



September 30, 2025



Financial Statements

CITY OF MERIDIAN, IDAHO



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Independent Auditor's Report

To the Mayor and Members of the City Council
City of 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 aggregate 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, 2025, 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 aggregate discretely presented component unit, and each major fund of the City, as of September 30, 2025, 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.

Adoption of New Accounting Standard

As discussed in Note 9 to the financial statements, the City has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended September 30, 2025. Accordingly, a restatement has been made to the Enterprise Fund Water and Sewer net position, and the governmental activities and business-type activities net position as of October 01, 2024, to restate beginning fund balance and net position. Our opinions are not modified with respect to this matter.

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 is 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 April 13, 2026, 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.

Eide Bailly LLP

Boise, Idaho
April 13, 2026



City of Meridian, Idaho
September 30, 2025



Management's Discussion and Analysis



Management's Discussion and Analysis

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, 2025. 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, 2025 by \$766,407,992 as compared to \$752,995,183 at September 30, 2024.
- Net position of the Governmental activities finished the fiscal year 2025 at \$221,570,997.
- Net position of Business-type activities finished fiscal year 2025 at \$544,837,000.
- Total unrestricted fund balance of governmental funds at September 30, 2025 was \$33,708,779 as compared to a total unrestricted governmental fund balance at September 30, 2024 of \$45,499,581.
- Total unrestricted fund balance of business-type funds at September 30, 2025 was \$75,264,421 as compared to a total unrestricted business-type fund balance at September 30, 2024 of \$104,877,971.
- The City's total outstanding long-term debt at September 30, 2025 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, 2025 the City's combined assets and deferred outflows exceeded liabilities and deferred inflows by \$766,407,992 as compared to the net position as of September 30, 2024 of \$752,995,183.

Government-wide total assets and deferred outflows of resources increased from last fiscal year to finish fiscal year 2025 at \$918,422,219 primarily due to the implementation of GASB 101.

Government-wide total liabilities and deferred inflows of resources increased from last fiscal year to finish fiscal year 2025 at \$152,014,227 primarily due to the implementation of GASB 101.

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 Activities		Business-Type Activities		2025	2024
	2025	2024	2025	2024		
Assets						
Current and other assets	\$ 177,331,743	\$ 176,201,549	\$ 100,629,776	\$ 122,967,150	\$ 277,961,519	\$ 299,168,699
Non-current assets	158,887,065	157,276,606	469,790,113	420,527,960	628,677,178	577,804,566
Deferred outflows of resources	9,824,716	10,856,852	1,958,806	2,223,692	11,783,522	13,080,544
TOTAL Assets and Deferred Outflows of Resources	346,043,524	344,335,007	572,378,695	545,718,802	918,422,219	890,053,809
Liabilities						
Current liabilities	15,436,360	9,336,301	18,833,867	12,297,796	34,270,227	21,634,097
Long-term liabilities	43,421,714	54,248,831	6,554,008	8,359,418	49,975,722	62,608,249
Deferred inflows of resources	65,614,460	52,682,585	2,153,818	133,695	67,768,278	52,816,280
TOTAL Liabilities and Deferred Inflows of Resources	124,472,534	116,267,717	27,541,693	20,790,909	152,014,227	137,058,626
Net position						
Net investments in capital assets	155,434,279	154,059,845	469,572,579	420,049,922	625,006,858	574,109,767
Restricted	32,427,939	28,507,864	-	-	32,427,939	28,507,864
Unrestricted	33,708,779	45,499,581	75,264,421	104,877,971	108,973,200	150,377,552
TOTAL Net Position	\$ 221,570,997	\$ 228,067,290	\$ 544,837,000	\$ 524,927,893	\$ 766,407,997	\$ 752,995,183

Statement of Activities

During the 2025 fiscal year the City's financial position increased by \$23,722,297. 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 decreased from last fiscal year to finish fiscal year 2025 at \$167,571,579. Overall revenues have decreased year over year associated with a slow down in development revenues along with the elimination of grant funding.

Government-wide total expenses decreased from last fiscal year to finish fiscal year 2025 at \$143,849,282. Overall expenditures decreased due to grant expenditures and capital projects that occurred in fiscal year 2024 that did not occur in fiscally 2025.

	Primary Government				Total	
	Governmental Activities		Business-Type Activities		2025	2024
	2025	2024	2025	2024		
Revenues						
Program revenues						
Charges for services	\$ 15,085,370	\$ 16,572,552	\$ 37,259,900	\$ 35,518,424	\$ 52,345,270	\$ 52,090,976
Operating grants and contributions	4,162,868	5,563,383	10,749,629	14,350,752	14,912,497	19,914,135
Capital grants and contributions	9,443,747	14,981,294	13,360,342	26,671,040	22,804,089	41,652,334
General revenue						
Property taxes	50,714,328	48,352,956	-	-	50,714,328	48,352,956
Franchise fees	2,128,675	2,231,298	-	-	2,128,675	2,231,298
Sales tax and other governmental	15,942,704	15,219,210	-	-	15,942,704	15,219,210
Investment earnings	4,081,898	4,673,868	4,408,491	5,207,000	8,490,389	9,880,868
Other revenue	169,497	1,355,903	64,130	1,848,766	233,627	3,204,669
Total revenues	<u>101,729,087</u>	<u>108,950,464</u>	<u>65,842,492</u>	<u>83,595,982</u>	<u>167,571,579</u>	<u>192,546,446</u>
Expenses						
General government						
Administration	16,313,704	19,722,238	-	-	16,313,704	19,722,238
Police	30,397,928	35,165,856	-	-	30,397,928	35,165,856
Fire	33,929,343	27,854,715	-	-	33,929,343	27,854,715
Parks and recreation	16,181,203	15,176,299	-	-	16,181,203	15,176,299
Community dev.	6,538,559	6,204,197	-	-	6,538,559	6,204,197
Enterprise - sewer and water	-	-	40,488,545	40,411,812	40,488,545	40,411,812
Total expenses	<u>103,360,737</u>	<u>104,123,305</u>	<u>40,488,545</u>	<u>40,411,812</u>	<u>143,849,282</u>	<u>144,535,117</u>
Excess (deficiency) of revenues over expenditures before transfers	<u>(1,631,650)</u>	<u>4,827,159</u>	<u>25,353,947</u>	<u>43,184,170</u>	<u>23,722,297</u>	<u>48,011,329</u>
Transfers - internal activities	<u>4,283,120</u>	<u>3,625,476</u>	<u>(4,283,120)</u>	<u>(3,625,476)</u>	<u>-</u>	<u>-</u>
Change in net position	2,651,470	8,452,635	21,070,827	39,558,694	23,722,297	48,011,329
Net position, beginning of year, as restated	218,919,530	219,614,655	523,766,174	485,369,199	742,685,704	704,983,854
Net position, ending of year	<u>\$ 221,571,000</u>	<u>\$228,067,290</u>	<u>\$544,837,001</u>	<u>\$524,927,893</u>	<u>\$766,408,001</u>	<u>\$752,995,183</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, 2024).

Fund Financial Statements Analysis

Governmental Funds

The General Fund had an ending fund balance of \$93,840,432 for fiscal year 2025, an increase from the ending fund balance at the end of fiscal year 2024, which was \$91,614,558. This represented an overall increase in ending fund balance of 2.4%.

The Capital Project Fund ending fund balance increased from fiscal year 2024 to fiscal year 2025, to finish the year at \$11,508,376. The increase was seen primarily in the cash and cash equivalents balance which increased by approximately \$493,000, 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 decreased by approximately \$0.8 million to finish the year at \$99,752,233. The decrease was primarily attributable to an increase in property taxes (increase of \$3.1 million), a decrease in interest earnings (decrease of \$0.5 million), a decrease in Intergovernmental of \$2.1 million, and a decrease in the impact fee revenue amounts (decrease of \$1.8 million).

Capital Project Fund revenue amounts decreased from fiscal year 2024 by \$119,535, which was due to the reduction of available funds in the Capital Project Fund to invest.

Expenditures for the General Fund had a decrease of \$1.5 million, which was attributable to a decrease in capital structure investments to Public Safety, and Parks & Recreation segments of the City. Public Safety and General Government for the General Fund increased from fiscal year 2024 by \$3.1 million to finish the year at \$75.0 million.

For the Capital Project Fund, expenditures had a decrease of \$2.6 million, to finish the year at \$7,156. The City managed limited major capital infrastructure projects during fiscal year 2025.

Enterprise Fund (Business-Type Activities)

Ending Net Position for the Business-Type activities increased significantly from fiscal year 2024, to finish the year at \$544,837,000. There were numerous contributing factors that led to the increase, with an increase in the capital asset amounts contributing towards the majority of the adjustment.

Operating revenues for the Business-Type activities increased due to an overall increase in water and sewer sales, an increase of \$1.7 million from fiscal year 2024. The largest increase was \$1.8 million for charges for services, which was due to an increase in the number of overall customers being served. Nonoperating revenues decreased by \$3.5 million from 2024. The largest decrease was in the connections assessment fees and donations amount, which decreased by \$.9 million from 2024.

Expenditures for the Business-Type activities also increased from fiscal year 2024 by \$0.1 million, to finish the year at \$40.5 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, 2024).

Total assets ended the year at \$2,543,637. Amounts represented cash on hand, receivables to the Trust and prepaid expense.

Total Liabilities ended the year at \$585,070. Amounts represent the claims incurred but not reported and claims payable as of December 31, 2024.

During the year ended December 31, 2024, additions to the Trust totaled \$9,377,458. 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, 2024, deductions from the Trust totaled \$10,160,038. Deductions from the Trust are primarily comprised of health claim benefits paid, which totaled \$9,075,007.

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 2025 overall expenditure budget was \$126,073,992 as compared to the actual expenditures of \$103,051,504.

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 2025 fiscal year was \$71,407,320 as compared to the final budget of \$74,653,970. 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 \$21,168,184 as compared to the final budget of \$33,058,400. 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 2026 and 2027.

The total General Fund 2025 capital expense was \$9,836,861 as compared to the final budget of \$18,361,622. 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 2025 General Fund actual revenue of \$99,752,233 fell short of the final budget of \$109,090,818.

The largest percentage of General Fund revenue resides in property tax and finished fiscal year 2025 at \$51,409,806. Intergovernmental revenue sharing is the second largest revenue stream in 2025 and finished the fiscal year lower than fiscal year 2024 at \$20,166,014. The third largest source of non-restricted General Fund revenue in fiscal year 2025 was licenses and permits, namely building permit sales. At the end of 2025, the licenses and permits revenue finished the year at \$6,536,935.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2025, the City had \$628,459,644 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 2025 included (net of depreciation):

- a decrease of \$4,163,023 in Buildings and improvements;
- an increase of \$4,113,704 in Land;
- an increase of \$1,773,901 in Easements;
- an increase of \$777,482 in Construction in progress;
- a decrease of \$752,126 in Right to use subscription IT assets;
- a decrease of \$97,428 in Equipment.

Major capital asset changes in the Business-Type Funds in 2025 included (net of depreciation):

- an increase of \$41,819,950 in Construction in progress;
- an increase of \$5,341,749 in Equipment;
- an increase of \$3,392,063 in Easements;
- a decrease of \$3,202,896 in Buildings and improvements;
- an increase of \$2,171,791 in Sewer and water lines.

**Capital Assets as of September 30, 2025
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
	Land	\$ 39,677,969	\$ 35,564,265	\$ 10,673,807	\$ 10,673,807	\$ 50,351,776
Easements	2,941,024	1,167,123	30,825,878	27,433,815	33,766,902	28,600,938
Buildings and improvements other than buildings	99,629,921	103,792,944	82,613,313	85,816,209	182,243,234	189,609,153
Sewer and water lines	-	-	229,644,100	227,472,309	229,644,100	227,472,309
Equipment	9,925,166	10,022,594	29,587,547	24,245,798	39,512,713	34,268,392
Construction in progress	3,288,258	2,510,776	86,227,934	44,407,984	89,516,192	46,918,760
Right to use subscriptions	3,246,011	3,998,137	-	-	3,246,011	3,998,137
Right to use lease	178,716	220,767	-	-	178,716	220,767
	<u>\$ 158,887,065</u>	<u>\$ 157,276,606</u>	<u>\$ 469,572,579</u>	<u>\$ 420,049,922</u>	<u>\$ 628,459,644</u>	<u>\$ 577,326,528</u>

The City recorded \$8,906,557 in depreciation and amortization expense for Governmental City functions and \$15,443,128 for Business-type activities. (See Note 5 to the financial statements).



Debt Administration

The only outstanding obligations the City had as of September 30, 2025, related to the outstanding right to use leased assets and IT subscriptions and (See Note 6 and 7 to the financial statements).

Fiscal Year 2026 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 FY2026 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 FY2026 Budget:

- The City provided compensation increases for general employees.
- The City considered the current FY2025 economic conditions and trends while working on the FY2026 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 2.45% year over year as growth slows down as compared to years past.
- The City continues to see population growth year over year with a previous 10-year annual average of about 5%.

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
September 30, 2025



Government-Wide Financial Statements



Statement of Net Position
Year Ended September 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 52,038,607	\$ 48,141,750	\$ 100,180,357	\$ 11,756,704
Restricted cash and cash equivalents	30,250,481	-	30,250,481	-
Investments	28,121,410	46,803,932	74,925,342	-
Restricted investments	2,461,222	-	2,461,222	-
Receivables:				
Accounts receivable, net	1,477,305	5,290,188	6,767,493	5,960
Property taxes	53,980,885	-	53,980,885	5,418,729
Due from opioid settlement	1,262,687	-	1,262,687	-
Due from other governmental units	5,235,779	-	5,235,779	-
Interest	343,004	295,134	638,138	-
Deposits and prepaid expenses	2,041,911	98,772	2,140,683	9,714
Lakeview inventory	118,452	-	118,452	-
Total current assets	<u>177,331,743</u>	<u>100,629,776</u>	<u>277,961,519</u>	<u>17,191,107</u>
Noncurrent assets				
Long-term note receivable	-	217,534	217,534	-
Capital Assets				
Land, easements, and other assets not depreciated	45,907,251	127,727,619	173,634,870	672,384
Buildings, improvements and equipment, net of depreciation	109,555,087	341,844,960	451,400,047	-
Right to use leased assets, net of accumulated amortization	178,716	-	178,716	-
Right to use subscription IT assets, net of accumulated amortization	3,246,011	-	3,246,011	-
Total noncurrent assets	<u>158,887,065</u>	<u>469,790,113</u>	<u>628,677,178</u>	<u>672,384</u>
Deferred outflows of resources				
Pension obligations	9,824,716	1,958,806	11,783,522	-
Total deferred outflows of resources	<u>9,824,716</u>	<u>1,958,806</u>	<u>11,783,522</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 346,043,524</u>	<u>\$ 572,378,695</u>	<u>\$ 918,422,219</u>	<u>\$ 17,863,491</u>

See Notes to Financial Statements

Statement of Net Position
Year Ended September 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities				
Accounts payable	\$ 3,199,898	\$ 15,378,342	\$ 18,578,240	\$ 26,350
Accrued payroll and taxes	3,553,806	787,425	4,341,231	-
Customer deposits	1,221,252	1,621,070	2,842,322	-
Interest payable	130,463	-	130,463	-
Due within one year				
Compensated absences, current portion	6,741,931	1,047,030	7,788,961	-
Right to use IT subscription liability, current portion	551,499	-	551,499	-
Right to use lease liability, current portion	37,511	-	37,511	-
Total current liabilities	<u>15,436,360</u>	<u>18,833,867</u>	<u>34,270,227</u>	<u>26,350</u>
Noncurrent liabilities				
Compensated absences - less current portion	7,898,375	1,026,024	8,924,399	-
Due to developers	-	-	-	2,717,404
Net pension liability	24,953,789	4,975,171	29,928,960	-
Right to use IT subscription liability, less current portion	2,736,325	-	2,736,325	-
Right to use lease liability, less current portion	127,451	-	127,451	-
Advanced revenue - ARPA obligations	7,548,743	-	7,548,743	-
Advanced revenue - other	157,031	312,813	469,844	-
Settlement payable	-	240,000	240,000	-
Total noncurrent liabilities	<u>43,421,714</u>	<u>6,554,008</u>	<u>49,975,722</u>	<u>2,717,404</u>
Deferred inflows of resources				
Pension obligations	10,802,833	2,153,818	12,956,651	-
Lease related	1,200,000	-	1,200,000	-
Unavailable revenues - property taxes	53,611,627	-	53,611,627	5,179,659
Total deferred inflows of resources	<u>65,614,460</u>	<u>2,153,818</u>	<u>67,768,278</u>	<u>5,179,659</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>124,472,534</u>	<u>27,541,693</u>	<u>152,014,227</u>	<u>7,923,413</u>
NET POSITION				
Net investments in capital assets	155,434,279	469,572,579	625,006,858	672,384
Restricted				9,267,694
Impact funds	32,426,652	-	32,426,652	-
Grant funds	1,287	-	1,287	-
Unrestricted				
Capital improvements	11,508,376	-	11,508,376	-
General funds	22,200,403	75,264,421	97,464,824	-
TOTAL NET POSITION	<u>221,570,997</u>	<u>544,837,000</u>	<u>766,407,997</u>	<u>9,940,078</u>
Total Liabilities, Deferred inflows of resources and Net Position	<u>\$ 346,043,531</u>	<u>\$ 572,378,693</u>	<u>\$ 918,422,224</u>	<u>\$ 17,863,491</u>

See Notes to Financial Statements

**Statement of Activities
Year Ended September 30, 2025**

Functions/Programs	Program revenue				Net (expense) revenue and changes in net position			
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary government			Component Unit
					Governmental activities	Business-type activities	Total	
Primary government								
Governmental activities								
General government								
Administration	\$ 16,313,704	\$ 666,680	\$ 443,402	\$ 150,000	\$ (15,053,622)	\$ -	\$ (15,053,622)	\$ -
Public safety								
Police	30,397,928	1,634,180	58,098	644,951	(28,060,699)	-	(28,060,699)	-
Fire	33,929,343	2,052,635	3,080,817	1,848,534	(26,947,357)	-	(26,947,357)	-
Parks and recreation	16,181,203	3,979,240	557,290	6,800,262	(4,844,411)	-	(4,844,411)	-
Community dev.	6,538,559	6,752,635	23,261	-	237,337	-	237,337	-
Total governmental activities	<u>103,360,737</u>	<u>15,085,370</u>	<u>4,162,868</u>	<u>9,443,747</u>	<u>(74,668,752)</u>	<u>-</u>	<u>(74,668,752)</u>	<u>-</u>
Business-type activities								
Water and wastewater	40,488,545	37,259,900	10,749,629	13,360,342	-	20,881,326	20,881,326	-
Total primary government	<u>\$ 143,849,282</u>	<u>\$ 52,345,270</u>	<u>\$ 14,912,497</u>	<u>\$ 22,804,089</u>	<u>\$ (74,668,752)</u>	<u>\$ 20,881,326</u>	<u>\$ (53,787,426)</u>	<u>\$ -</u>
Component unit								
Downtown development	<u>\$ 4,730,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,730,213)</u>
General revenues								
Shared revenues								
Property taxes, levied for general purposes					\$ 50,714,328	\$ -	\$ 50,714,328	\$ 5,100,045
Franchise fees					2,128,675	-	2,128,675	-
Sales tax and other governmental					15,942,704	-	15,942,704	-
Investment earnings					4,081,898	4,408,491	8,490,389	72,930
Net increase in fair value of investments					66,452	147,238	213,690	-
Miscellaneous					36,562	8,358	44,920	5,960
Gain on sale of fixed assets					66,483	(91,466)	(24,983)	-
Transfers - internal activities					4,283,120	(4,283,120)	-	-
Total general revenues and transfers					<u>77,320,222</u>	<u>189,501</u>	<u>77,509,723</u>	<u>5,178,935</u>
Change in net position					2,651,470	21,070,827	23,722,297	448,722
Net position, beginning of year, as previously reported					228,067,290	524,927,893	752,995,183	9,491,356
Restatements (Note 9)					(9,147,760)	(1,161,719)	(10,309,479)	-
Net position, beginning of year, restated					<u>218,919,530</u>	<u>523,766,174</u>	<u>742,685,704</u>	<u>9,491,356</u>
Net position, ending of year					<u>\$ 221,571,000</u>	<u>\$ 544,837,001</u>	<u>\$ 766,408,001</u>	<u>\$ 9,940,078</u>

See Notes to Financial Statements

City of Meridian, Idaho
September 30, 2025



Fund Financial Statements



**Balance Sheet – Governmental Funds
Year Ended September 30, 2025**

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total Major Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 40,569,785	\$ 11,468,822	\$ 52,038,607
Investments	28,121,410	-	28,121,410
Receivables:			
Accounts	1,477,305	-	1,477,305
Property taxes	53,980,885	-	53,980,885
Due from opioid settlement	1,262,687	-	1,262,687
Due from other governmental units	5,235,779	-	5,235,779
Interest	303,450	39,554	343,004
Prepaid items	2,041,911	-	2,041,911
Lakeview inventory	118,452	-	118,452
Restricted assets			
Cash and cash equivalents	30,250,481	-	30,250,481
Investments	2,461,222	-	2,461,222
Total assets	<u>\$ 165,823,367</u>	<u>\$ 11,508,376</u>	<u>\$ 177,331,743</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities			
Current liabilities			
Accounts payable	\$ 3,122,042	\$ -	\$ 3,122,042
Accrued payroll and taxes	3,553,806	-	3,553,806
Customer deposits - Lakeview Golf Course	157,031	-	157,031
Advanced revenue - ARPA obligations	7,548,743	-	7,548,743
Customer deposits	1,221,252	-	1,221,252
Total liabilities	<u>15,602,874</u>	<u>-</u>	<u>15,602,874</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	53,917,382	-	53,917,382
Unavailable revenue - leases	1,200,000	-	1,200,000
Unavailable revenue - opioid settlement	1,262,687	-	1,262,687
Total liabilities and deferred inflows	<u>71,982,943</u>	<u>-</u>	<u>71,982,943</u>

See Notes to Financial Statements

Balance Sheet – Governmental Funds
Year Ended September 30, 2025

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total Major Governmental Funds</u>
Fund Balances			
Nonspendable			
Prepays	2,041,911	-	2,041,911
Inventory for Lakeview Golf Course	118,452	-	118,452
Restricted			
Impact fund	32,024,632	-	32,024,632
Impact fund balance budget of carryforward	402,020	-	402,020
Grant fund	1,287	-	1,287
Committed			
Capital projects fund	-	11,508,376	11,508,376
Fund balance budget of carryforward	3,791,490	-	3,791,490
Public safety fund	2,833,069	-	2,833,069
Assigned			
Fund balance budget of carryforward	5,347,613	-	5,347,613
Capital improvement plan	10,000,000	-	10,000,000
Operating reserve	22,701,504	-	22,701,504
Emergency reserve	7,071,110	-	7,071,110
Future debt service payments for leases and SBITA	5,352,346	-	5,352,346
Unassigned	2,154,998	-	2,154,998
Total fund balances	<u>93,840,432</u>	<u>11,508,376</u>	<u>105,348,808</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 165,823,375</u>	<u>\$ 11,508,376</u>	<u>\$ 177,331,751</u>

See Notes to Financial Statements

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Year Ended September 30, 2025**

Fund balance - total governmental funds	\$ 105,348,808
Amounts reported for governmental activities 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.	158,887,064
Retainage that are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(77,856)
Some of the property taxes receivable are not available to pay for current-period expenditures and therefore are deferred in the funds.	305,755
Some of the Opioid Settlement receivable are not available to pay for current-period expenditures and therefore are deferred in the funds.	1,262,687
Long-term obligation is not due and payable in the current period and therefore is not reported in the funds.	
Net pension liability	(24,953,789)
Deferred outflows and inflows of resources related to pension obligations.	9,824,716
Deferred inflows of resources related to pensions.	(10,802,833)
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.	(3,287,824)
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.	(164,962)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(130,463)
Accrued vacation is not due and payable in the current period and therefore is not reported in the funds.	<u>(14,640,306)</u>
Net Position of governmental activities	<u>\$ 221,570,997</u>

See Notes to Financial Statements

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended September 30, 2025

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total Major Governmental Funds</u>
Revenues			
Taxes	\$ 51,409,806	\$ -	\$ 51,409,806
Intergovernmental	20,166,014	-	20,166,014
Licenses and permits	6,536,935	-	6,536,935
Charges for services	5,752,746	-	5,752,746
Franchise fees	2,128,675	-	2,128,675
Fines and forfeitures	704,712	-	704,712
Impact revenues	7,519,846	-	7,519,846
Interest	3,588,664	493,234	4,081,898
Donations	1,908,273	-	1,908,273
Miscellaneous	36,562	-	36,562
Total revenues	<u>99,752,233</u>	<u>493,234</u>	<u>100,245,467</u>
Expenditures			
General government	13,222,152	-	13,222,152
Public safety			
Police	34,257,981	-	34,257,981
Fire	27,602,692	7,156	27,609,848
Parks and recreation	11,425,529	-	11,425,529
Community development	6,067,150	-	6,067,150
Capital outlay	9,836,861	-	9,836,861
Debt service	639,139	-	639,139
Total expenditures	<u>103,051,504</u>	<u>7,156</u>	<u>103,058,660</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,299,271)</u>	<u>486,078</u>	<u>(2,813,193)</u>
Other financing sources (uses)			
Operating transfer in	4,283,120	-	4,283,120
Operating transfer out	-	-	-
Unrealized gain (loss) on investments	87,903	(21,451)	66,452
IT - subscriptions asset agreement	1,087,638	-	1,087,638
Proceeds from leased asset agreement	-	-	-
Proceeds from sale of capital assets	66,483	-	66,483
Total other financing sources (uses)	<u>5,525,144</u>	<u>(21,451)</u>	<u>5,503,693</u>
Net change in fund balances	2,225,873	464,627	2,690,500
Fund balance, beginning of year, as previously reported	91,614,558	11,043,749	102,658,307
Restatements	-	-	-
Fund balance, beginning of year	91,614,558	11,043,749	102,658,307
Fund balance, end of year	<u>\$ 93,840,431</u>	<u>\$ 11,508,376</u>	<u>\$ 105,348,807</u>

See Notes to Financial Statements

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended September 30, 2025**

Change in fund balance - total governmental funds	\$	2,690,500
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>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.</p>		
New capital		9,836,861
Depreciation		(8,906,557)
SBITA and lease amortization		(629,635)
Total		300,669
Capital assets contributed by citizens or developers are not a source of financial resources and thus, are not recognized in the governmental funds.		1,773,901
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.		(695,478)
Some court revenue in the statement of activities does not provide current financial resources and is not reported as revenue in the governmental funds.		272,259
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.		(1,814,901)
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 in governmental funds.		757,083
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		447,359
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		(1,087,638)
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.		7,712
Change in net position of governmental activities	\$	<u>2,651,466</u>

See Notes to Financial Statements



**Statement of Net Position – Proprietary Fund
September 30, 2025**

	<u>Enterprise Fund Water and Sewer</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 48,141,750
Investments	46,803,932
Receivables	
Accounts, net	
Accounts receivable, gross	5,320,188
Allowance for uncollectibles	(30,000)
Interest	295,134
Prepays	98,772
Total current assets	<u>100,629,776</u>
Noncurrent assets	
Long-term notes receivable	217,534
Capital assets	
Land	10,673,807
Easements	30,825,878
Construction in progress	86,227,934
Buildings and improvements other than buildings	157,432,132
Sewer and water lines	314,984,356
Machinery and equipment	66,360,045
Less accumulated depreciation	<u>(196,931,573)</u>
Total noncurrent assets	<u>469,790,113</u>
Total assets	<u>570,419,889</u>
Deferred outflow of resources	
Pension	1,958,806
Total assets and deferred outflow of resources	<u>\$ 572,378,695</u>

See Notes to Financial Statements

**Statement of Net Position – Proprietary Fund
 September 30, 2025**

	<u>Enterprise Fund Water and Sewer</u>
Liabilities, deferred inflow of resources and net position	
Liabilities	
Current liabilities	
Accounts payable	\$ 15,378,342
Accrued payroll and taxes	787,425
Accrued vacation - current portion	1,047,030
Customer deposits	1,621,070
Total current liabilities	<u>18,833,867</u>
Noncurrent liabilities	
Accrued vacation - less current portion	1,026,023
Settlement payable	240,000
Pension payable	4,975,171
Advanced revenue	312,813
Total noncurrent liabilities	<u>6,554,007</u>
Total liabilities	<u>25,387,874</u>
Deferred inflow of resources	
Pension	2,153,818
Total deferred inflow of resources	<u>2,153,818</u>
Net position	
Net investment in capital assets	469,572,579
Unrestricted	75,264,421
Total net position	<u>544,837,000</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 572,378,692</u>

See Notes to Financial Statements



**Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
September 30, 2025**

	<u>Enterprise Fund Water and Sewer</u>
Operating revenues	
Charges for services	
Water sales	\$ 11,976,140
Sewer sales	22,013,522
Other service revenues	945,806
Sale of meters	529,123
Trash billing service	1,543,108
Engineering fees	252,200
Miscellaneous	8,358
Total operating revenues	<u>37,268,257</u>
Operating expenses	
Personnel services	14,502,917
Other services and charges	4,570,841
Depreciation	15,443,128
Supplies	4,103,415
Heat, lights and power	1,868,244
Total operating expenses	<u>40,488,545</u>
Operating income (loss)	<u>(3,220,288)</u>
Nonoperating revenues (expenses)	
Interest revenue	4,408,491
Connection assessment fees and donations	14,348,690
Gain (loss) on sale of fixed assets	(91,466)
Net gain in fair value of investments	147,238
Total nonoperating revenues (expenses)	<u>18,812,953</u>
Income (loss) before capital contributions and transfers	15,592,665
Capital contributions and transfers	
Donated waterlines and sewerlines	9,761,281
Operating transfers out	(4,283,120)
Total capital contributions and transfers	<u>5,478,161</u>
Change in net position	21,070,826
Net position, beginning of year, as previously reported	524,927,893
Restatements (Note 9)	(1,161,719)
Net position, beginning of year, as restated	<u>523,766,174</u>
Net position, end of year	<u>\$ 544,837,000</u>

See Notes to Financial Statements

**Statement of Cash Flows – Proprietary Fund
Year Ended September 30, 2025**

	<u>Enterprise Fund Water and Sewer</u>
Operating activities	
Receipts from customers and users	\$ 37,268,258
Receipts from customers deposits	(223,432)
Payments to suppliers	(5,090,684)
Payments to employees	(14,151,060)
Net cash from (used for) operating activities	<u>17,803,082</u>
Noncapital financing activities	
Investment earnings	147,238
Operating transfer to general fund	(4,283,120)
Net cash from (used for) noncapital financing activities	<u>(4,135,882)</u>
Capital and related financing activities	
Connection assessment fees	14,348,690
Net change from sale of capital assets	(91,466)
Receipts from note receivable	108,063
Purchase of capital assets	(55,204,504)
Net cash from (used for) capital and related financing activities	<u>(40,839,217)</u>
Investing activities	
Sales of investments	(2,002,151)
Interest received	4,523,269
Net change from (used for) investing activities	<u>2,521,118</u>
Net change in cash and cash equivalents	(24,650,899)
Cash and cash equivalents, beginning of year	72,792,649
Cash and cash equivalents, end of year	<u>\$ 48,141,750</u>
Reconciliation of operating loss to net cash from operating activities	
Operating income (loss)	\$ (3,220,288)
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	15,443,128
Pension expense	2,285,010
Changes in assets and liabilities	
Accounts receivable	(272,211)
Prepaid items	(1,498)
Accounts payable	5,725,526
Accrued payroll and taxes	(1,933,153)
Customer deposits	(223,432)
Net cash from (used for) operating activities	<u>\$ 17,803,082</u>
Supplemental Disclosure of Cash Flow Information	
Developer and customer contributed sewer and water lines	\$ 9,761,281

See Notes to Financial Statements



**Statement of Fiduciary Net Position
December 31, 2025**

	<u>Employee Benefit Plan Trust</u>
Assets	
Cash	\$ 2,381,142
Contributions receivable	1,628
Rebates receivables	72,850
Prepaid expense	88,017
Total current assets	<u>2,543,637</u>
Liabilities	
Claims Payable	106,070
Health claims incurred but not reported	479,000
Total liabilities	<u>585,070</u>
Fiduciary Net Position	<u>\$ 1,958,567</u>

See Notes to Financial Statements

**Statement of Changes in Fiduciary Net Position
 Year Ended December 31, 2025**

	<u>Employee Benefit Plan Trust</u>
Additions	
Contributions	
Employer	\$ 8,189,138
Plan member	880,703
COBRA	16,466
Total contributions	<u>9,086,307</u>
Prescription rebates	283,304
Interest income	7,847
Total additions	<u>9,377,458</u>
Deductions	
Health claim benefits	9,075,007
Change in health claims incurred but not paid	(122,165)
Stop loss premiums	598,805
Administrative expenses	608,391
Total deductions	<u>10,160,038</u>
Change in fiduciary net position	(782,580)
Fiduciary net position, beginning of year	<u>\$ 2,741,147</u>
Fiduciary net position, end of year	<u><u>\$ 1,958,567</u></u>

See Notes to Financial Statements

City of Meridian, Idaho
September 30, 2025



Notes to Financial Statements



Notes to Financial Statements

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, 2024).

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 are 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, 2025.

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 Life (Years)
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, 2025, no capital assets were considered to be impaired, and no impairment loss was recognized for the year ended September 30, 2025.

Lease Liabilities and Subscription-based IT Arrangements

A lease and/or subscription-based information technology arrangement (SBITA) is defined as a contract 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. The amortization periods range from 3-5 years.

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.

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.

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.

As of October 1, 2024, the City adopted GASB Statement No. 101, Compensated Absences. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. The effect of the implementation of this standard on beginning net position is disclosed in Note 9.

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 four items that currently qualify for reporting the category: the deferred property taxes, the deferred pension obligation, amounts relating to the opioid settlement and deferred inflows expected from leasing arrangements. For property taxes, these amounts are deferred and recognized as an inflow of sources in the period that the amounts become available. 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 of 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 lease and 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, 2025 are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$100,180,357
Cash and cash equivalents - restricted	30,250,481
Total cash and cash equivalents	<u>\$130,430,838</u>
Investments	\$ 74,925,342
Investments - restricted	2,461,222
Total Investments	<u>\$ 77,386,564</u>
Cash - fiduciary activities	\$ 2,381,142
Total cash - fiduciary activities	<u>\$ 2,381,142</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 Bloomberg 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, 2025 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)	\$ 77,386,564
Total investments at NAV	<u>\$ 77,386,564</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:

	<u>Investments Measured at the NAV</u>			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
State of Idaho Diviserfied Bond Fund (DBF)	\$ 77,386,564	None	Monthly	5-25 days

Interest Rate Risk

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Duration</u>
Idaho Diversified Bond Fund (DBF)	\$ 77,386,564	not rated	2.27
Idaho Local Government Investment Pool (LGIP)	107,375,871	not rated	0.15 years
Money market funds	5,384,369	not rated	
Other cash amounts	17,670,597		
Total cash and investments	<u>\$ 207,817,401</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 \$130,430,838 and the bank balance was \$131,054,962. Of the bank balance \$250,000 was covered by federal depository insurance, \$5,384,369 was collateralized with securities held at the Federal Home Bank of Seattle for First Interstate Bank and pledged to the City of Meridian, \$107,375,871 was held by the State of Idaho Local Group Investment Pool, and the remainder of the City’s deposits of \$18,044,722 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, 2025:

State of Idaho		
State Tax Commission	\$	3,908,297
State Liquor Dispensary		372,370
Idaho Transportation Department		6,378
Federal agencies		617,649
Other Governmental Agencies		
Meridian Rural Fire District		275,736
Ada County		45,178
West Ada School District		10,172
Total Due from Other Governmental Units	\$	<u>5,235,779</u>



Note 4 - Note Receivable

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

	Balance as of October 1, 2024	Interest and Adjustments	Payments	Balance as of September 30, 2025
Long-term note receivable	\$ 256,491	\$ 8,754	\$ (47,711)	\$ 217,534

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

Fiscal Years	Annual Payment
2026	\$ 32,448
2027	32,448
2028	32,448
2029	32,448
2030	32,448
2031	55,294
Total	<u>\$ 217,534</u>

Note 5 - Capital Assets

Capital asset activity for the year ended September 30, 2025, is as follows:

Governmental Activities	Balance Oct. 1, 2024	Additions	Deletions	Transfers	Balance Sept. 30, 2025
Capital assets, not depreciated					
Land	\$ 35,564,265	\$ 4,113,704	\$ -	\$ -	\$ 39,677,969
Easements	1,167,123	1,773,901	-	-	2,941,024
Construction in progress	2,510,776	2,029,767	-	(1,252,285)	3,288,258
Total capital assets, not depreciated	<u>39,242,164</u>	<u>7,917,372</u>	<u>-</u>	<u>(1,252,285)</u>	<u>45,907,251</u>
Capital assets, depreciated					
Buildings	79,663,341	-	-	706,042	80,369,386
Improvements other than buildings	76,864,415	1,518,290	-	-	78,382,706
Internally developed software	514,166	-	-	-	514,165
Equipment	28,564,631	1,022,053	(456,226)	1,399,714	30,530,170
Total capital assets, depreciated	<u>185,606,553</u>	<u>2,540,343</u>	<u>(456,226)</u>	<u>2,105,756</u>	<u>189,796,427</u>
Less accumulated depreciation for					
Buildings	23,130,232	2,716,599	-	-	25,844,795
Improvements other than buildings	29,604,580	3,672,873	-	-	33,277,376
Internally developed software	471,606	33,420	-	-	505,025
Equipment	18,584,597	2,483,665	(456,226)	-	20,614,144
Total accumulated depreciation	<u>71,791,015</u>	<u>8,906,557</u>	<u>(456,226)</u>	<u>-</u>	<u>80,241,340</u>
Total capital assets	<u>153,057,702</u>	<u>1,551,158</u>	<u>-</u>	<u>853,471</u>	<u>155,462,338</u>
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	42,051	-	-	69,481
Net right to use leased assets	<u>220,767</u>	<u>(42,051)</u>	<u>-</u>	<u>-</u>	<u>178,716</u>
Right to use Subscription IT Assets not Being Amortized	835,473	-	-	(835,473)	-
Right to use Subscription IT Assets Being Amortized	3,507,650	1,093,188	(605,129)	-	3,995,709
Less Accumulated Amortization	344,986	587,584	(182,872)	-	749,698
Net right to use subscription IT assets, net	<u>3,998,137</u>	<u>505,604</u>	<u>(422,257)</u>	<u>(835,473)</u>	<u>3,246,011</u>
Governmental activities capital assets, net	<u>\$ 157,276,606</u>	<u>\$ 2,014,711</u>	<u>\$ (422,257)</u>	<u>\$ 17,998</u>	<u>\$ 158,887,065</u>

Business-Type Activities	Balance Oct. 1, 2024	Additions	Deletions	Transfers	Balance Sept. 30, 2025
Capital assets, not depreciated					
Land	\$ 10,673,807	-	-	-	\$ 10,673,807
Easements	27,433,815	3,392,065	-	-	30,825,878
Construction in progress	44,407,984	48,737,789	-	(6,917,840)	86,227,934
Total capital assets, not depreciated	<u>82,515,606</u>	<u>52,129,854</u>	<u>-</u>	<u>(6,917,840)</u>	<u>127,727,619</u>
Capital assets, depreciated					
Buildings and improvements other than buildings	153,754,110	3,695,228	(113,891)	96,686	157,432,132
Sewer and water lines	303,463,610	8,070,942	-	3,449,804	314,984,356
Machinery and equipment	61,913,965	1,183,652	(108,923)	3,371,350	66,360,045
Total capital assets, depreciated	<u>519,131,685</u>	<u>12,949,822</u>	<u>(222,814)</u>	<u>6,917,840</u>	<u>538,776,533</u>
Less accumulated depreciation for					
Buildings and improvements other than buildings	67,937,900	6,880,919	-	-	74,818,819
Sewer and water lines	78,995,971	6,344,285	-	-	85,340,256
Machinery and equipment	34,663,498	2,217,923	(108,923)	-	36,772,498
Total accumulated depreciation	<u>181,597,369</u>	<u>15,443,127</u>	<u>(108,923)</u>	<u>-</u>	<u>196,931,573</u>
Total net capital assets, depreciated	<u>337,534,316</u>	<u>(2,493,305)</u>	<u>(113,891)</u>	<u>6,917,840</u>	<u>341,844,960</u>
Business-type activities capital assets, net	<u>\$ 420,049,922</u>	<u>\$ 49,636,549</u>	<u>\$ (113,891)</u>	<u>\$ -</u>	<u>\$ 469,572,579</u>

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

Governmental activities	
General government	\$ 1,290,724
Public safety	3,490,706
Parks and recreation	4,125,130
Total depreciation expense - governmental activities	<u>\$ 8,906,560</u>
Business-type activities	
Water and Sewer	15,443,127
Total depreciation expense - business-type activities	<u>\$ 15,443,127</u>

Amortization expense for the year ended September 30, 2025 was charged to the following functions/programs:

Administration	\$ 629,635
Total amortization expense	<u>\$ 629,635</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, 2025, is as follows:

	<u>Balance October 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2025</u>	<u>Due Within One Year</u>
Right to use lease liability	\$ 200,197	\$ -	\$ (35,235)	\$ 164,962	\$ 37,511

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

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 37,511	\$ 10,489
2027	39,896	8,104
2028	42,433	5,567
2029	45,122	2,877
Total	<u>\$ 164,962</u>	<u>\$ 27,037</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, 2025. Deferred inflows related to these leases was \$1,200,000 as of September 30, 2025. \$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 \$43,528 - \$283,684. The subscription liability was valued using discount rates between 5.00% 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, 2025, is as follows:

	<u>Balance October 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2025</u>	<u>Due Within One Year</u>
Subscription IT liabilities	\$ 3,034,567	\$ 1,087,638	\$ (834,381)	\$ 3,287,824	\$ 551,499

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

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 551,499	\$ 165,265
2027	572,887	161,713
2028	353,369	129,692
2029	311,356	109,043
2030	292,256	90,178
2031-2035	1,206,457	172,839
Total	<u>\$ 3,287,824</u>	<u>\$ 828,730</u>

Note 8 - Interfund Balances and Transfers

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

	Transfer In		
	General Fund	Capital Projects Fund	Total
Transfer out			
General fund	\$ -	\$ -	\$ -
Enterprise fund	4,283,120	-	4,283,120
Total transfers	<u>\$ 4,283,120</u>	<u>\$ -</u>	<u>\$ 4,283,120</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 Fiscal Year 2025.

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, 2025.

	Balance October 1 2024	Additions ⁺	Payments	Balance September 30 2025	Due Within One Year
Accrued Vacation	\$ 5,974,364	\$ 122,222		\$ 6,096,586	\$ 5,100,794
Accrued Sick Leave	9,702,022	914,752	-	10,616,774	2,688,167
Total long-term debt	<u>\$ 15,676,386</u>	<u>\$ 1,036,974</u>	<u>\$ -</u>	<u>\$ 16,713,360</u>	<u>\$ 7,788,961</u>

*The roll-forward schedule only reports the net change in the compensated absences liability.

Change in Accounting Principle

As of October 1, 2025, the City adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, compensated absences current portion and compensated absences noncurrent portion were increased by \$10,309,480, as of October 1, 2024. The effect of this change in accounting principle is described in the table below.

	October 1, 2024 As Previously Reported	Change in Accounting Principle	October 1, 2025, As Restated
Government-Wide			
Governmental Activities	\$ 228,067,290	\$ (9,147,760)	\$ 218,919,530
Business-Type Activities	524,927,893	(1,161,719)	523,766,174
Total Primary Government	<u>\$ 752,995,183</u>	<u>\$ (10,309,479)</u>	<u>\$ 742,685,704</u>
Proprietary Funds			
Major Funds:			
Enterprise Fund Water and Sewer	<u>\$ 524,927,893</u>	<u>\$ (1,161,719)</u>	<u>\$ 523,766,174</u>
Total Proprietary Funds	<u>\$ 524,927,893</u>	<u>\$ (1,161,719)</u>	<u>\$ 523,766,174</u>

Note 10 - Defined Benefit Pension Plan

Plan Description

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

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials).

Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2025, 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 \$7,699,947 for the year ended September 30, 2025.

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

At September 30, 2025, 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, 2025, 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, 2025, the City's proportion was 1.23767368 percent compared to 1.15825274 percent at June 30, 2024.



For the year ended September 30, 2025, the City recognized pension expense (expense offset) of \$6,907,782. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,639,928	\$ -
Changes in assumptions or other inputs	-	5,262,927
Net difference between projected and actual earnings on pension plan investments	-	7,693,724
Changes in the employer’s proportion and differences between the employer’s contributions and the employer’s proportionate	4,078,426	-
City contributions subsequent to the measurement date	2,065,168	-
Total	<u>\$ 11,783,522</u>	<u>\$ 12,956,651</u>

The City reported \$2,065,168 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 liability in the year ending September 30, 2026.

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, 2025, 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:

<u>Years Ended September 30,</u>	
2026	\$ 6,522,227
2027	(3,822,475)
2028	(3,839,407)
2029	(2,098,692)

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	2.40 percent
Salary increases, including inflation	3.15 percent
Investment rate of return	6.55 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, 2025.

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 1, 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	0.00%	0.00%
Large Cap	22.00%	4.75%
Small/Mid Cap	10.00%	4.95%
International Equity	11.00%	4.75%
Emerging Markets Equity	11.00%	4.95%
Domestic Fixed	20.00%	2.25
TIPS	10.00%	2.05
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 6.55%. 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 6.55%, 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 (5.55%) or 1- percentage-point higher (7.55%) than the current rate:

	1% Decrease (5.55%)	Current Discount Rate (6.55%)	1% Increase (7.55%)
Employer’s proportionate share of the net pension liability (asset)	\$ 72,009,233	\$ 29,928,960	\$ (4,448,747)

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, 2025, the City reported payables to the defined benefit pension plan of \$622,944 for legally required employer contributions and \$426,238 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, 2025:

Commitments	Amount
Buildings & Structures	\$ 1,613,062
Parks/Pathways Construction & Improvements	548,070
Wastewater Treatment Plant Improvements	24,350,921
Water/Sewer Line Improvements	19,317,465
Well Improvements	5,910,278
Total Commitments	<u>\$ 51,739,796</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, 2025, MDC agreed to contribute \$15,814 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, 2025, the account balance of the checking account was \$11,756,704. \$11,506,704 was uninsured and uncollateralized as of September 30, 2025. 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, 2024	Additions	Deletions	Transfers	Balance at September 30, 2025
Governmental Activities					
Capital assets, not depreciated					
Land	\$ 672,384	\$ -	\$ -	\$ -	\$ 672,384
Total capital assets, not depreciated	672,384	-	-	-	672,384
Capital assets, depreciated					
Intangibles	140,547	-	-	-	140,547
Total capital assets, depreciated	140,547	-	-	-	140,547
Less accumulated depreciation for					
Intangibles	(140,547)	-	-	-	(140,547)
Total accumulated depreciation	(140,547)	-	-	-	(140,547)
Governmental activities capital assets, net	\$ 672,384	\$ -	\$ -	\$ -	\$ 672,384

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, 2025, the Ten Mile Developers have incurred life-to-date eligible expenses and requested reimbursements totaling \$11,329,231. Of this amount, \$2,508,166 was paid by MDC in fiscal year 2025 and \$6,254,511 was paid by MDC in prior fiscal years. The remaining amount of \$2,566,554 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. During the fiscal year ended September 30, 2025, the Development Agreement was terminated without any amounts paid to Union Developers.

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, 2025, the Bower Street Developers have incurred life-to- date eligible expenses and requested reimbursements totaling \$224,000. Of this amount, \$22,334 was paid by MDC in fiscal year 2025. The remaining amount of \$150,850 is to be paid, contingent upon the future receipt of tax increment.

Note 15 - Subsequent Events

Subsequent events were evaluated through January 16, 2026. Management concluded that no events occurred subsequent to fiscal year-end that would require adjustment to, or disclosure in, these financial statements.



City of Meridian, Idaho
September 30, 2025



Required Supplementary Information



**Schedule of Employer's Share of Net Pension Liability (Asset) and Employer Contributions
Year Ended September 30, 2025**

	Employer's portion of 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)
2025	1.23767368%	\$ 29,928,960	\$ 58,609,469	51.07%	90.89%
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%

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



Schedule of Employer’s Share of Net Pension Liability (Asset) and Employer Contributions
Year Ended September 30, 2025

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution (deficiency) excess	Employer’s covered payroll	Contributions as a percentage of covered payroll
2025	\$ 7,636,814	\$ 7,699,947	\$ (63,133)	\$ 59,266,062	12.99%
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%

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

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –
General Fund**

Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 50,726,863	\$ 50,726,863	\$ 51,409,806	\$ 682,943
Intergovernmental	21,041,610	27,492,740	20,166,014	(7,326,726)
Licenses and permits	8,317,842	8,317,842	6,536,935	(1,780,907)
Charges for services	4,852,220	4,858,120	5,752,746	894,626
Franchise fees	2,724,776	2,724,776	2,128,675	(596,101)
Fines and forfeitures	500,984	500,984	704,712	203,728
Impact revenues	12,005,888	12,005,888	7,519,846	(4,486,042)
Interest	2,201,874	2,201,874	3,588,664	1,386,790
Donations	4,000	261,731	1,908,273	1,646,542
Miscellaneous	-	-	36,562	36,562
Total revenues	<u>102,376,057</u>	<u>109,090,818</u>	<u>99,752,233</u>	<u>(9,338,585)</u>
Expenditures				
General government				
Personnel costs	8,619,464	8,673,566	8,323,263	350,303
Operating expense	9,633,450	14,442,603	4,898,889	9,543,714
Public safety				
Police				
Personnel costs	30,161,193	30,376,554	28,973,532	1,403,022
Operating expense	6,621,786	5,614,349	5,284,449	329,900
Fire				
Personnel costs	23,805,219	24,125,640	23,502,877	622,763
Operating expense	4,911,244	4,728,386	4,099,815	628,571
Parks and recreation				
Personnel costs	6,239,583	6,280,595	6,068,982	211,613
Operating expense	5,181,287	5,794,831	5,356,547	438,284
Community development				
Personnel costs	5,169,085	5,197,615	4,538,666	658,949
Operating expense	2,420,246	2,478,231	1,528,484	949,747
Capital outlay				
General government	2,203,439	1,882,584	1,601,358	281,226
Public safety				
Police	593,453	1,446,625	1,165,776	280,849
Fire	1,955,394	3,981,154	93,550	3,887,604
Parks and recreation	7,070,994	11,051,259	6,976,177	4,075,082
Debt service				
General government	-	-	639,139	(639,139)
Total expenditures	<u>114,585,837</u>	<u>126,073,992</u>	<u>103,051,504</u>	<u>23,022,488</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,209,780)</u>	<u>(16,983,174)</u>	<u>(3,299,271)</u>	<u>13,683,903</u>
Other Financing Sources (Uses)				
Operating transfer in	4,443,944	4,443,944	4,283,120	(160,824)
Unrealized gain (loss) on investments	-	-	87,903	87,903
IT - subscriptions asset agreement	-	-	1,087,638	1,087,638
Proceeds from sale of capital assets	-	55,600	66,483	10,883
Total other financing sources (uses)	<u>4,443,944</u>	<u>4,499,544</u>	<u>5,525,144</u>	<u>1,025,600</u>
Net change in fund balances	<u>(7,765,836)</u>	<u>(12,483,630)</u>	<u>2,225,873</u>	
Fund balance, beginning of year	<u>19,220,908</u>	<u>24,453,718</u>	<u>91,614,558</u>	
Fund balance, end of year	<u>\$ 11,455,072</u>	<u>\$ 11,970,088</u>	<u>\$ 93,840,431</u>	

See Notes to Financial Statements



Notes to Required Supplemental Information

Note 16 - 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 17 - Budget Overages

The Budget to Actual-General Fund budget identified an overage in the General Government debt services expenses by \$639,139. This variance was primarily due to the GASB 87 Lease and GASB 96 SBITA principal and interest expenses.



City of Meridian, Idaho
September 30, 2025



Other Information



**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual –
 Capital Projects Fund
 Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Interest	\$ -	\$ -	\$ 493,234	\$ 493,234
Total revenues	-	-	493,234	493,234
Expenditures				
Public safety				
Fire				
Operating expense	-	-	7,156	(7,156)
Capital outlay				
Public safety				
Fire	907,612	793,517	-	793,517
Total expenditures	907,612	793,517	7,156	786,361
Excess (deficiency) of revenues over (under) expenditures	(907,612)	(793,517)	486,078	1,279,595
Other Financing Sources (Uses)				
Unrealized gain (loss) on investments	-	-	(21,451)	(21,451)
Total other financing sources (uses)	-	-	(21,451)	(21,451)
Net change in fund balances	(907,612)	(793,517)	464,627	1,258,144
Fund balance, beginning of year	(15,466,901)	(13,557,027)	11,043,749	
Fund balance, end of year	<u>\$ (16,374,513)</u>	<u>\$ (14,350,544)</u>	<u>\$ 11,508,376</u>	

**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual –
Enterprise Fund
Year Ended September 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Water sales	\$ 11,340,089	\$ 11,340,089	\$ 11,976,140	\$ 636,051
Sewer sales	20,425,417	20,425,417	22,013,522	1,588,105
Other service revenues	384,735	384,735	945,806	561,071
Sale of meters	501,279	501,279	529,123	27,844
Trash billing service	1,414,850	1,414,850	1,543,108	128,258
Engineering fees	180,066	180,066	252,200	72,134
Assessment revenue and cash donations	14,382,397	20,900,906	14,348,690	(6,552,216)
Interest	3,664,530	3,664,530	4,408,491	743,961
Miscellaneous	-	-	8,358	8,358
Total revenues	52,293,363	58,811,872	56,025,438	(2,786,434)
Expenditures				
Administration personnel costs	6,426,888	6,457,205	6,206,252	250,953
Administration operating expenses	1,969,026	1,774,877	1,684,550	90,327
Water personnel costs	3,328,372	3,355,642	3,167,439	188,203
Water operating expenses	4,274,686	4,175,500	4,117,895	57,605
Wastewater personnel costs	5,288,562	5,327,591	5,080,000	247,591
Wastewater operating expenses	6,299,155	5,823,428	4,740,056	1,083,372
Capital outlay	112,431,129	110,227,087	54,714,834	55,512,253
Total expenditures	140,017,818	137,141,330	79,711,026	57,430,304
Excess (deficiency) of revenues over (under) expenditures	(87,724,455)	(78,329,458)	(23,685,588)	54,643,870
Other financing sources (uses)				
Operating transfer out	(4,443,945)	(4,443,945)	(4,283,120)	160,825
Proceeds from IT - subscription asset agreement	-	-	147,238	147,238
Proceeds from sale of capital assets	(507)	(507)	22,425	22,932
Total other financing sources (uses)	(4,444,452)	(4,444,452)	(4,113,457)	330,995
Net change in fund balances	(92,168,907)	(82,773,910)	(27,799,045)	
Fund balance, beginning of year	(41,648,266)	(25,924,283)	112,772,946	
Fund balance, end of year	\$ (133,817,173)	\$ (108,698,193)	\$ 84,973,901	

Reconciling items for GAAP Basis Financials

Deferred outflows	\$ 1,958,806
Deferred inflows	(2,153,818)
Pension liability amount	(4,975,171)
Accrued vacation	(2,073,053)
Retainage payable	(2,226,242)
Net invested in capital assets	469,572,579
Settlement payable	(240,000)
Net Position, GAAP Basis, End of Year	\$ 544,837,002



City of Meridian, Idaho
September 30, 2025



Single Audit Section





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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of City of Meridian, Idaho (the City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 13, 2026.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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.



Boise, Idaho
April 13, 2026



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

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited 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 the City's major federal programs for the year ended September 30, 2025. 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 its major federal programs for the year ended September 30, 2025.

Basis for Opinion on the Major Federal Program

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 major federal program. 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 major federal program 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.

Boise, Idaho
April 13, 2026

**Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025**

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 Energy				
Energy Strategic Plan (EECBG)	81.128		\$ 94,954	\$ -
Total U.S. Department of the Energy			<u>94,954</u>	<u>-</u>
U.S. Department of Homeland Security				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		1,545,116	-
Assistance to Firefighters Grant	97.044		72,685	-
Passed-through the Idaho Office of Emergency Management				
4534 HMGP - City of Meridian - Nine Mile Creek	97.039	DR-4534-00007-ID	108,255	-
Total U.S. Department of Homeland Security			<u>1,726,056</u>	<u>-</u>
U.S. Department of Housing & Urban Development				
Community Development Block Grant				
Entitlement Grants Custer Community Development Block Grants	14.218		497,409	78,657
Total U.S. Department of Housing & Urban Development			<u>497,409</u>	<u>78,657</u>
U.S. Department of Health & Human Services				
Passed-through the Idaho Office of Drug Policy Strategic Prevention Framework				
Total U.S. Department of Health & Human Services	93.243	1H79SP080981-01	4,263	-
			<u>4,263</u>	<u>-</u>
U.S. Department of Interior				
Passed-through the Idaho State Historical Society National Park Service, Historic Preservation Fund Grants-In-Aid				
Total U.S. Department of Interior	15.904	P24AF01296	12,000	-
			<u>12,000</u>	<u>-</u>
U.S. Department of Treasury				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)				
Total U.S. Department of the Treasury	21.027		3,607,622	-
			<u>3,607,622</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 5,942,304</u>	<u>\$ 78,657</u>

See Notes to Schedule of Expenditures of Federal Awards

Notes to Schedule of Expenditures of Federal Awards

Note 18 - 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, 2025. 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 19 - 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 20 - Indirect Cost Rate

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



**Schedule of Findings and Questioned Costs
Year Ended September 30, 2025**

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
Dollar threshold used to distinguish between type A and type B programs:	\$1,000,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.



MERIDIAN
IDAHO

