

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

**MERIDIAN DEVELOPMENT CORPORATION
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YEAR ENDED SEPTEMBER 30, 2021**

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

**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.

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

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

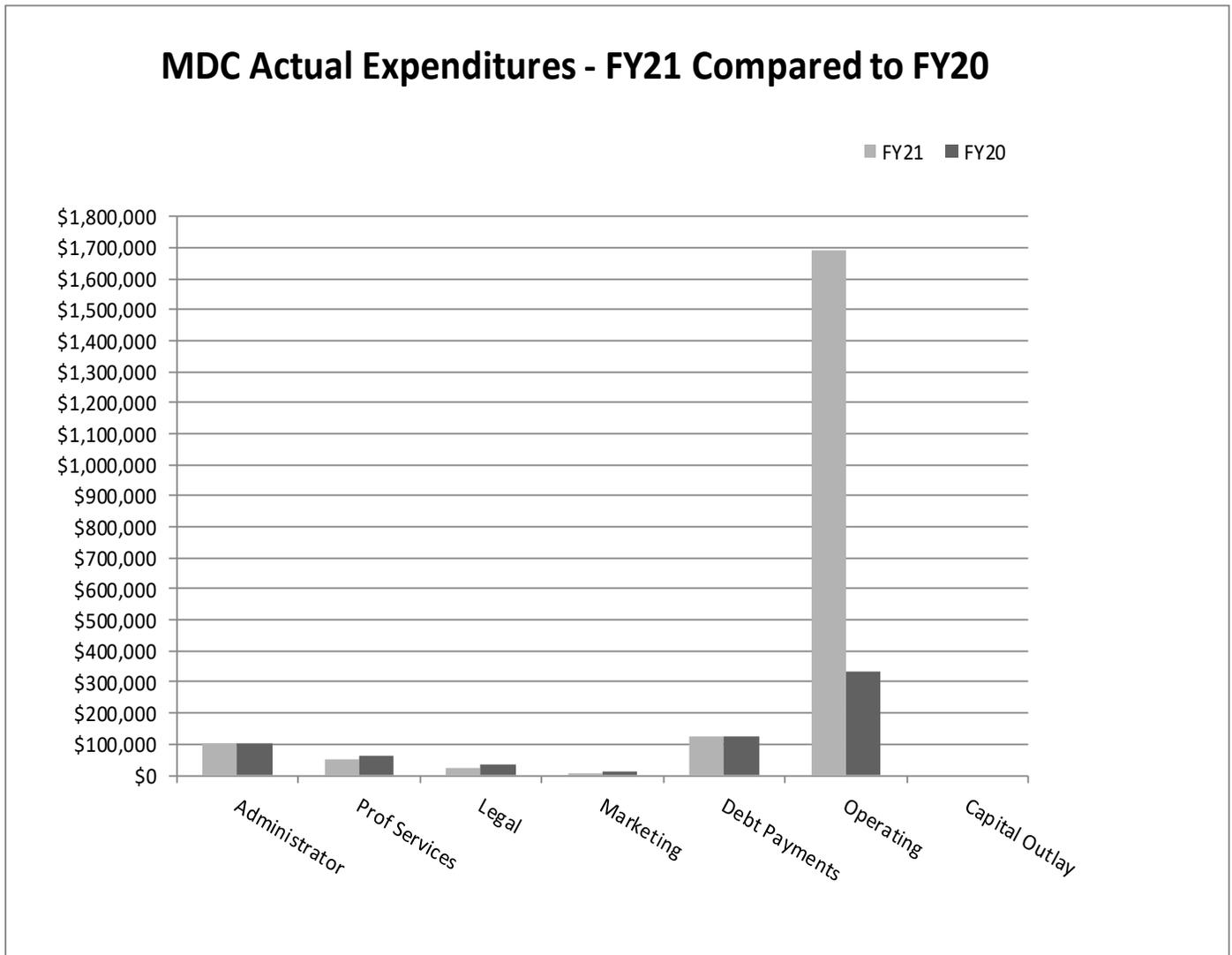
Fiscal year 2021 was the eighteenth full year that MDC received property tax revenue. At September 30, 2021 the funds' balance was \$5,369,818 as compared to \$4,302,093 at September 30, 2020. Of the funds' balance, \$2,937 is nonspendable and \$5,401,206 is restricted. The funds' balance increased in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

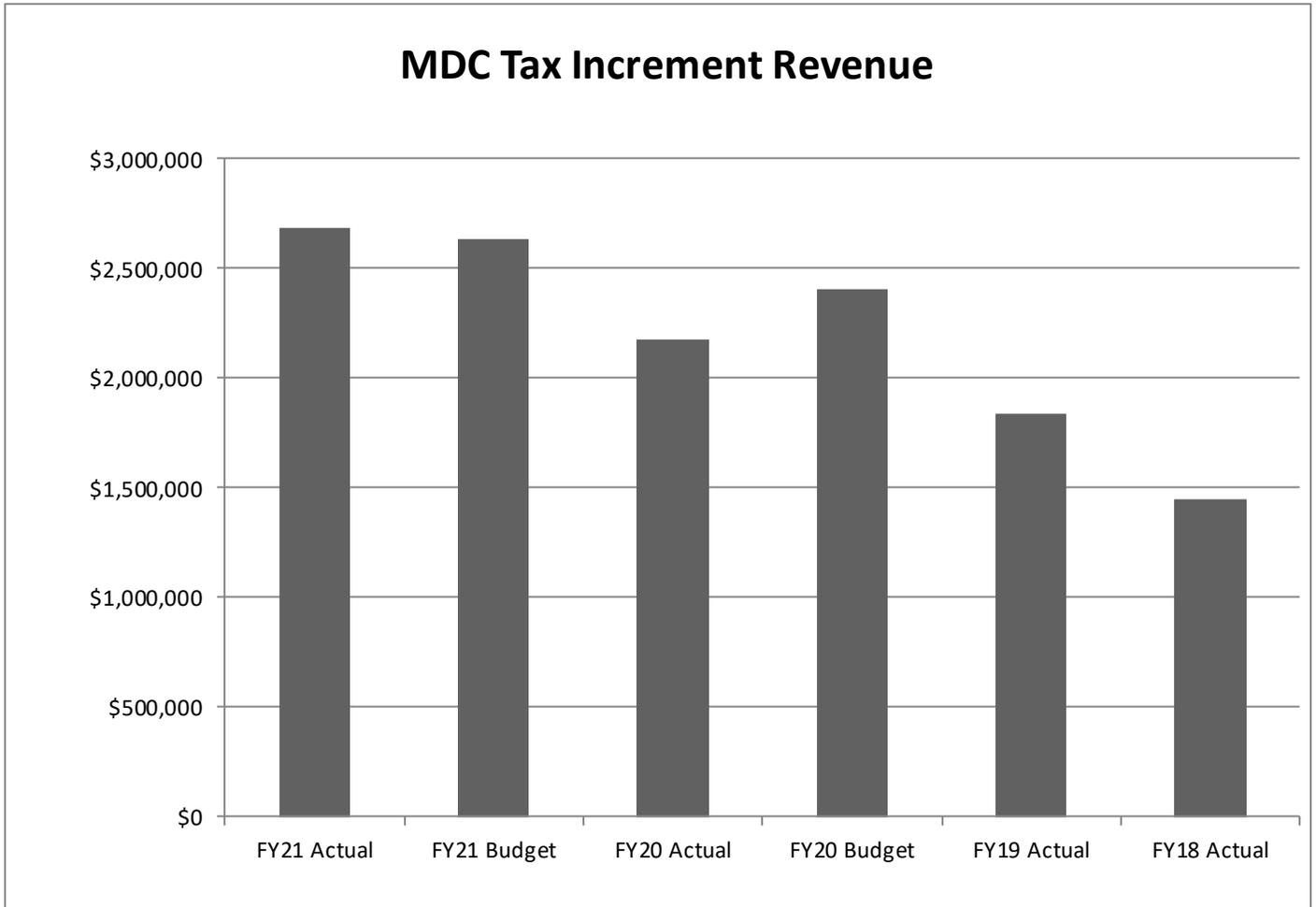
MDC does not have any employees and relies on professional service contracts for the administrator, legal, and marketing, etc. 9% of actual operating expenditures were for professional service contractors. MDC spent 30% of its operating budget.



**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	8,426,001

NONCURRENT ASSETS

Capital Assets, Not Subject to Depreciation and Amortization	672,384
Capital Assets, Subject to Depreciation and Amortization	180,160
Less: Accumulated Depreciation	(180,160)
Total Noncurrent Assets	672,384

Total Assets	9,098,385
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LIABILITIES

CURRENT LIABILITIES

Accounts Payable	55,188
Note Payable, Current Portion	50,744
Total Current Liabilities	105,932

NONCURRENT LIABILITIES

Due to Developers	3,516,171
Total Noncurrent Liabilities	3,516,171

Total Liabilities	3,622,103
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DEFERRED INFLOWS OF RESOURCES

Unavailable Revenues, Property Taxes	2,941,320
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NET POSITION

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

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	747
Total General Revenues	<u>2,970,539</u>

EXPENSES

Community Development	5,070,180
Public Education and Marketing	7,251
Debt Service Interest	4,006
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
ASSETS				
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>
LIABILITIES				
Accounts Payable	\$ 45,690	\$ 1,352	\$ 8,146	\$ 55,188
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues, Property Taxes	1,734,710	1,266,285	-	3,000,995
FUND BALANCE				
FUND BALANCE				
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
REVENUES				
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>
EXPENDITURES				
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>
NET CHANGE IN FUND BALANCES	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>
FUND BALANCE - END OF YEAR	<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.	59,675
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Total Net Position as Shown on the Statement of Net Position	\$ 2,534,962
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**MERIDIAN DEVELOPMENT CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUEVENUES, 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
GOVERNMENTAL ACTIVITIES					
Capital Assets, not Depreciated Land	\$ 672,384	\$ -	\$ -	\$ -	\$ 672,384
Total Capital Assets, not Depreciated	672,384	-	-	-	672,384
CAPITAL ASSETS, DEPRECIATED					
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	-	-	-	-	-
GOVERNMENTAL ACTIVITIES					
CAPITAL ASSETS, NET	\$ 672,384	\$ -	\$ -	\$ -	\$ 672,384

**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>
GOVERNMENTAL ACTIVITIES				
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		
REVENUES				
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
EXPENDITURES				
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
NET CHANGE IN FUND BALANCES	(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
FUND BALANCE - END OF YEAR	\$ 128,000	\$ 128,000	\$ 5,369,818	\$ 5,241,818

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 cursive script that reads "Eide Bailly LLP".

Boise, Idaho
November 19, 2021