

*Meridian Development Corporation*

2022

- ANNUAL REPORT -



**MERIDIAN**  
development corp.  
REVIVE • RENEW • REDEFINE



• *Featured In This Issue* •



# TABLE OF CONTENTS





LETTER FROM THE CHAIRMAN	<b>01</b>
LEADERSHIP	<b>03</b>
BOARD OF COMMISSIONERS	<b>04</b>
DOWNTOWN URBAN RENEWAL DISTRICT	<b>05</b>
TEN MILE URBAN RENEWAL DISTRICT	<b>11</b>
UNION DISTRICT URBAN RENEWAL DISTRICT	<b>15</b>
NORTHERN GATEWAY URBAN RENEWAL DISTRICT	<b>18</b>
LINDER DISTRICT URBAN RENEWAL DISTRICT	<b>19</b>
LOOKING AHEAD TO 2023	<b>21</b>
APPENDIX A: FY2021 Audit and FY2022 Budget	<b>25</b>



*Letter From*

## - THE CHAIRMAN -

For the past several year, market conditions have driven strong interest in the development of properties within the boundaries of the Meridian Development Corporation's (MDC) districts. Changing conditions in 2022 marked an inflection point in that interest. Rapidly rising inflation led to increase interest rates, which increased the cost of capital private investors use to fund projects. This, combined with continually rising construction costs, has made it even more difficult for projects to make sense financially, especially in areas with additional impediments to development like urban renewal districts. Now, perhaps as much as ever, urban renewal is needed to level the playing field for owners of properties in urban renewal districts and incentivize private investment in areas deemed important to not only the City of Meridian, but also to other communities throughout Idaho.

Despite these new challenges, many positive things are taking place in MDC's districts. In the original Downtown District, residents began moving into Old Town lofts. MDC, the City of Meridian, and the property owner have worked together for more than five years to make this project a reality. This project adds over 100 much-needed residential units to the heart of downtown. We anticipate announcements of commercial tenants soon. Work also continues in downtown on the Nine Mile Creek flood plain. MDC is lining up funding sources in anticipation of construction of improvements to the creek's channel, which will significantly reduce the size of the flood plain in downtown. Our façade improvement program continues to prove successful with the most recent example being the ongoing renovation of the former 127 Club on Idaho Street. And MDC support for events like Concerts on Broadway and the Meridian Chamber's first ever, and hugely successful, Octoberfest celebration continues to promote downtown and bring people in to shop and dine at downtown businesses.



The Ten Mile district is a shining example of the positive impact urban renewal can have on a community. To date, the area has seen in excess of \$500,000,000 in private investment and is home to more than 1,000 jobs. Property owners are making additional investments in more retail, office and residential projects in the area, the most exciting of which is the 260,000 square foot Scheels sporting goods store. Scheels is a popular experiential retailer that will attract people regionally, providing more potential customers for other local retailers, restaurants, and hotels.

In the Union District, construction progressed on the first phase of Union 93, which will eventually add hundreds of new residential units and more commercial space in the downtown area. And the developer of the Civic Block worked in partnership with MDC, the City of Meridian and other community stakeholders to fine tune the design of their project that also includes the conversion of 2nd Street into a festival street.

The Northern Gateway district is now up and running and MDC is ready and able to partner with property owners on public infrastructure investments in this critical but often overlooked area of our community.

In the Linder district, plans are progressing on the Linder Road I-84 overpass. Construction of this badly needed infrastructure is being expedited in partnership with the City of Meridian, Ada County Highway District, and the Idaho Transportation Department. Completion of this project will accelerate economic development in the area as well as improve transportation in much of Meridian by providing an additional crossing of I-84 and alleviating some traffic congestion from the existing interchanges at Meridian Road and Ten Mile.

Perhaps the most important new project undertaken by MDC in the past year is the update of the Destination: Downtown masterplan. This update will impact several of our districts and will influence the development of downtown Meridian for many years to come.

Two thousand and twenty-three will be an uncertain year. Many property owners are continuing to look at ways to invest in their properties in MDC's districts despite new near-term challenges. MDC is financially sound, well run, and stands ready to help incentivize private investment in whatever ways it can.

Dave Winder  
Chairman



---

## LEADERSHIP



DAVE WINDER

CHAIRMAN



NATHAN MUELLER

VICE CHAIRMAN



STEVE VLASSEK

SECRETARY/TREASURER



# BOARD OF COMMISSIONERS



TAMMY DE WEERD



ROB MCCARVEL



DIANE BEVAN



DAN BASALONE



COUNCILMAN BRAD  
HOAGLUN

\*Brad stepped onto the  
Board in September to  
replace Treg



KIT FITZGERALD



TREG BERNT





DOWNTOWN

URBAN RENEWAL

DISTRICT



The Downtown Urban Renewal District was the first urban renewal district to be created in Meridian and is in its final few years. The district will sunset in 2026. It was originally formed in 2002 and reshaped in 2021. Today, the Downtown Urban Renewal District covers 73 acres spanning from approximately I-84 to Cherry Lane and Northwest 4th Street to East 5th Street.

Over the last 20 years, a lot of work has been done to help improve this portion of downtown Meridian. The Meridian Development Corporation has invested in important infrastructure improvements, including roadways, sidewalks and utilities, façade improvements and wayfinding signs. The work has helped bring more events and people into downtown, as well as new businesses and investment.

Here is a look at some of the 2022 highlights from the Downtown Urban Renewal District.

## *Old Town Lofts Welcomes Its First Tenants*

After three years of construction, Old Town Lofts proudly welcomed its first tenants in early September. Renters moved into Building A, which sits at the corner of Main Street and Broadway Avenue. Old Town Lofts also signed tenant agreements with a coffee shop and brewery for Building A. Both are expected to open sometime in the second half of 2023.

Building B, which sits at the corner of Idaho Avenue and Meridian Road, is not far behind. Residents will begin moving into the apartments in early 2023 and a salon will open in mid- to late-2023. Between the two buildings, Old Town Lofts boasts 103 apartments and 15,000 square feet of retail space.





## ***Destination: Downtown Update***

In 2022, MDC issued a request for qualifications to find a consultant team to update its guiding document for downtown Meridian, known as the Destination: Downtown Master Plan. There have been a lot of changes in downtown since the original plan was created in 2010. Significant improvements have been made to public infrastructure, two additional urban renewal districts were created, new businesses have moved into downtown, and the economy and community have changed. Plus, the original Downtown Urban Renewal District, which spearheaded a lot of the transformations in this part of the community, will sunset in 2026. Given the changing landscape, MDC knew it was time to bring in a group with a fresh set of eyes to evaluate the existing plan and help chart the course for the future. There are five priority areas for the Destination Downtown Master Plan update:

### ***1) Update the master plan***

### ***2) Conduct a master parking study to evaluate the current parking conditions in downtown and plan for future growth***

### ***3) Develop design guidelines for downtown Meridian***

### ***4) Review the 2015 Meridian Multi-***

### ***Use Conference Center Study and provide updated recommendations on creating a Meridian Auditorium District***

### ***5) Evaluate the current Downtown Urban Renewal District to identify potential, future urban renewal districts***

Multiple applications were submitted. Ultimately, after a competitive bidding process that included in-person interviews, Vitruvian Planning was selected.

Vitruvian Planning got to work in late-2022. They held a kickoff meeting with key stakeholders and began researching downtown and pulling together existing planning documents related to the study area. Work on the Destination: Downtown Master Plan Update will continue through mid-2024.





## *Nine Mile Floodplain*

MDC and the City of Meridian continued to fight for business owners and homeowners currently located in Meridian's Special Flood Hazard area. The two have worked together for eleven years to try to identify how to remove 78 acres and 41 buildings from the Nine Mile Floodplain in downtown.

In 2022, MDC and the City of Meridian reapplied for a Building Resilient Infrastructure and Communities Grant through the Idaho Office of Emergency Management. The grant would allow culverts, channel and drainage infrastructure along Nine Mile Creek to be improved, so properties between Franklin Road and the Union Pacific Railroad line could be removed from the 100-year-flood plain boundary.

This year, the grant application included construction drawings for the proposed work. When MDC and the City applied for the same grant in 2021, they were encouraged to submit another application once construction documents were complete. MDC is currently waiting to hear back if it received funding.

## *Concerts On Broadway*

The City of Meridian and the Meridian Arts Commission were excited to host the 13th season of Concerts on Broadway in 2022. MDC contributed \$10,000 to support the program. Community members danced to the live music in Meridian City Hall's outdoor plaza on three Saturday evenings in August and September. Smooth Avenue kicked off the season with a smooth twist to popular funk, soul and Motown hits. High Street Party Band brought high-energy danceable songs from across the decades and Boise-based, country rock cover band Soul Patch closed out the season. The 2022 season of Concerts on Broadway attracted hundreds of people and had the best attendance in the event's history.



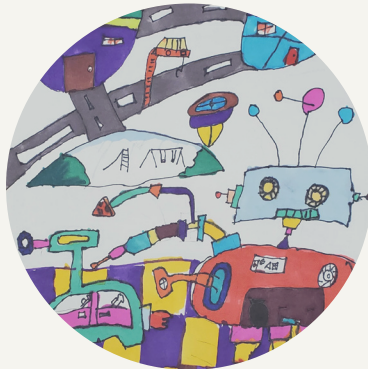


## *Art Wraps*

MDC once again partnered with the City of Meridian and West Ada School District to wrap three traffic boxes in the Downtown Urban Renewal District with student artwork. This year's artists were highschoolers Elsa Lindh and Kennedi Brown and elementary school student Nathan Lee. Community members can see the traffic boxes on the corner of Meridian Road and Waltman Lane, Meridian Road and Broadway Avenue and Main Street and Fairview Avenue.



*Elsa Lindh*



*Nathan Lee*



*Kennedi Brown*

## *Oktoberfest*

MDC was proud to sponsor the Meridian Chamber of Commerce's first-ever Oktoberfest event in downtown Meridian. MDC contributed \$5,000 to the event, which featured beer gardens, food trucks, live music, a cornhole tournament and even amateur boxing. The Meridian Chamber of Commerce planned Oktoberfest in order to bring more people into downtown to benefit local business owners. According to the numbers and feedback from businesses, it was a success. Throughout the day, more than 9,000 people attended. The Meridian Chamber of Commerce is already planning to bring Oktoberfest back in 2023.





MDC CONTRIBUTED \$5,000 TO OKTOBERFEST,  
WHICH FEATURED BEER GARDENS, FOOD TRUCKS,  
LIVE MUSIC, A CORNHOLE TOURNAMENT AND  
EVEN AMATEUR BOXING.





TEN MILE

URBAN RENEWAL

DISTRICT



---

The 301-acre Ten Mile Urban Renewal District sits between I-84 and Franklin Road, east of Ten Mile Road. Growth in the district has exploded since it was formed in 2016. In 2022, the Ten Mile Urban Renewal District was home to 885 residents and 1,050 employees.

Major employers, including AmeriBen, Paylocity, JUB, Capital11, Zennify, Primary Health and more, have opened offices in the Ten Mile Urban Renewal District. While The Lofts at Ten Mile and The Flats at Ten Mile have provided community members with much-needed housing.

More development is coming. In 2022, construction started on WestVet Hospital, Ten Mile Creek Apartments and sporting goods and entertainment giant SCHEELS. SCHEELS selected Ten Mile Crossing as the home for its first Idaho store. The 240,000 square foot shopping destination will include an indoor aquarium, 65-foot Ferris Wheel and 85 specialty shops. SCHEELS is currently on track to open in the spring of 2024.

Costa Vida, Dutch Brothers, Sherwin Williams and Zupas Café announced their intention to open locations within the Ten Mile Urban Renewal District in 2022. Work will start on their facilities in the upcoming year.

---





The rapid development in the Ten Mile Urban Renewal District would not have happened without Brighton Corporation's vision and investment. Brighton is the one of the largest landowners within the district. Since the Ten Mile Urban Renewal District was created in 2016, Brighton has invested more than \$511 million in the area. They have constructed 1,259,000 square feet of commercial space, which includes offices, retail establishments and medical facilities, as well as 475 apartments with another 240 set to be complete in 2023.

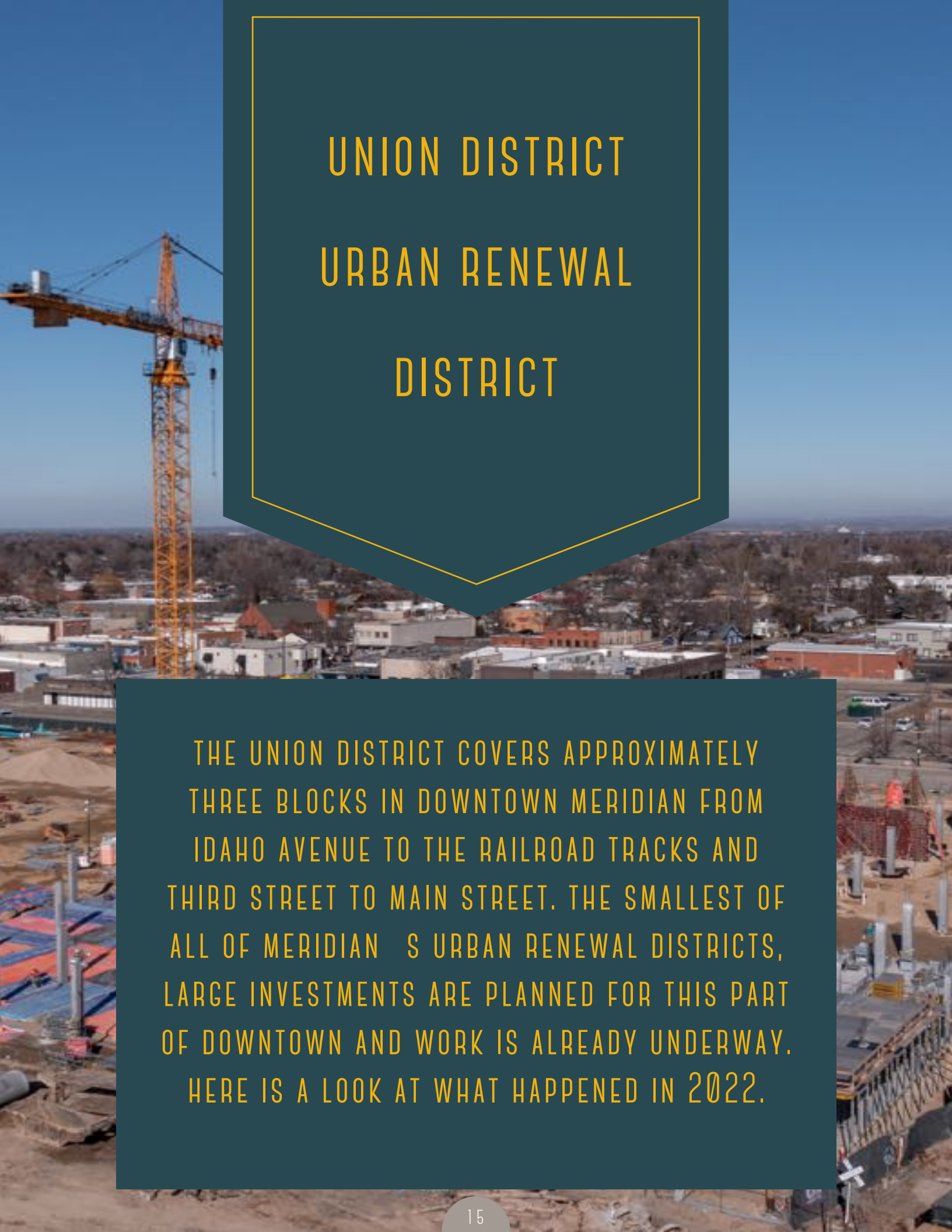
Urban renewal revenue generated from the Ten Mile Urban Renewal District is being used to reimburse Brighton Corporation for building important public infrastructure such as major road improvements, streetlights, water and sewer improvements and traffic signals.



IN 2022, THE TEN MILE URBAN  
RENEWAL DISTRICT WAS HOME TO 885  
RESIDENTS AND 1,050 EMPLOYEES.







# UNION DISTRICT URBAN RENEWAL DISTRICT

THE UNION DISTRICT COVERS APPROXIMATELY THREE BLOCKS IN DOWNTOWN MERIDIAN FROM IDAHO AVENUE TO THE RAILROAD TRACKS AND THIRD STREET TO MAIN STREET. THE SMALLEST OF ALL OF MERIDIAN'S URBAN RENEWAL DISTRICTS, LARGE INVESTMENTS ARE PLANNED FOR THIS PART OF DOWNTOWN AND WORK IS ALREADY UNDERWAY. HERE IS A LOOK AT WHAT HAPPENED IN 2022.



## *Union 93*

Galena Opportunity Fund is the developer behind the Union 93 project at the corner of Main Street and Broadway Avenue. Union 93 has two phases. The current phase, Phase One, is a two-building development that will span approximately two city blocks. When construction is complete, there will be 400+ residential workforce and market-rate apartments, 10,000 square feet of retail and office space and 600-space parking garage. The first phase of the project will boast a large pedestrian plaza at the terminus of East Second and Broadway. This will create another significant outdoor event space for downtown Meridian.

Construction started in 2022 and the first phase of the project is expected to be complete in 2024.



## *Work On The Civic Block Continues*

River Caddis spent 2022 gathering input from the community and key stakeholders on the Civic Block. They sought feedback on what key elements people would like to see incorporated into the mixed-use development. Comments were sought through online surveys, presentations and community workshops.





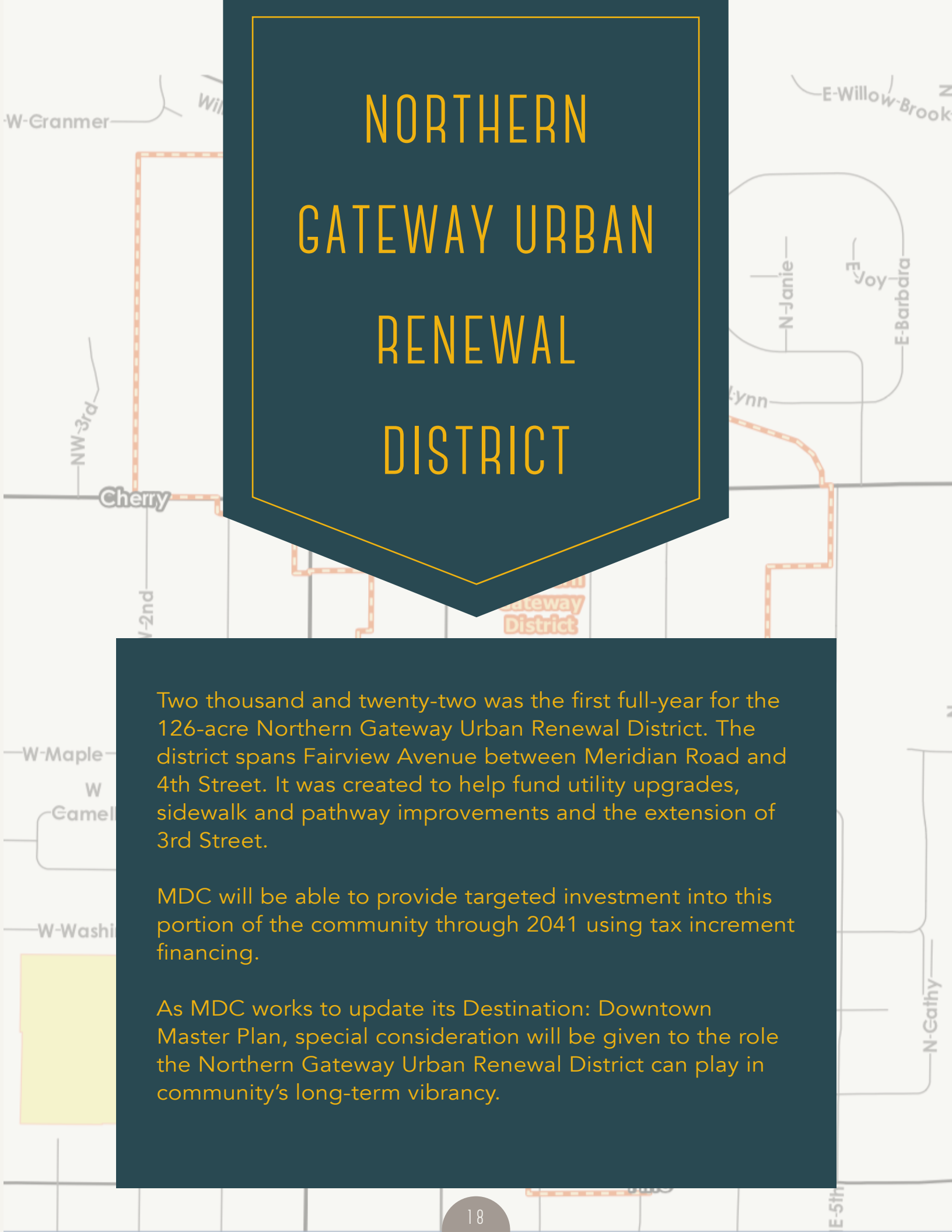
Key themes emerged through these efforts. Meridian residents expressed a clear desire for a family-friendly development with an emphasis on new places to eat. They want a new community center and outdoor space everyone can enjoy in downtown. Feedback also showed people wanted the project to help mitigate parking challenges that may arise from additional development.

River Caddis took what they heard and developed several design options for the project. They are proposing turning 2nd Street into a Festival Street, building a mixed-use development that includes a new community center and incorporating 72,400 square feet of open space.

As the plans were developed, construction prices increased significantly. This caused River Caddis to seek a six-month extension to identify how to move the project forward in a way that doesn't compromise on the design but is still financially feasible.

The Civic Block would redevelop properties currently occupied by the City of Meridian Community Center, Centennial Park and the MDC-owned parking lot associated with the COMPASS and Valley Regional Transit Building. MDC and the City need to reach consensus with River Caddis on the project before a development agreement is signed. In December of 2022, MDC's Board of Commissioners and Meridian City Council both granted River Caddis an extension.



A background map showing a street grid. A dark blue shield-shaped overlay is centered on the map, containing the title. The map includes labels for streets such as W-Granmer, NW-3rd, Cherry, NW-2nd, W-Maple, W-Gamel, W-Washi, E-Willow-Brook, N-Janie, E-Joy, E-Barbara, Lynn, Gateway District, and N-Cathy. A yellow rectangular area is visible on the left side of the map.

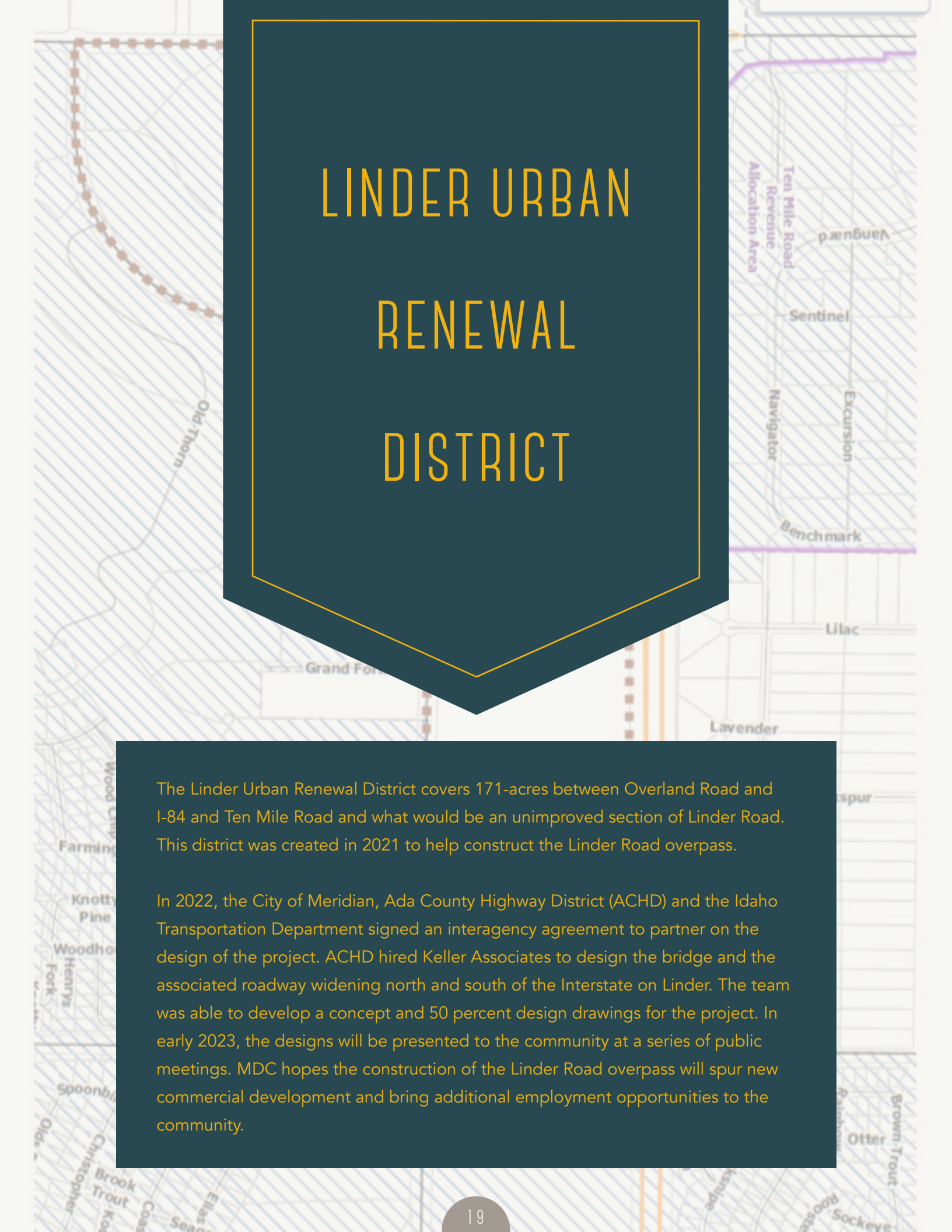
# NORTHERN GATEWAY URBAN RENEWAL DISTRICT

Two thousand and twenty-two was the first full-year for the 126-acre Northern Gateway Urban Renewal District. The district spans Fairview Avenue between Meridian Road and 4th Street. It was created to help fund utility upgrades, sidewalk and pathway improvements and the extension of 3rd Street.

MDC will be able to provide targeted investment into this portion of the community through 2041 using tax increment financing.

As MDC works to update its Destination: Downtown Master Plan, special consideration will be given to the role the Northern Gateway Urban Renewal District can play in community's long-term vibrancy.



A background map showing a street grid. A dark blue shield-shaped overlay is centered on the map. The shield contains the title 'LINDER URBAN RENEWAL DISTRICT' in yellow, all-caps, sans-serif font. The map shows streets like Vanguard, Sentinel, Excursion, Navigator, Benchmark, Lilac, and Lavender. A purple line labeled 'Ten Mile Road' and 'Revenue Allocation Area' runs vertically. A dashed line runs horizontally across the middle. A curved line of red dots is on the left side.

# LINDER URBAN RENEWAL DISTRICT

The Linder Urban Renewal District covers 171-acres between Overland Road and I-84 and Ten Mile Road and what would be an unimproved section of Linder Road. This district was created in 2021 to help construct the Linder Road overpass.

In 2022, the City of Meridian, Ada County Highway District (ACHD) and the Idaho Transportation Department signed an interagency agreement to partner on the design of the project. ACHD hired Keller Associates to design the bridge and the associated roadway widening north and south of the Interstate on Linder. The team was able to develop a concept and 50 percent design drawings for the project. In early 2023, the designs will be presented to the community at a series of public meetings. MDC hopes the construction of the Linder Road overpass will spur new commercial development and bring additional employment opportunities to the community.





THE BIGGEST GOAL OF THE LINDER URBAN  
RENEWAL DISTRICT IS THE CREATION OF  
THE LINDER ROAD OVERPASS.



LOOKING AHEAD  
TO 2023











---

## *Quarter 1*

OLD TOWN LOFTS BUILDING B  
WELCOMES FIRST RENTERS

PUBLIC MEETINGS ON LINDER  
OVERPASS DESIGN

ONGOING NEGOTIATIONS WITH  
RIVER CADDIS ON CIVIC BLOCK  
PROJECT

## *Quarter 2*

ONGOING NEGOTIATIONS WITH  
RIVER CADDIS ON CIVIC BLOCK  
PROJECT

MASTER PARKING STUDY FOR  
DESTINATION: DOWNTOWN





---

### *Quarter 3*

CONCERTS ON BROADWAY SERIES

DESTINATION: DOWNTOWN PUBLIC  
INVOLVEMENT

### *Quarter 4*

DESTINATION: DOWNTOWN PUBLIC  
INVOLVEMENT

COMMERCIAL TENANTS MOVE INTO  
OLD TOWN LOFTS

OKTOBERFEST





# APPENDIX A:

## 2022 FINANCIAL DOCUMENTS







November 19, 2021

To the Members of the Board of Commissioners  
Meridian Development Corporation  
Meridian, Idaho

We have audited the financial statements of Meridian Development Corporation as of and for the year ended September 30, 2021, and have issued our report thereon dated November 19, 2021. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards***

As communicated in our letter dated September 27, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Meridian Development Corporation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.



## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Meridian Development Corporation is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. No such significant accounting estimates were identified.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Meridian Development Corporation's financial statements or the auditor's report. No such disagreements arose during the course of the audit.



## **Representations Requested from Management**

We have requested certain written representations from management which are included in the management representation letter dated November 19, 2021.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with Meridian Development Corporation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Meridian Development Corporation's auditors.

## **Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing Meridian Development Corporation's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have:

Applied limited procedures to Management's Discussion and Analysis and Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-General Fund, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Board of Commissioners, and management of Meridian Development Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

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

Boise, Idaho



**MERIDIAN DEVELOPMENT CORPORATION**  
**FINANCIAL STATEMENTS AND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2021**



**MERIDIAN DEVELOPMENT CORPORATION  
TABLE OF CONTENTS  
YEAR ENDED SEPTEMBER 30, 2021**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>3</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>9</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>10</b>
<b>GOVERNMENTAL FUNDS BALANCE SHEET</b>	<b>11</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND         BALANCES – GOVERNMENTAL FUNDS</b>	<b>12</b>
<b>RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET         TO THE STATEMENT OF NET POSITION</b>	<b>13</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,         AND CHANGES IN FUND BALANCES TO THE STATEMENT OF         ACTIVITIES</b>	<b>14</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>15</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND         BALANCES – BUDGET AND ACTUAL – GENERAL FUND</b>	<b>22</b>
<b>NOTES TO REQUIRED SUPPLEMENTARY INFORMATION</b>	<b>23</b>
<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>24</b>





## Independent Auditor's Report

Members of the Board of Commissioners  
Meridian Development Corporation  
Meridian, Idaho

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Meridian Development Corporation (MDC), a component unit of the City of Meridian, Idaho, as of and for the year ended September 30, 2021, and the related notes to the financial statements which collectively comprise MDC's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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



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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of MDC, as of September 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods 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.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021 on our consideration of MDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MDC'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 MDC's internal control over financial reporting and compliance.

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

Boise, Idaho  
November 19, 2021



**MERIDIAN DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

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

**Financial Highlights**

- Fiscal year 2021 is the eighteenth full year that MDC has collected property tax. Property tax is MDC's principal source of revenue. Property tax collections increased by \$298,334 or 13.02% from fiscal year 2020 to fiscal year 2021.
- The total assets of MDC exceeded its liabilities and deferred inflows at September 30, 2021 by \$2,534,962. Of the total net position, \$621,640 is net investment in capital assets. The remaining net position of \$1,913,322 is restricted to meet the Corporation's on-going obligations. This is a decrease of \$2,110,898 from net position of \$4,645,860 at September 30, 2020.

**Overview of the Financial Statements**

This annual report consists of five parts – *management discussion and analysis, the 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 MDC 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 all of MDC's assets and liabilities 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 entity is improving or deteriorating.

Statement of Activities – Reports all of the Corporation's revenues and expenses for the year by function. MDC currently has two functions, the community development and public education and marketing functions.

**Fund Financial Statements**

The Fund financial statements provide information about an entity's major funds. Funds may be required by law or may be established by the MDC Board of Commissioners.

Governmental Funds: 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.



**MERIDIAN DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

**Fund Financial Statements (continued)**

MDC has three governmental funds:

General Fund: The general fund is the general operating fund of MDC. Income is derived primarily from property tax.

10 Mile District: The 10 Mile District fund was established as of July 1, 2016. Income is derived primarily from property tax.

Union Block District: The Union Block District fund was established as of June 22, 2020. Income is derived primarily from property tax.

**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 Corporation's budget data for the year.

**FINANCIAL ANALYSIS OF MERIDIAN DEVELOPMENT CORPORATION AS A WHOLE**

**Net Position**

Net Position measures the difference between what the entity owns (assets) versus what the entity owes (liabilities) and future revenues (deferred inflows). At September 30, 2021, MDC's combined assets exceeded liabilities and deferred inflows by \$2,534,962.

The following statement is condensed from the statement of net position.

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>	\$ 8,426,001	\$ 6,969,518
<b>CAPITAL ASSETS</b>	672,384	672,384
Total Assets	<u>9,098,385</u>	<u>7,641,902</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>	105,932	159,234
<b>NONCURRENT LIABILITIES</b>	3,516,171	366,970
Total Liabilities	<u>3,622,103</u>	<u>526,204</u>
<b>DEFERRED INFLOWS</b>	2,941,320	2,469,838
Total Liabilities and Deferred Inflows	<u>6,563,423</u>	<u>2,996,042</u>
<b>NET POSITION</b>		
<b>NET INVESTMENT IN CAPITAL ASSETS</b>	621,640	502,028
<b>RESTRICTED</b>	1,913,322	4,143,832
	<u><u>\$ 2,534,962</u></u>	<u><u>\$ 4,645,860</u></u>



**MERIDIAN DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

**Changes in Net Position**

During the year, MDC's financial position decreased by \$2,110,898. This compares with the prior year increase in financial position of \$1,930,951.

The following condensed financial information was derived from the government-wide statement of activities and shows how MDC's net position changed during the year.

	<u>2021</u>	<u>2020</u>
<b>GENERAL REVENUES</b>		
Property Tax	\$ 2,588,967	\$ 2,290,633
Grant	356,841	172,688
Interest	23,984	15,642
Other Revenues	<u>747</u>	<u>5,120</u>
Total General Revenues	2,970,539	2,484,083
<b>PROGRAM REVENUES</b>	<u>-</u>	<u>-</u>
Total Revenues	2,970,539	2,484,083
<b>EXPENSES</b>		
Community Development	5,070,180	532,407
Public Education and Marketing	7,251	12,628
Interest on Long-Term Debt	<u>4,006</u>	<u>8,097</u>
Total Expenses	<u>5,081,437</u>	<u>553,132</u>
<b>CHANGE IN NET POSITION</b>	(2,110,898)	1,930,951
Net Position - Beginning of Year	<u>4,645,860</u>	<u>2,714,909</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 2,534,962</u></u>	<u><u>\$ 4,645,860</u></u>

From fiscal year 2020 to fiscal year 2021, MDC's property tax revenue increased by 13.02%.

**FINANCIAL ANALYSIS OF MDC'S FUNDS**

**Governmental Funds**

Fiscal year 2021 was the eighteenth full year that MDC received property tax revenue. At September 30, 2021 the funds' balance was \$5,369,818 as compared to \$4,302,093 at September 30, 2020. Of the funds' balance, \$2,937 is nonspendable and \$5,401,206 is restricted. The funds' balance increased in fiscal year 2021 due to tax revenues being higher than in fiscal year 2020 and due to the tax revenues exceeding normal operating expenditures.



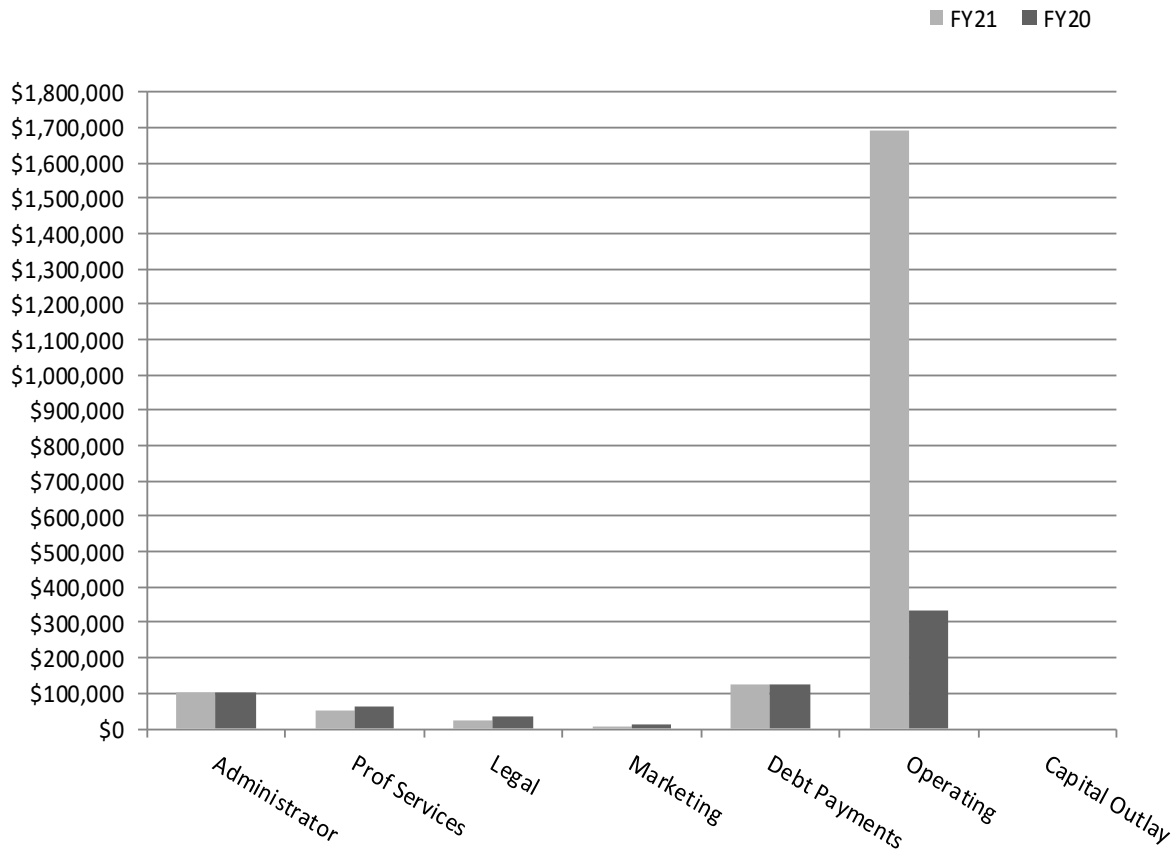
**MERIDIAN DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

**Budgetary Highlights**

There were no budgetary amendments or capital outlay expenditures for the year. Operating expenses were under budget.

MDC does not have any employees and relies on professional service contracts for the administrator, legal, and marketing, etc. 9% of actual operating expenditures were for professional service contractors. MDC spent 30% of its operating budget.

**MDC Actual Expenditures - FY21 Compared to FY20**

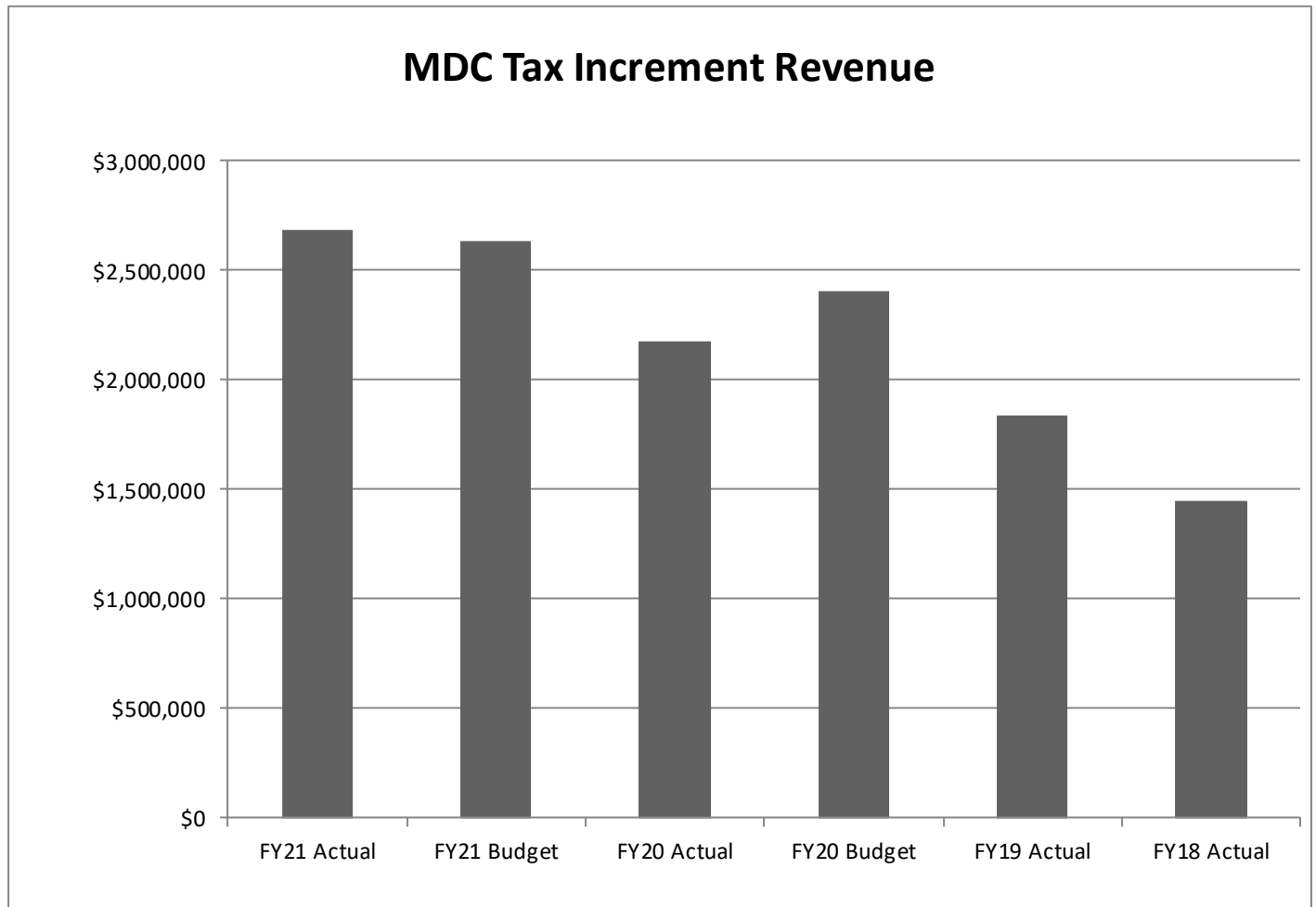




**MERIDIAN DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

**Budgetary Highlights (continued)**

Property tax revenue was budgeted to be \$2,635,407; actual tax collected was \$2,686,943.





**MERIDIAN DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

**Capital Asset and Debt Administration**

**Capital Assets**

At the end of fiscal year 2020, MDC's total capital assets were \$672,384. At the end of fiscal year 2021, capital assets had not changed and were \$672,384, including \$672,384 in land, \$180,160 in intangibles and \$180,160 in accumulated depreciation. Intangible assets include the Downtown Master Plan, the 3D Modelling, and the MDC website. See Note 3 for further detail of the capital assets.

**Long-Term Debt**

During Fiscal Year 2011, MDC took out a promissory note with Washington Trust Bank, totaling \$1,274,000. The note payable was incurred to complete the building to be sold as condominium and office space units. The note was renewed on March 10, 2017 and matures on March 5, 2022. As of September 30, 2021, the balance on the remaining note was \$50,744. See Note 4 for further explanation of the changes in long-term debt.

**Fiscal Year 2022 Budgetary Considerations**

For fiscal year 2022, MDC will continue downtown rehabilitation efforts by purchasing properties for redevelopment and parking and by participating in a variety of community downtown projects and programs. MDC will partner with the City of Meridian for downtown decorations, help fund public art and the split corridor lighting, and assist businesses with streetscape and façade improvements.

Property tax revenue is expected to be higher than the amount collected in fiscal year 2021.

**Requests for Information**

This report is designed to provide a general overview of Meridian Development Corporation's finances for our citizens and customers. If you have questions about this report or need additional financial information contact the Finance Office: 101 South Capitol Boulevard, Suite 1700, Boise, ID 83702. Phone 208-387-6400.



**MERIDIAN DEVELOPMENT CORPORATION**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2021**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 5,418,947
Other Receivables	3,122
Property Tax Receivable	2,941,320
Delinquent Property Taxes Receivable	59,675
Prepaid Expenses	2,937
Total Current Assets	<u>8,426,001</u>

**NONCURRENT ASSETS**

Capital Assets, Not Subject to Depreciation and Amortization	672,384
Capital Assets, Subject to Depreciation and Amortization	180,160
Less: Accumulated Depreciation	<u>(180,160)</u>
Total Noncurrent Assets	<u>672,384</u>
Total Assets	9,098,385

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts Payable	55,188
Note Payable, Current Portion	<u>50,744</u>
Total Current Liabilities	105,932

**NONCURRENT LIABILITIES**

Due to Developers	<u>3,516,171</u>
Total Noncurrent Liabilities	<u>3,516,171</u>
Total Liabilities	3,622,103

**DEFERRED INFLOWS OF RESOURCES**

Unavailable Revenues, Property Taxes	2,941,320
--------------------------------------	-----------

**NET POSITION**

Net Investment in Capital Assets	621,640
Restricted	<u>1,913,322</u>
Total Net Position	<u><u>\$ 2,534,962</u></u>

See accompanying Notes to Financial Statements.



**MERIDIAN DEVELOPMENT CORPORATION**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2021**

**GENERAL REVENUES**

General Property Tax Revenue	\$ 2,588,967
Grant Revenues	356,841
Interest Earnings	23,984
Other Revenue	<u>747</u>
Total General Revenues	<u>2,970,539</u>

**EXPENSES**

Community Development	5,070,180
Public Education and Marketing	7,251
Debt Service Interest	<u>4,006</u>
Total Expenditures	<u>5,081,437</u>

**CHANGE IN NET POSITION**

(2,110,898)

Net Position - Beginning of Year

4,645,860

**NET POSITION - END OF YEAR**

\$ 2,534,962

*See accompanying Notes to Financial Statements.*



**MERIDIAN DEVELOPMENT CORPORATION  
GOVERNMENTAL FUNDS BALANCE SHEET  
SEPTEMBER 30, 2021**

	General Fund	10 Mile District	Union Block District	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 5,105,154	\$ 313,793	\$ -	\$ 5,418,947
Other Receivables	-	-	3,122	3,122
Interfund Receivable (Payable)	29,301	-	(29,301)	-
Property Tax Receivable	1,675,801	1,265,519	-	2,941,320
Delinquent Property Taxes Receivable	58,909	766	-	59,675
Prepaid Expenses	2,937	-	-	2,937
	<u>\$ 6,872,102</u>	<u>\$ 1,580,078</u>	<u>\$ (26,179)</u>	<u>\$ 8,426,001</u>
Total Assets				
<b>LIABILITIES</b>				
Accounts Payable	\$ 45,690	\$ 1,352	\$ 8,146	\$ 55,188
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues, Property Taxes	1,734,710	1,266,285	-	3,000,995
<b>FUND BALANCE</b>				
<b>FUND BALANCE</b>				
Nonspendable	2,937	-	-	2,937
Unavailable	-	-	(34,325)	(34,325)
Restricted	5,088,765	312,441	-	5,401,206
Total Fund Balance	<u>5,091,702</u>	<u>312,441</u>	<u>(34,325)</u>	<u>5,369,818</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,872,102</u>	<u>\$ 1,580,078</u>	<u>\$ (26,179)</u>	<u>\$ 8,426,001</u>

See accompanying Notes to Financial Statements.



**MERIDIAN DEVELOPMENT CORPORATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2021**

	General Fund	10 Mile District	Union Block District	Total
<b>REVENUES</b>				
General Property Tax Revenue	\$ 1,819,675	\$ 867,268	\$ -	\$ 2,686,943
Grant Revenue	249,197	107,644	-	356,841
Interest Earnings	23,984	-	-	23,984
Other Revenue	(2,375)	-	3,122	747
Total General Revenues	<u>2,090,481</u>	<u>974,912</u>	<u>3,122</u>	<u>3,068,515</u>
<b>EXPENDITURES</b>				
Office and Operating Expense	459,355	1,199,267	33,019	1,691,641
Professional Services	159,004	14,848	4,428	178,280
Public Education and Marketing	7,251	-	-	7,251
Debt Service:				
Principal	119,612	-	-	119,612
Interest	4,006	-	-	4,006
Total Expenditures	<u>749,228</u>	<u>1,214,115</u>	<u>37,447</u>	<u>2,000,790</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,341,253	(239,203)	(34,325)	1,067,725
Fund Balance - Beginning of Year	<u>3,750,449</u>	<u>551,644</u>	<u>-</u>	<u>4,302,093</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 5,091,702</u></u>	<u><u>\$ 312,441</u></u>	<u><u>\$ (34,325)</u></u>	<u><u>\$ 5,369,818</u></u>

See accompanying Notes to Financial Statements.



**MERIDIAN DEVELOPMENT CORPORATION**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT**  
**OF NET POSITION**  
**SEPTEMBER 30, 2021**

**TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS** **\$ 5,369,818**

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	672,384
Equipment and Intangibles, Net of \$180,160	
Accumulated Depreciation	-

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.

Note Payable	(50,744)
Due to Brighton Homes	(3,516,171)

Some of the property taxes receivable are not available to pay for current period expenditures and, therefore, are not reported in the funds.	<u>59,675</u>
---	---------------

Total Net Position as Shown on the Statement of Net Position	<u><u>\$ 2,534,962</u></u>
--	----------------------------



**MERIDIAN DEVELOPMENT CORPORATION**  
**RECONCILIATION OF THE STATEMENT OF REVENUE REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2021**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** **\$ 1,067,725**

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

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability.

Payment of General Obligation Refunding Bond Principal 119,612

In the statement of activities, long-term liabilities representing reimbursements against future tax receipts are recorded as expenses. (3,200,259)

The change in property taxes receivable to be collected subsequent to year-end, but not available soon enough to pay for the current period's expenditures are not recognized. (97,976)

Change in Net Position, as Reflected on the Statement of Activities \$ (2,110,898)



**MERIDIAN DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Meridian Development Corporation (MDC) is a separate and distinct legal entity of the City of Meridian, Idaho (City) created by state statute. The Directors for MDC are appointed by the Mayor and approved by the City Council. MDC provides urban renewal services for the citizens of the City.

The financial statements of MDC have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

The accounting and reporting policies of MDC relating to the funds included in the accompanying basic financial statements conform to GAAP applicable to state and local governments.

**Financial Reporting Entity**

MDC is included as a component unit in the City's financial statements. These statements present only the funds of MDC and are not intended to present the financial position and results of operations of the City in conformity with GAAP.

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



**MERIDIAN DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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. 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.

The 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 claims and judgments, are recorded only when payment is due. MDC reports the following major governmental funds:

General Fund - MDC is a general fund. General funds are used for all financial resources except those required to be accounted for in another fund.

10 Mile District Fund - The 10 Mile District fund was established as of July 1, 2016.

Union Block District Fund – the Union Block District fund was established as of June 22, 2020.

**Capital Assets**

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. All material fixed assets are valued at cost. Donated fixed assets are valued at their estimated fair value on the date donated. Capital assets are depreciated on the straight-line basis with the half-year convention over useful lives of 3 to 30 years.

**Property Taxes Receivable**

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.



**MERIDIAN DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Inflow of Resources and Unavailable Revenue**

Unavailable revenue is considered a deferred inflow of resources in accordance with the modified accrual basis of accounting for the fund financial statements. Deferred inflows of resources are measurable but do not represent available expendable resources for the fund financial statements for the fiscal year ended September 30, 2021. Since MDC is on a September 30 fiscal year end, property taxes levied during September for the succeeding year's collection are recorded as unavailable revenues at the MDC's year-end and recognized as revenue in the following fiscal year. Ada County bills and collects taxes for MDC.

**Risk Management**

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

**Fund Balances**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the MDC is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

*Nonspendable* – Includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at September 30, 2021 by MDC are nonspendable in form. This includes prepaid expenses of \$2,937. MDC has not reported any amounts that are legally or contractually required to be maintained intact.

*Restricted* – This fund balance is constrained for a specific purpose and legally restricted by external parties, such as state or federal agencies. MDC had \$5,401,206 in restricted fund balance at September 30, 2021.

*Committed* – This fund balance constraint is self-imposed by the board of directors. Formal action is required by the board of directors to commit funds and must occur prior to year-end; however, the actual dollar amount may be determined in the subsequent period.

*Assigned* – This fund balance is intended for a specific purpose and the authority to "assign" is delegated to the administrator. Formal action is not necessary to impose, remove, or modify an assigned fund balance.



**MERIDIAN DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Unassigned* – This is the remaining fund balance that has no internal or external restrictions. Unassigned amounts are available for any purpose. Although there is generally no set spending plan, there is a need to maintain a certain funding level. The unassigned fund balance is commonly used for emergency expenditures or reserves needed to ensure cash flow.

MDC has a policy regarding minimum fund balance for a stabilization arrangement to reserve 8% of the current year budget of tax revenues in order to ensure there is sufficient cash flow to maintain services between property tax receipts (the Resolution).

**Pooled Cash**

MDC follows the practice of pooling cash of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

**NOTE 2 DEPOSITS – CUSTODIAN CREDIT RISK**

**Cash and Cash Equivalents**

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



**MERIDIAN DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 3 CAPITAL ASSETS**

Changes to capital assets are as follows:

	Balance 10/1/2020	Additions	Deletions	Transfers	Balance 9/30/2021
<b>GOVERNMENTAL ACTIVITIES</b>					
Capital Assets, not					
Depreciated Land	\$ 672,384	\$ -	\$ -	\$ -	\$ 672,384
Total Capital Assets, not Depreciated	672,384	-	-	-	672,384
<b>CAPITAL ASSETS, DEPRECIATED</b>					
Equipment	1,843	-	(1,843)	-	-
Intangibles	180,160	-	-	-	180,160
Total Capital Assets, Depreciated	182,003	-	(1,843)	-	180,160
Less: Accumulated					
Depreciation					
Equipment	(1,843)	-	1,843	-	-
Intangibles	(180,160)	-	-	-	(180,160)
Total Accumulated Depreciation	(182,003)	-	1,843	-	(180,160)
Total Net Capital Assets, Depreciated	-	-	-	-	-
<b>GOVERNMENTAL ACTIVITIES</b>					
<b>CAPITAL ASSETS, NET</b>	<u>\$ 672,384</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 672,384</u>



**MERIDIAN DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 4 CHANGES IN LONG-TERM DEBT**

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

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

	<u>10/1/2020</u>	<u>Issued</u>	<u>Retired</u>	<u>9/30/2021</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Note Payable - Building	<u>\$ 170,356</u>	<u>\$ -</u>	<u>\$ (119,612)</u>	<u>\$ 50,744</u>
Current Portion of Note Payable				<u>\$ 50,744</u>

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

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

**NOTE 5 RELATED PARTY TRANSACTIONS**

MDC partners with the City of Meridian for various downtown improvements. During the fiscal year, MDC reimbursed the City of Meridian \$16,891 for costs related to joint projects.

In addition, during the year, MDC received \$274,463 from the City of Meridian in the form of a grant issued through the governor's public safety grant initiative.

**NOTE 6 LINE OF CREDIT**

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



**MERIDIAN DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 7 NET POSITION**

MDC had net position consisting of two components – net investment in capital assets and restricted net position.

The net investment in capital assets component of net position consists of capital assets that are owned by MDC, net of accumulated depreciation, and reduced by the outstanding balance of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

As of September 30, 2021, MDC had net investment in capital assets calculated as follows:

Capital Assets, Net of Accumulated Depreciation	\$ 672,384
Current Portion of Outstanding Long-Term Obligations	(50,744)
Noncurrent Portion of Outstanding Long-Term Obligations	-
Total Net Investment in Capital Assets	<u>\$ 621,640</u>

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulation of other governments or imposed by law through constitutional provision or enabling legislation. MDC had a restricted net position as of September 30, 2021 of \$1,913,322.

**NOTE 8 COMMITMENTS AND CONTINGENCIES**

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



**MERIDIAN DEVELOPMENT CORPORATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
General Property Tax Revenue	\$ 2,635,407	\$ 2,635,407	\$ 2,686,943	\$ 51,536
Grant Revenue	-	-	356,841	356,841
Interest Earnings	14,000	14,000	23,984	9,984
Other Revenue	100,000	100,000	747	(99,253)
Total Revenues	2,749,407	2,749,407	3,068,515	319,108
<b>EXPENDITURES</b>				
Office and Operating Expense	6,144,104	6,144,104	1,691,641	4,452,463
Professional Services, Surveys, and Studies	233,000	233,000	178,280	54,720
Public Education and Marketing	16,000	16,000	7,251	8,749
Debt Service				
Principal	215,924	215,924	119,612	96,312
Interest	7,693	7,693	4,006	3,687
Total Expenditures	6,616,721	6,616,721	2,000,790	4,615,931
<b>NET CHANGE IN FUND BALANCES</b>	(3,867,314)	(3,867,314)	1,067,725	4,935,039
Fund Balance - Beginning of Year	3,995,314	3,995,314	4,302,093	306,779
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 128,000</u>	<u>\$ 128,000</u>	<u>\$ 5,369,818</u>	<u>\$ 5,241,818</u>

See accompanying Notes to Required Supplementary Information.



**MERIDIAN DEVELOPMENT CORPORATION**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2021**

**NOTE 1    BUDGETS AND BUDGETARY ACCOUNTING**

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

Prior to September 1, the members of the Board of Directors and the contract administrator 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 adopted on a basis consistent with GAAP for the funds. All annual appropriations lapse at fiscal year-end. Revisions that alter the total expenditure appropriation of any fund must be approved by the board of commissioners. State law does not allow fund expenditures to exceed fund appropriations.

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





**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***

Members of the Board of Commissioners  
Meridian Development Corporation, a component unit of the City of Meridian, Idaho  
Meridian, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of Meridian Development Corporation (MDC), a component unit of the City of Meridian, Idaho as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Meridian Development Corporation's basic financial statements, and have issued our report thereon dated November 19, 2021.

**Internal Control over Financial Reporting**

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

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

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



**Compliance and Other Matters**

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

**Purpose of this Report**

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

A handwritten signature in dark ink that reads "Erik Sully LLP". The signature is written in a cursive, flowing style.

Boise, Idaho  
November 19, 2021



**FY2023 BUDGET (OCTOBER 01, 2022 - SEPTEMBER 30, 2023)****FY2023  
Budget****Operating Revenue**

Property Tax Revenue - Downtown District	1,979,000
Property Tax Revenue - Ten Mile District	1,730,000
Property Tax Revenue - Union District without ACHD TIF	72,136
Property Tax Revenue - Union District ACHD TIF	2,864
Property Tax Revenue - Northern Gateway without ACHD TIF	98,417
Property Tax Revenue - Northern Gateway ACHD TIF	13,683
Property Tax Revenue - Linder District without ACHD Tif	12,848
Property Tax Revenue - Linder District ACHD TIF	2,152
Interest Earnings	10,000
Funding Carryover	5,209,134

**TOTAL REVENUES and AVAILABLE CASH**      \$ 9,130,234

**Contractual Obligations:****Professional Services**

Administrator Services - Downtown District (60%)	71,193
Administrator Services - Ten Mile District (10%)	11,865
Administrator Services - Union District (15%)	17,798
Administrator Services - Northern Gateway District (12%)	14,238
Administrator Services - Linder District (3%)	3,559
Public Relations/Marketing	15,000
Legal Services - Downtown District (60%)	42,000
Legal Services - Ten Mile District (10%)	7,000
Legal Services - Union District (15%)	10,500
Legal Services - Northern Gateway District (12%)	8,400
Legal Services - Linder District (3%)	2,100
Legislative Services	15,000
Audit Services	15,000
Accounting Services - Downtown District (60%)	18,000
Accounting Services - Ten Mile District (10%)	3,000
Accounting Services - Union District (15%)	4,500
Accounting Services - Northern Gateway District (12%)	3,600
Accounting Services - Linder District (3%)	900
	<u>263,653</u>

**Operational Expenses**

ICRMP-Insurance Premium/Claims	2,655
Partnerships - Valley Regional Transit	5,616
Partnerships - City of Meridian, Concerts on Broadway	10,000
Irrigation Taxes	300
Legal Notices / Publications	2,000
Grounds Maintenance - Compass/VRT	4,000
	<u>24,571</u>

**ON GOING EXPENSES:**

Software Maintenance/License	3,000
Parking Lot Maintenance - MDC Owned Property	3,000
Electronics Expense - General Fund	1,500
Office Expense - General	500
Meeting Expense	500



**FY2023 BUDGET (OCTOBER 01, 2022 - SEPTEMBER 30, 2023)**

	<b>FY2023 Budget</b>
Leadership Conference	3,000
Postage & Mailings	200
Bank Fees	500
Mason Parking	7,000
	19,200
<b>Total Contractual Obligations</b>	307,424
<b>Revenues less Contractual Obligations</b>	8,822,810

**DISCRETIONARY EXPENSES:****Operational Expenses**

Advertising/Promotional/Publications	1,000
Training	5,000
Dues & Subscriptions	1,000
<b>SUBTOTAL OPERATIONAL EXPENSES</b>	7,000

**Project Expenditures**

Owner Participation Reimbursement to Brighton Corporation - Ten Mile District	1,557,000
Ten Mile Revenues - 10% Administration Fees	449,135
Owner Participation Reimbursement to Pacific Companies - Downtown District	95,000
Owner Participation Reimbursement to Galena Opportunity Fund - Union District	21,000
Owner Participation Reimbursement to MKA, LLC (Keller Building Site Improvements)	13,200
Partnership with Meridian Arts Commission - Downtown Art Wraps - Downtown District	5,000
Special Projects - Downtown District	669,150
Special Projects - Union District	18,338
Special Projects - Union District ACHD TIF	2,864
Special Projects - Northern Gateway District	72,179
Special Projects - Northern Gateway ACHD TIF	13,683
Special Projects - Linder District	6,289
Special Projects - Linder District ACHD TIF	2,152
Alleyway Project - Downtown District	2,500
Hunter Lateral Relocation (Pine to Idaho)	350,000
Nine-Mile Floodplain - Downtown District	3,000,000
Facade Improvement Program - Downtown District	120,000
Auditorium District Study - Downtown District	5,000
Auditorium District Study - Ten Mile District	5,000
Property Acquisition - Downtown District	2,250,000
<b>SUBTOTAL CAPITAL EXPENDITURES</b>	8,657,490
8% Reserve Based on Estimated Revenues (Downtown District Only)	158,320

<b>TOTAL EXPENDITURES</b>	9,130,234
---------------------------	-----------

<b>NET</b>	-
------------	---

Based upon 8% of \$1,979,000 estimated revenues

1,979,000
0.08
<u>158,320</u>





**MERIDIAN**  
development corp.  
REVIVE • RENEW • REDEFINE