,620	45,935,142	93.20%	83.83%
2022	0.99154416%	39,054,528	39,201,449	99.63%	83.09%
2021	-0.99528992%	(786,060)	37,294,313	(2.11%)	(100.36%)
2020	0.95173640%	22,100,578	34,691,943	63.71%	88.22%
2019	0.91855720%	10,485,074	31,370,306	3.42%	93.79%
2018	0.86932910%	12,822,757	28,067,928	45.68%	91.69%
2017	0.83853670%	13,180,357	26,158,967	50.39%	90.68%
2016	0.83279220%	16,881,978	24,506,473	68.89%	87.26%
2015	0.83092250%	10,941,899	23,418,704	46.72%	91.38%

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, 2024

	Statutorily required contributions	Contributions in relation to the statutorily required contributions	Contribution (deficiency) excess	Employer's covered payroll	Contributions as a percentage of covered payroll
2024	\$ 6,419,685	\$ 6,663,879	\$ (244,194)	\$ 54,772,914	12.17%
2023	5,571,933	5,664,471	(92,538)	47,643,586	11.89%
2022	4,680,653	4,851,076	(170,423)	41,398,069	11.72%
2021	3,929,693	4,487,967	(558,274)	38,316,891	11.71%
2020	3,734,052	4,134,783	(400,731)	34,957,831	11.83%
2019	3,514,771	3,669,576	(154,805)	32,747,790	11.21%
2018	3,375,966	3,228,459	147,507	28,750,964	11.23%
2017	2,827,648	3,001,437	(173,789)	26,645,195	11.26%
2016	2,475,578	2,796,909	(321,331)	24,966,360	11.20%
2015	2,717,964	2,682,620	35,344	24,029,237	11.16%

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, 2024

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 47,639,055	\$ 47,639,055	\$ 48,282,079	\$ 643,024
Licenses and permits	10,483,736	10,483,736	7,228,281	(3,255,455)
Intergovernmental	20,126,807	38,728,384	22,331,535	(16,396,849)
Franchise fees	2,010,687	2,010,687	2,231,298	220,611
Fines and forfeitures	486,257	486,257	999,482	513,225
Charges for services	4,329,414	4,329,414	5,772,851	1,443,436
Impact revenues	13,602,039	13,602,039	9,292,420	(4,309,619)
Donations	600,000	678,500	182,567	(495,933)
Interest	1,515,000	1,515,000	4,061,099	2,546,099
Miscellaneous	-	-	134,898	134,898
Total revenues	100,792,995	119,473,072	100,516,510	(18,956,563)
Expenditures				
General government personnel costs	7,897,653	7,899,653	7,601,486	298,167
General government operating expense	7,283,160	25,354,333	10,093,065	15,261,268
Public safety				
Police personnel costs	27,505,411	27,587,559	26,527,632	1,059,927
Police operating expense	5,525,685	5,353,045	5,192,683	160,362
Fire personnel costs	21,709,593	23,090,542	20,543,803	2,546,739
Fire operating expense	3,031,929	3,546,856	2,760,466	786,390
Parks and recreation personnel costs	5,606,859	5,606,859	6,050,828	(443,969)
Parks and recreation operating expense	4,806,409	5,046,667	5,286,681	(240,014)
Community development personnel cost	5,012,368	5,012,368	4,162,281	850,087
Community development operating expense	3,866,084	3,918,692	1,636,329	2,282,363
Capital outlay				
General government	851,838	2,161,624	4,809,730	(2,648,106)
Public safety				
Police	3,567,187	3,322,606	1,846,281	1,476,325
Fire	4,138,947	2,054,988	122,890	1,932,098
Parks and recreation	12,388,281	13,231,166	7,932,849	5,298,317
Total expenditures	113,191,404	133,186,958	104,567,004	28,619,954
Excess (Deficiency) of Revenues over (Under) Expenditures	(12,398,409)	(13,713,886)	(4,050,494)	9,663,391

City of Meridian, Idaho

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Other Financing Sources (Uses)				
Operating transfer in	4,330,618	4,330,618	3,625,476	(705,142)
Operating transfer out	-	-	-	-
Unrealized gain (loss) on investments	-	-	1,191,452	1,191,452
IT-subscription asset/liability	-	-	3,371,695	3,371,695
Lease asset/liability	-	-	248,197	248,197
Gain on sale of capital assets	-	-	9,580	9,580
Total other financing sources (uses)	<u>4,330,618</u>	<u>4,330,618</u>	<u>8,446,400</u>	<u>4,115,782</u>
Excess (Deficiency) of Revenues				
Other Sources (Uses) over (Under) Expenditures	<u>(8,067,791)</u>	<u>(9,383,268)</u>	<u>4,395,906</u>	
Fund Balance, Beginning of Year	<u>27,288,699</u>	<u>33,836,986</u>	<u>87,218,652</u>	
Fund Balance, End of Year	<u><u>\$ 19,220,908</u></u>	<u><u>\$ 24,453,718</u></u>	<u><u>\$ 91,614,558</u></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.

Note 2 - Budget Overages

The Budget to Actual-General Fund budget identified an overage in the Parks Department's personnel and operational expenses. Specifically, personnel expenses exceeded the budget by \$443,969, while operational expenses surpassed the budget by \$240,014. These variances were primarily due to the City assuming full operational management of the Lakeview Golf Course.



Other Information
September 30, 2024

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, 2024

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Interest	\$ -	\$ -	\$ 612,769	\$ 612,769
Total revenues	-	-	612,769	612,769
Expenditures				
General government capital outlay - Police	3,213,218	354,113	1,283,750	(929,637)
General government capital outlay - Fire	4,922,579	2,111,638	1,318,002	793,636
Parks and recreation capital outlay	-	-	-	-
Total expenditures	8,135,797	2,465,751	2,601,752	(136,001)
Excess (Deficiency) of revenues over (Under) Expenditures	(8,135,797)	(2,465,751)	(1,988,983)	476,768
Other Financing Sources (Uses)				
Operating transfer in	-	-	-	-
Operating transfer out	-	-	-	-
Unrealized gain (loss) on investments	-	-	21,110	21,110
Total other financing sources (uses)	-	-	21,110	21,110
Excess (Deficiency) of Revenues and Other Sources (Uses) over (Under) Expenditures	(8,135,797)	(2,465,751)	(1,967,873)	497,878
Fund Balance, Beginning of Year	(7,331,104)	(11,091,276)	13,011,622	
Fund Balance, End of Year	\$ (15,466,901)	\$ (13,557,027)	\$ 11,043,749	

City of Meridian, Idaho

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Enterprise Fund
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Water sales	\$ 10,874,654	\$ 10,874,654	\$ 11,231,109	\$ 356,455
Sewer sales	19,587,090	19,587,090	20,850,156	1,263,066
Other service revenues	270,000	572,612	1,031,423	458,811
Sale of meters	580,453	580,453	598,971	18,518
Trash billing service	1,278,771	1,278,771	1,443,166	164,395
Engineering fees	215,000	215,000	363,599	148,599
Assessment revenue and cash donations	18,623,926	19,532,536	15,327,295	(4,205,241)
Interest	1,500,000	1,500,000	5,207,000	3,707,000
Miscellaneous	-	-	51,690	51,690
Total revenues	52,929,894	54,141,116	56,104,409	1,963,293
Expenditures				
Administration personnel costs	6,088,178	6,088,178	5,800,220	287,958
Administration operating expenses	2,124,988	1,884,427	1,648,777	235,650
Water personnel costs	3,138,362	3,138,362	3,012,662	125,700
Water operating expenses	4,250,033	4,045,101	4,140,691	(95,590)
Wastewater personnel costs	4,855,828	4,855,828	4,647,291	208,537
Wastewater operating expenses	5,593,215	5,548,040	4,838,241	709,799
Capital outlay	86,217,670	80,143,926	27,536,749	52,607,177
Total expenditures	112,268,274	105,703,862	51,624,631	54,079,231
Excess (Deficiency) of Revenues over (Under) Expenditures	(59,338,380)	(51,562,746)	4,479,778	56,042,524
Other Financing Sources (Uses)				
Operating transfer out	(4,330,617)	(4,330,617)	(3,625,476)	705,141
Unrealized gain on investments	-	-	1,773,574	1,773,574
Gain (loss) on sale of capital assets	(21,827)	(2,334)	23,503	25,837
Total other financing sources (uses)	(4,352,444)	(4,332,951)	(1,828,399)	2,504,552
Excess (Deficiency) of Revenues and Other Sources (Uses) over (Under) Expenditures	(63,690,824)	(55,895,697)	2,651,379	
Fund Balance, Beginning of Year	22,042,558	29,971,414	110,121,567	
Fund Balance, End of Year	\$ (41,648,266)	\$ (25,924,283)	\$ 112,772,946	
Reconciling items for GAAP Basis Financials				
Deferred outflows			\$ 2,223,692	
Deferred inflows			(133,695)	
Pension liability amount			(7,365,441)	
Accrued vacation			(756,849)	
Retainage payable			(1,622,682)	
Net invested in capital assets			420,049,922	
Settlement payable			(240,000)	
Net Position, GAAP Basis, End of Year			\$ 524,927,893	



Single Audit Section
September 30, 2024

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 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Meridian, Idaho (the City), as of and for the year ended September 30, 2024, 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, 2025.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Boise, Idaho
February 18, 2025



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

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

Report on Compliance for Each Major Federal Programs

Opinion on Each Major Federal Programs

We have audited the City of Meridian, Idaho's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Programs

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each of the major federal programs. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each of the major federal programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho
February 18, 2025

City of Meridian, Idaho
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2024

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
U.S. Department of Homeland Security				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		\$ 467,990	\$ -
Total U.S. Department of Homeland Security			467,990	-
U.S. Department of Housing & Urban Development				
Community Development Block Grant				
Entitlement Grants Custer				
Community Development Block Grants	14.218		581,141	292,322
Total U.S. Department of Housing & Urban Development			581,141	292,322
U.S. Department of Health & Human Services				
<i>Passed-through the Idaho Office of Drug Policy</i>				
Strategic Prevention Framework	93.243	1H79SP080981-01	4,116	-
Total U.S. Department of Health & Human Services			4,116	-
U.S. Department of Transportation				
<i>Passed-through the Idaho State Department of Transportation</i>				
Highway Planning & Safety Cluster				
State & Community Highway Safety Traffic				
Enforcement Mobilizations	20.600	SPT2406	45,506	-
Total U.S. Department of Transportation			45,506	-
U.S. Department of Treasury				
COVID-19 - Coronavirus State and Local Fiscal				
Recovery Funds (CSLFRF)	21.027		864,473	-
Total U.S. Department of Treasury			864,473	-
Total Federal Financial Assistance			\$ 1,963,226	\$ 292,322

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of Meridian, Idaho (the City) under programs of the federal government for the year ended September 30, 2024. The information is 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, or cash flows, as applicable, of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures are reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded 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 Organization does not draw for indirect administrative expenses and has not elected to use the 10% de minimus 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 (a):	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027
Staffing for Adequate Fire and Emergency Responses (SAFER)	97.083
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.