

**MERIDIAN DEVELOPMENT CORPORATION**  
**FINANCIAL STATEMENTS AND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2022**

**MERIDIAN DEVELOPMENT CORPORATION  
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CPAs & BUSINESS ADVISORS

## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and each major fund of Meridian Development Corporation (MDC), a discretely presented component unit of the City of Meridian, Idaho, as of and for the year ended September 30, 2022, and the related notes to the financial statements which collectively comprise MDC's basic financial statements as listed in the table of contents.

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, 2022, 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.

#### *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 MDC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of 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.

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 MDC'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 MDC'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 MDC'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 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 December 2, 2022 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.



Boise, Idaho  
December 2, 2022

**MERIDIAN DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

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, 2022. Please use this information in conjunction with the information furnished in MDC's financial statements.

**Financial Highlights**

- Fiscal year 2022 is the nineteenth full year that MDC has collected property tax. Property tax is MDC's principal source of revenue. Property tax collections increased by \$460,051 or 17.77% from fiscal year 2021 to fiscal year 2022.
- The total assets of MDC exceeded its liabilities and deferred inflows at September 30, 2022 by \$3,769,270. Of the total net position, \$672,384 is net investment in capital assets. The remaining net position of \$3,096,886 is restricted to meet the Corporation's on-going obligations. This is an increase of \$1,234,308 from a net position of \$2,534,962 at September 30, 2021.

**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, 2022**

**Fund Financial Statements (continued)**

MDC has five 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.

Northern Gateway District: The Northern Gateway District fund was established as of December 14, 2021. Income is derived primarily from property tax.

Linder District: The Linder District fund was established as of December 14, 2021. 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.

**MERIDIAN DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

**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, 2022, MDC's combined assets exceeded liabilities and deferred inflows by \$3,769,270.

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

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>	\$ 10,091,078	\$ 8,426,001
<b>CAPITAL ASSETS</b>	672,384	672,384
Total Assets	<u>10,763,462</u>	<u>9,098,385</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>	23,020	105,932
<b>NONCURRENT LIABILITIES</b>	3,640,382	3,516,171
Total Liabilities	<u>3,663,402</u>	<u>3,622,103</u>
<b>DEFERRED INFLOWS</b>	3,330,790	2,941,320
Total Liabilities and Deferred Inflows	<u>6,994,192</u>	<u>6,563,423</u>
<b>NET POSITION</b>		
<b>NET INVESTMENT IN CAPITAL ASSETS RESTRICTED</b>	672,384	621,640
	3,096,886	1,913,322
	<u>\$ 3,769,270</u>	<u>\$ 2,534,962</u>

**MERIDIAN DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

**Changes in Net Position**

During the year, MDC's financial position increased by \$1,234,308. This compares with the prior year decrease in financial position of \$2,110,898.

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.

	2022	2021
<b>GENERAL REVENUES</b>		
Property Tax	\$ 3,049,018	\$ 2,588,967
Grant	-	356,841
Interest	8,946	23,984
Other Revenues	6,411	747
Total General Revenues	3,064,375	2,970,539
<b>PROGRAM REVENUES</b>	-	-
Total Revenues	3,064,375	2,970,539
<b>EXPENSES</b>		
Community Development	1,824,856	5,070,180
Public Education and Marketing	4,762	7,251
Interest on Long-Term Debt	449	4,006
Total Expenses	1,830,067	5,081,437
<b>CHANGE IN NET POSITION</b>	1,234,308	(2,110,898)
Net Position - Beginning of Year	2,534,962	4,645,860
<b>NET POSITION - END OF YEAR</b>	\$ 3,769,270	\$ 2,534,962

From fiscal year 2021 to fiscal year 2022, MDC's property tax revenue increased by 17.77%.

**FINANCIAL ANALYSIS OF MDC'S FUNDS**

**Governmental Funds**

Fiscal year 2022 was the nineteenth full year that MDC received property tax revenue. At September 30, 2022 the funds' balance was \$6,672,416 as compared to \$5,369,818 at September 30, 2021. Of the funds' balance, \$3,661 is nonspendable, (\$124,305) is unassigned, and \$6,793,060 is restricted. The funds' balance increased in fiscal year 2022 due to tax revenues being higher than in fiscal year 2021 and due to the tax revenues exceeding normal operating expenditures.

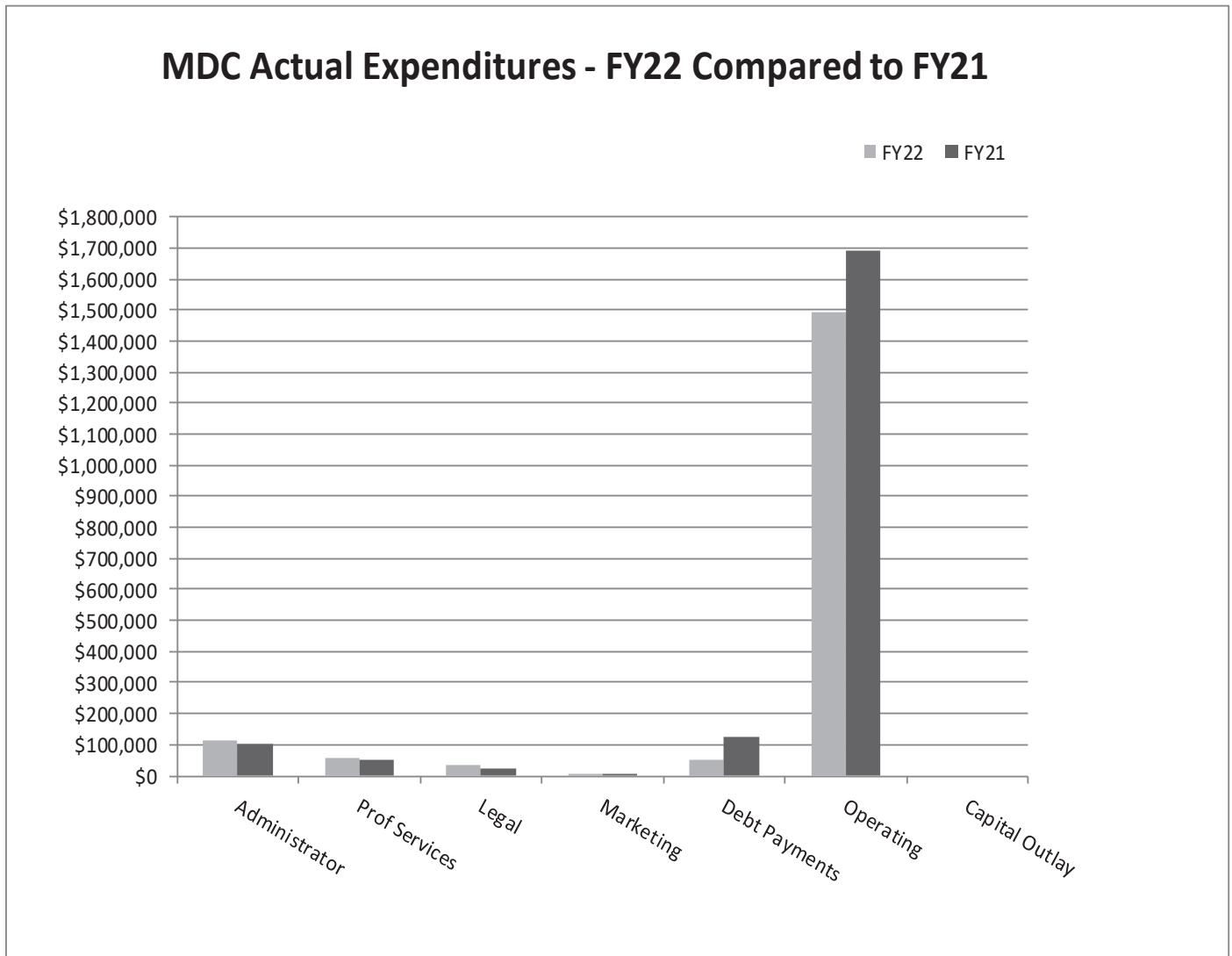


**MERIDIAN DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

**Budgetary Highlights**

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

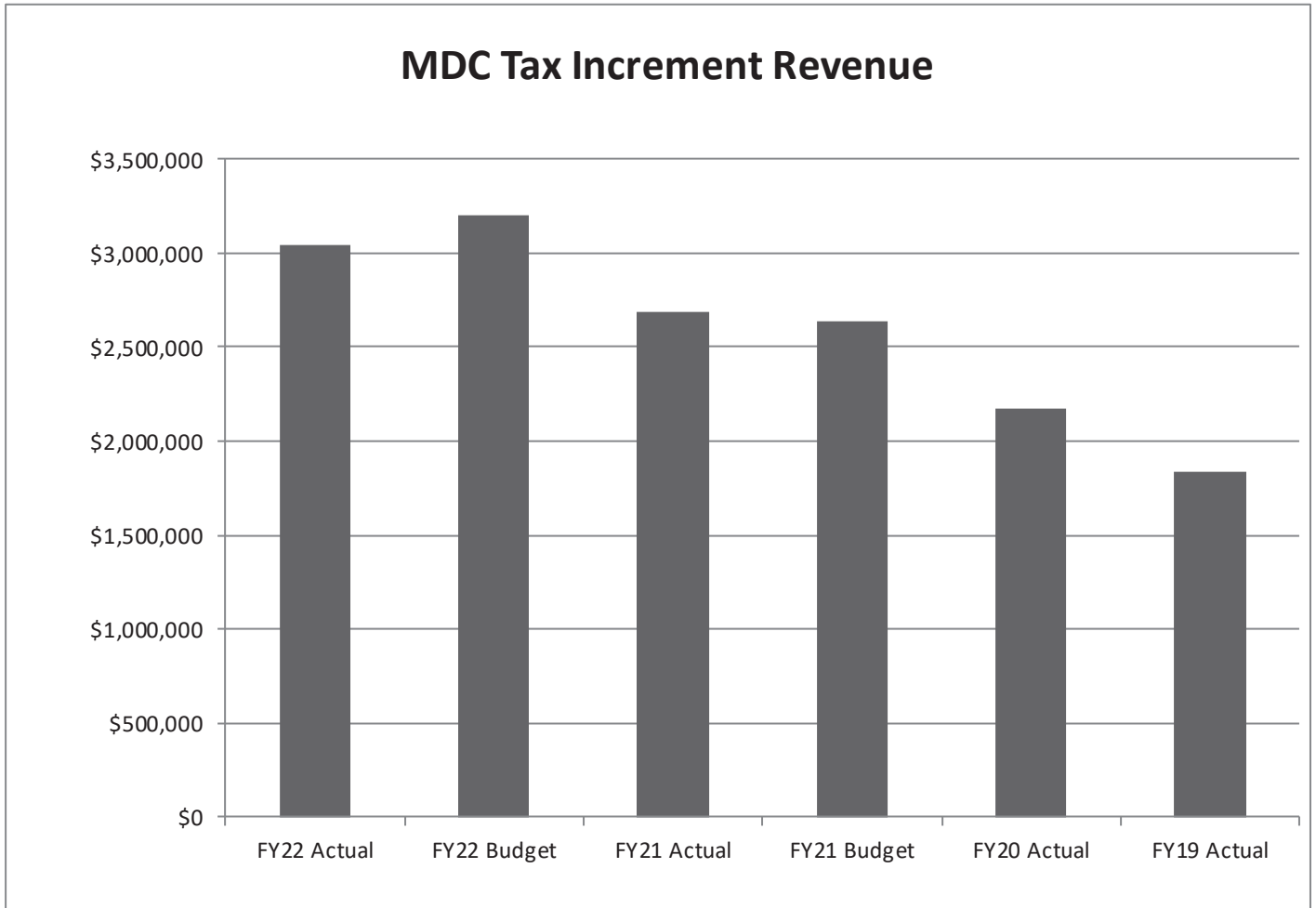
MDC does not have any employees and relies on professional service contracts for the administrator, legal, and marketing, etc. 12% of actual operating expenditures were for professional service contractors. MDC spent 21% of its operating budget.



**MERIDIAN DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

**Budgetary Highlights (continued)**

Property tax revenue was budgeted to be \$3,200,000; actual tax collected was \$3,043,841.



**MERIDIAN DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2022**

**Capital Asset and Debt Administration**

**Capital Assets**

At the end of fiscal year 2021, MDC's total capital assets were \$672,384. At the end of fiscal year 2022, capital assets had not changed and were \$672,384, including \$672,384 in land, \$140,547 in intangibles and \$140,547 in accumulated depreciation. Intangible assets include the Downtown Master Plan 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 matured on March 5, 2022. As of September 30, 2022, the balance on the remaining note was \$0. See Note 4 for further explanation of the changes in long-term debt.

**Fiscal Year 2023 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 2022.

**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, 2022**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 6,684,734
Other Receivables	7,041
Property Tax Receivable	3,330,790
Delinquent Property Taxes Receivable	64,852
Prepaid Expenses	3,661
Total Current Assets	10,091,078

**NONCURRENT ASSETS**

Capital Assets, Not Subject to Depreciation and Amortization	672,384
Capital Assets, Subject to Depreciation and Amortization	140,547
Less: Accumulated Depreciation	(140,547)
Total Noncurrent Assets	672,384

Total Assets	10,763,462
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**LIABILITIES**

**CURRENT LIABILITIES**

Accounts Payable	23,020
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**NONCURRENT LIABILITIES**

Due to Developers	3,640,382
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Total Liabilities	3,663,402
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**DEFERRED INFLOWS OF RESOURCES**

Advanced Revenues, Property Taxes	3,330,790
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**NET POSITION**

Net Investment in Capital Assets	672,384
Restricted	3,096,886
Total Net Position	\$ 3,769,270

See accompanying Notes to Financial Statements.

**MERIDIAN DEVELOPMENT CORPORATION**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2022**

**GENERAL REVENUES**

General Property Tax Revenue	\$ 3,049,018
Grant Revenues	-
Interest Earnings	8,946
Other Revenue	6,411
Total General Revenues	<u>3,064,375</u>

**EXPENSES**

Community Development	1,824,856
Public Education and Marketing	4,762
Debt Service Interest	449
Total Expenses	<u>1,830,067</u>

**CHANGE IN NET POSITION**

1,234,308

Net Position - Beginning of Year

2,534,962

**NET POSITION - END OF YEAR**

\$ 3,769,270

See accompanying Notes to Financial Statements.

**MERIDIAN DEVELOPMENT CORPORATION  
GOVERNMENTAL FUNDS BALANCE SHEET  
SEPTEMBER 30, 2022**

	General Fund	10 Mile District	Union Block District	Northern Gateway District	Linder District	Total
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 6,341,358	\$ 343,376	\$ -	\$ -	\$ -	\$ 6,684,734
Other Receivables	630	-	6,411	-	-	7,041
Interfund Receivable (Payable)	124,057	-	(82,028)	(25,153)	(16,876)	-
Property Tax Receivable	1,681,403	1,475,625	63,879	95,632	14,251	3,330,790
Delinquent Property Taxes Receivable	64,003	849	-	-	-	64,852
Prepaid Expenses	3,661	-	-	-	-	3,661
Total Assets	<u>\$ 8,215,112</u>	<u>\$ 1,819,850</u>	<u>\$ (11,738)</u>	<u>\$ 70,479</u>	<u>\$ (2,625)</u>	<u>\$ 10,091,078</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 16,146	\$ 215	\$ 3,779	\$ 1,440	\$ 1,440	\$ 23,020
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Advanced Revenues, Property Taxes	1,745,406	1,476,474	63,879	95,632	14,251	3,395,642
<b>FUND BALANCE</b>						
Nonspendable	3,661	-	-	-	-	3,661
Restricted	6,449,899	343,161	-	-	-	6,793,060
Unassigned	-	-	(79,396)	(26,593)	(18,316)	(124,305)
Total Fund Balance	<u>6,453,560</u>	<u>343,161</u>	<u>(79,396)</u>	<u>(26,593)</u>	<u>(18,316)</u>	<u>6,672,416</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,215,112</u>	<u>\$ 1,819,850</u>	<u>\$ (11,738)</u>	<u>\$ 70,479</u>	<u>\$ (2,625)</u>	<u>\$ 10,091,078</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, 2022**

	General Fund	10 Mile District	Union Block District	Northern Gateway District	Linder District	Total
<b>REVENUES</b>						
General Property Tax Revenue	\$ 1,730,115	\$ 1,313,726	\$ -	\$ -	\$ -	\$ 3,043,841
Grant Revenue	-	-	-	-	-	-
Interest Earnings	8,946	-	-	-	-	8,946
Other Revenue	-	-	6,411	-	-	6,411
Total Revenues	<u>1,739,061</u>	<u>1,313,726</u>	<u>6,411</u>	<u>-</u>	<u>-</u>	<u>3,059,198</u>
<b>EXPENDITURES</b>						
Office and Operating Expense	210,488	1,255,676	20,543	9,142	865	1,496,714
Professional Services	110,848	27,330	30,939	17,451	17,451	204,019
Public Education and Marketing	4,762	-	-	-	-	4,762
Debt Service:						
Principal	50,656	-	-	-	-	50,656
Interest	449	-	-	-	-	449
Capital Outlay	-	-	-	-	-	-
Total Expenditures	<u>377,203</u>	<u>1,283,006</u>	<u>51,482</u>	<u>26,593</u>	<u>18,316</u>	<u>1,756,600</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,361,858	30,720	(45,071)	(26,593)	(18,316)	1,302,598
Fund Balance - Beginning of Year	5,091,702	312,441	(34,325)	-	-	5,369,818
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 6,453,560</u>	<u>\$ 343,161</u>	<u>\$ (79,396)</u>	<u>\$ (26,593)</u>	<u>\$ (18,316)</u>	<u>\$ 6,672,416</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, 2022**

**TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS** **\$ 6,672,416**

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

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.

Due to Developers (3,640,382)

Some of the property taxes receivable are not available to pay for current period expenditures and, therefore, are not reported in the funds.

64,852

Total Net Position as Shown on the Statement of Net Position

\$ 3,769,270



**MERIDIAN DEVELOPMENT CORPORATION**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2022**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** **\$ 1,302,598**

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 50,656

In the statement of activities, long-term liabilities representing reimbursements against future tax receipts are recorded as expenses. (124,123)

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. 5,177

Change in Net Position, as Reflected on the Statement of Activities \$ 1,234,308

**MERIDIAN DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

**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, 2022**

**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.

Northern Gateway District Fund - The Northern Gateway District fund was established as of December 14, 2021.

Linder District Fund - The Linder District fund was established as of December 14, 2021.

**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.

**MERIDIAN DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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

**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.

**Deferred Inflow of Resources and Advanced 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, 2022. 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, 2022 by MDC are nonspendable in form. This includes prepaid expenses of \$3,661. 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 \$6,793,060 in restricted fund balance at September 30, 2022.

**MERIDIAN DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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

*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.

*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 had (\$124,305) in unassigned fund balance at September 30, 2022.

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, 2022, the account balance of the checking account was \$73,498. As of September 30, 2022, the account balance of the money market account was \$6,615,656. \$6,439,154 was uninsured and uncollateralized as of September 30, 2022. Cash is held in the custody of Washington Trust Bank in MDC’s name.

**MERIDIAN DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 3 CAPITAL ASSETS**

Changes to capital assets are as follows:

	Balance 10/1/2021	Additions	Deletions	Transfers	Balance 9/30/2022
<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>					
Intangibles	180,160	-	(39,613)	-	140,547
Total Capital Assets, Depreciated	180,160	-	(39,613)	-	140,547
Less: Accumulated Depreciation					
Intangibles	(180,160)	-	39,613	-	(140,547)
Total Accumulated Depreciation	(180,160)	-	39,613	-	(140,547)
Total Net Capital Assets, Depreciated	-	-	-	-	-
<b>GOVERNMENTAL ACTIVITIES</b>					
<b>CAPITAL ASSETS, NET</b>	<b>\$ 672,384</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 672,384</b>

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

MDC had a promissory note for \$1,274,000 that matured 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, 2022.

	Balance 10/1/2021	Debt Issued	Debt Retired	Balance 9/30/2022
<b>GOVERNMENTAL ACTIVITIES</b>				
Note Payable - Building	\$ 50,744	\$ -	\$ (50,744)	\$ -

**MERIDIAN DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**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 \$16,128 for costs related to joint projects. During the fiscal year, the City of Meridian reimbursed MDC \$49,051 for costs related to joint projects.

**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 matured on June 30, 2022 and is unsecured. The line was not renewed beyond June 30, 2022. 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, 2022. Borrowings under the line of credit are subject to certain covenants and restrictions on indebtedness and dividend payments.

**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. As of September 30, 2022, MDC had net investment in capital assets of \$672,384.

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, 2022 of \$3,096,886.

**NOTE 8 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, 2022, the Developers have incurred life-to-date eligible expenses and requested reimbursements totaling \$5,047,471. Of this amount, \$1,255,676 was paid by MDC in fiscal year 2022 and \$1,555,740 was paid by MDC in prior fiscal years. The remaining amount of \$2,236,055 is to be paid, contingent upon the future receipt of tax increment.

**MERIDIAN DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**NOTE 8 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

On January 26, 2022, MDC entered into a Development Agreement with East Broadway Investment Company, LLC (the Union Developers) to carry out the approved urban renewal plan. This agreement contemplates that the Union Developers will develop the property by constructing private improvements. Eligible public improvements are to be constructed in phases and reimbursed from future tax increment revenues. As of September 30, 2022, the Developers have incurred life-to-date eligible expenses and requested reimbursements totaling \$750,000. Of this amount, no amount was paid by MDC in fiscal year 2022. The remaining amount of \$750,000 is to be paid, contingent upon the future receipt of tax increment.

On October 10, 2018, amended on April 28, 2021, MDC entered into a Development Agreement with Novembrewhiskey Properties, LLC, Pacific West Communities, Inc., and Pacific West Builders, Inc. (the Old City Hall Developers) to carry out the approved urban renewal plan. This agreement contemplates that the Old City Hall Developers will develop the property by constructing private improvements. Eligible public improvements are to be constructed in phases and reimbursed from future tax increment revenues. As of September 30, 2022, the Developers have incurred life-to-date eligible expenses and requested reimbursements totaling \$678,000. Of this amount, \$23,673 was paid by MDC in fiscal year 2022. The remaining amount of \$654,327 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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General Property Tax Revenue	\$ 3,200,000	\$ 3,200,000	\$ 3,043,841	\$ (156,159)
Interest Earnings	20,000	20,000	8,946	(11,054)
Other Revenue	100,000	100,000	6,411	(93,589)
Total Revenues	<u>3,320,000</u>	<u>3,320,000</u>	<u>3,059,198</u>	<u>(260,802)</u>
<b>EXPENDITURES</b>				
Office and Operating Expense	8,103,083	8,103,083	1,496,714	6,606,369
Professional Services, Surveys, and Studies	269,000	269,000	204,019	64,981
Public Education and Marketing	16,000	16,000	4,762	11,238
Debt Service				
Principal	161,809	161,809	50,656	111,153
Interest	628	628	449	179
Total Expenditures	<u>8,550,520</u>	<u>8,550,520</u>	<u>1,756,600</u>	<u>6,793,920</u>
Excess (deficiency) revenues				
<b>NET CHANGE IN FUND BALANCES</b>	(5,230,520)	(5,230,520)	1,302,598	6,533,118
Fund Balance - Beginning of Year	<u>5,358,520</u>	<u>5,358,520</u>	<u>5,369,818</u>	<u>11,298</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 128,000</u></u>	<u><u>\$ 128,000</u></u>	<u><u>\$ 6,672,416</u></u>	<u><u>\$ 6,544,416</u></u>

See accompanying Notes to Required Supplementary Information.

**MERIDIAN DEVELOPMENT CORPORATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2022**

**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 discretely presented component unit of the City of Meridian, Idaho as of and for the year ended September 30, 2022, 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 December 2, 2022.

**Report on 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 or significant deficiencies may exist that have not been identified.

## **Report on 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 black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Boise, Idaho  
December 2, 2022