

*Meridian Development Corporation*

2020

- ANNUAL REPORT -



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

• *Featured In This Issue* •



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*Letter From*

- THE CHAIRMAN -

At the start of 2020, it looked as though development in the Downtown Meridian and Ten Mile urban renewal districts would set a new record. In downtown, the Old Town Lofts project was moving full speed ahead, Keller Associates had just broken ground on its new headquarters, Galena was working on permits for its Union 93 Project and unBound was starting to transform the old A.E.I Electronics building into a spot where the community could gather and learn. At Ten Mile, construction continued on numerous large office, commercial, and multifamily projects. Then the coronavirus pandemic hit.

Just like many other communities across our country, Meridian was not immune to its impacts. While work in the Downtown and Ten Mile Urban Renewal Districts continued to move forward, the pandemic slowed our progress and altered project timelines.

The coronavirus caused delays in receiving construction materials. Crews were not always at their full strength. And, for a limited period of time during Idaho's stay-at-home order, some work was halted entirely. While the coronavirus put unexpected hurdles in our way, it also revealed our community's true sense of resiliency and commitment to bringing new growth and opportunities into Meridian.

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While developers experienced delays, not a single one backed out of a project in either of our urban renewal districts. We believe this is because developers see the opportunities that are available in Meridian. People want to live here, work here and spend time socializing in our community. Each year, the desire to be in Meridian only continues to grow. The pandemic, if anything, has only accelerated this trend as business owners, investors, families, and individuals alike seek out more desirable places to live, work and play.

Development in downtown Meridian has hit its stride over the past few years. However, investment around the railroad tracks has lagged. In order to bring an enhanced focus into this part of the community, the Meridian Development Corporation (MDC), along with the City of Meridian decided it was time to create a third urban renewal district. In 2020, we were proud to form the City's third urban renewal district – the Union District. We believe the renewed focus on this section of downtown will create economic opportunities for the entire community.

As we look toward the future, we are excited for all possibilities. This next year, we anticipate new buildings will open in downtown, new tenants will move into our community, and permits for projects we haven't even heard of yet will be submitted to the City. 2021 is shaping up to be an eventful year and, at MDC, we are grateful for the role we get to play in our community's future growth and development.

Dave Winder  
Chairman



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# LEADERSHIP



DAVE WINDER

CHAIRMAN



NATHAN MUELLER

VICE CHAIRMAN



STEVE VLASSEK

SECRETARY/TREASURER

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# BOARD OF COMMISSIONERS



TAMMY DE WEERD



ROB MCCARVEL



DIANE BEVAN



DAN BASALONE



COUNCILMAN TREG BERNT



KIT FITZGERALD



DOWNTOWN

URBAN RENEWAL

DISTRICT

KELLER 





## *Construction Starts On Keller Associates Building*

In 2020, shortly before the coronavirus pandemic hit, Keller Associates broke ground on its three-story, 19,000-square-foot office building in downtown. The project will bring close to a hundred well-paying jobs into the heart of Meridian.

While the Idaho-based engineering firm will occupy a majority of the building, two ground-floor commercial and retail suites are available

to lease. Keller Associates also incorporated 44 public parking spaces into the project to help alleviate existing parking constraints in downtown.

While Keller Associates could have picked any location for its Treasure Valley headquarters, the company specifically selected Old Town Meridian because it believes in urban redevelopment and wanted to encourage new investment south of the railroad tracks.

“Our passion to support a vibrant downtown drove our decision to build where we did,” said Rod Linja, CEO of Keller Associates. “Rather than building in a suburban location, we took the challenging route. It was the right thing to do. Many positive outcomes will result. Downtown businesses will benefit. Vehicular trips will be reduced. And our team will have new space and technology to better serve our clients.”

Shortly after work began on the project, the pandemic halted construction for four months. Work resumed in late-July and Keller Associates believes the building and the forthcoming adjacent public parking funded by MDC will be complete mid-summer 2021.





## *Old Town Lofts Take Shape*

The most visible transformation in downtown this past year occurred at the corners of Meridian Road and Idaho Avenue as upward construction started on the Old Town Lofts. The two-building project will bring more than 100 apartments and 15,000 square feet of retail space into downtown.

The first few months of the year, Pacific Companies readied the site for development. During this time, the team discovered several unexpected surprises at the site, including an abandoned tunnel near the Heritage Building heading

toward Main Street from Meridian Road. It is possible the tunnel could have been constructed during the prohibition era. Once discovered, it was quickly filled in to provide the structure needed to support a four-story development.

By April, the effects of the pandemic were felt at the construction site. As sub-contractors experienced difficulties procuring the necessary supplies and were temporarily down team members,

the project ran into delays. During this time, work moved forward as best and as fast as it could. Even with fewer people in downtown, Pacific Companies felt the pressure to complete the utility work quickly in order to get the roads and sidewalks around the project back open.

Work to relocate all of the utilities at site, including Idaho Power, Century Link and Sparklight, was complete by May. Prior to the project, utilities ran overhead and power poles surrounded the site. Now, everything is underground.

By late summer, the foundation was laid for Building A, at the corner of Main Street and Broadway Avenue, and Building B, located on the opposite end of the site at Meridian Road and Idaho Avenue. Work progressed rapidly from this point and, as the buildings went up, energy around the project started to build in the community.

In September, Pacific Companies completed all of the sewer infrastructure upgrades along Idaho Avenue. The road was repaved and all traffic restrictions associated with Old Town Lofts came to an end.

Framers swarmed to the site ahead of winter to try to get as much work done as possible. With a fairly mild start to winter, Pacific Companies was able to get

nearly 85 percent of the framing done in Building A and 25 percent in Building B. Currently, Pacific Companies anticipates opening Building A of Old Town Lofts in the Fall of 2021. Building B will follow in 2022. Rallens Realty Consultants will start work to lease out the commercial and residential spaces in the spring.

THE TWO-  
BUILDING  
PROJECT WILL  
BRING MORE  
THAN 100  
APARTMENTS  
& 15,000  
SQUARE FEET  
OF RETAIL  
SPACE.



## *Grant Submitted To Address Nine Mile Flood Plain*

For years, the MDC and City of Meridian have worked together to try to remove a number of homes and businesses from the 100-year flood plain boundary that lies between Franklin Road and the Union Pacific Railroad line.

This year, MDC and the City submitted a Building Resilient Infrastructure and Communities project grant to the Idaho Office of Emergency Management to

help secure funding to improve culverts, channel, and drainage infrastructure along Nine Mile Creek. The grant would be a 72/28 percent cost share, with a majority of the funds coming from the Federal Emergency Management Agency (FEMA).

Grant recipients are expected to be announced in early fall 2021.

Nine Mile Creek is not a natural creek. In fact, it first showed up on a map in 1893 when farmers and landowners began irrigating their property. However, today it meets the standards to be mapped under

the National Flood Insurance Program. In 2016, when FEMA updated its maps, it determined the creek did not have adequate capacity to address 10-, 50-, 100 or 500-year flooding events. This decision moved an additional 17-acres to the floodplain zone.

MDC and the City applied for the grant in order to increase capacity in the creek, so it can handle a 100-year flood event. If it is funded, MDC and the City will move forward with constructing new drainage infrastructure, replacing and realigning pipeline under the railroad tracks, replacing culverts and regrading open sections of the channel.

This work would have a significant impact on the community. It would eliminate approximately 78 acres and remove 41 existing buildings and an Idaho Power substation, which generates energy for 10,000 properties in the community, from Meridian's Special Flood Hazard Area. The work would also allow Meridian Road and Franklin Road, both crucial transportation corridors for the City, out of the flood zone.

If the project moves forward, MDC anticipates it would take 36 months to complete, including the time it takes to finalize the project design and engineering.





## *Downtown Welcomes unBound*

Over the last year, Meridian Library District worked to get the permanent home of the unBound Business and Technology Library in downtown ready for the community. Meridian Library District purchased the former A.E.I. Electronics building in 2019.

The building was originally constructed by the Thompson family in 1949. The family continued to run their electronics business in the space until the Library District purchased the building. Voters passed a Plant Facility Levy Measure in 2019 which allowed the Library to fund the necessary improvements for unBound.

Work to transform the building into a space for learning and collaboration had just started when the coronavirus pandemic hit, causing delays to the initial project timeline. unBound is now expected to open in April 2021.

MSR Design, the architect for the project, and CM Company Construction helped the library reinvent the old, closed off office building into an open business and technology library.

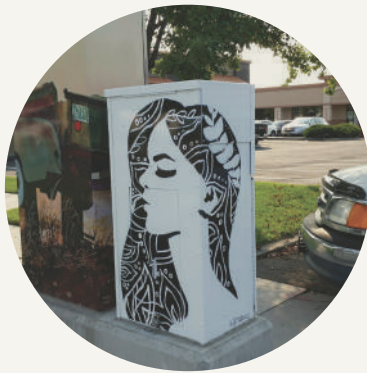
When the library opens, visitors will have access to emerging technologies and workspaces. The unBound library has a design lab featuring computers with digital design and video editing software, large format printing, lamination machines, and old media digitization equipment. There is also a Create Space with 3D printers, laser cutters, engravers, and vinyl cutter. Aspiring podcasters will also be happy in the library's sound ready Record Studio.

The library added a new 3D printer during the summer of 2020 through grants from the Meridian Library Foundation and TDS Fiber. Additional equipment is expected to be integrated into unBound throughout 2021.

A ribbon cutting ceremony and grand opening is slated for mid-April 2021.

## *Students Bring Art Into Downtown*

The MDC partnered with the City of Meridian and West Ada School District to transform traffic boxes throughout downtown into beautiful works of art. In 2020, five traffic boxes were selected to be wrapped with students artwork. The City helps to select the art and MDC provides funding for the program, contributing \$5,000 last year. This year, the artists were from Eagle Elementary, Ponderosa Elementary, Meridian Middle, Meridian High and Eagle Academy. 2020 marked the fifth year of the program.



*Aeryn Waterman*



*Leana Tackett*



*Kamden Prock*



*Riley Wiles*



*Veronica Willard*

## *Downtown Sidewalk Improvements Complete*

In 2020 MDC completed a multi-year sidewalk improvement project along Carlton Avenue and a section of East 5th Street. In total, we constructed 400 feet of new sidewalks to improve walkability in downtown, particularly providing key connections to local schools.



## *Facade Improvement Gives Historic Building New Look & New Purpose*

When MDC received a facade improvement grant application in 2019 for 126 Broadway Avenue, more commonly known at the time as the Old Saddle Shop, it was excited to help business owners Ryan Steinbroner and Trevor Hill breathe new life into the building. Originally built in 1900, 126 Broadway Avenue is part of downtown's history. It had sat vacant for years until Steinbroner and Hill saw it for its potential to be an upscale cocktail bar and barbershop.

Steinbroner and Hill wanted to stay true to the building's original heritage. They hired neUdesign Architecture to help them develop facades for the front and back of the building that complimented the historical characteristics of the space, increased curb appeal and made it more accessible for all community members.

The facade improvements were completed in 2020 and the visible impact in downtown cannot be overstated. What once was considered blight it now a gem in downtown. The facade improvement has completely changed the look of the block and is encouraging further improvements in downtown.

Even with the pandemic, The Roosevelt has become a favorite community spot to

grab a drink and reconnect with friends in downtown. Barclay & Hill is also a go-to spot for men looking for a clean shave and haircut.

In total, the MDC invested just over \$26,000 in the exterior improvements to 126 Broadway Avenue.



## BEFORE



## AFTER



An aerial photograph of a city and surrounding agricultural fields. The image is overlaid with four horizontal yellow banners, each containing a word in white, bold, sans-serif font. The banners are arranged in a vertical stack, with the top banner on the right side and the bottom banner on the left side, creating a zig-zag effect. The background shows a mix of urban buildings and open fields under a clear blue sky.

TEN MILE

URBAN RENEWAL

DISTRICT

UPDATE

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The Ten Mile Urban Renewal District hit a huge milestone in 2020. As of today, all of the property within the district has either been developed, is currently under construction, or plans have been submitted for the land and are under review by the City of Meridian. In fact, two more subdivision plats were recorded within the district in 2020. An immense amount of work has occurred over the last four years ago to get to this point.

Brighton Corporation, the largest landowner in the district, is developing two different sections within the district – Ten Mile Crossing, a 77-acre section at the northeast corner of I-84 and Ten Mile Road, and Ten Mile Creek, a 55-acre section on the southeast corner of Franklin and Ten Mile Road.

Last year, an additional 470,000 square feet of office and retail space opened in Ten Mile Crossing. These projects included AmeriBen’s second office building and Saltzar’s medical office building.

In 2020, work started in Ten Mile Creek for a new Idaho Central Credit Union branch. Brighton Corporation also received approval from the City of Meridian to build a 6,000-square-foot food pavilion, which is designed to house multiple restaurants. Construction will start this year. Plans were also submitted to the City for the second phase of The Lofts, which will bring another 235 apartments when constructed. The project is expected to be complete in 2021.

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UNION DISTRICT  
URBAN RENEWAL  
DISTRICT

# *A New District* - IS FORMED -

2020 saw the creation of a new urban renewal district in downtown. In June, Meridian City Councilmembers voted to create the 16-acre Union District, which covers approximately two city blocks from Idaho Avenue to the railroad tracks and Third Street to Main Street.

The Union District is the most underdeveloped part of downtown. The district sits within the existing Downtown District. However, as the Downtown District enters its final five years, it was clear to leaders within the City that additional time and investment would be needed to help this part of downtown. The new district has a 20-year life, giving the MDC the time necessary for a complete transformation.

Urban renewal districts are designed to help remediate blight, encourage growth in underdeveloped areas and fund important public infrastructure improvements. Before its creation, an independent eligibility report concluded the Union District met eight of the 10 state eligibility criteria for forming a new urban renewal district. Only one condition must be met in order to create a new urban renewal district in Idaho.

The new urban renewal district will generate tax increment financing to upgrade critical infrastructure, such as water and sewer lines, sidewalks, community lighting, and roads. The formation of the Union District will allow the public infrastructure in this part of the City to match the rest of downtown. The new district will also help expedite the growth and its success will bring economic opportunities to residents across the community.



## *Projects Within The Union District*

Galena Opportunity Fund worked to permit and started construction on a multi-story, mixed-use development project that sits within the Union District last year. The project, which is split between two buildings, includes 340 apartments, office space, retail developments and a parking garage with more than 600 spaces.

The project will bring significant private investment and a renewed energy into downtown.

When construction is complete, the Union 93 buildings will be the tallest in downtown, standing at 100-feet each.

The first phase of the project, which will break ground in the summer of 2021, includes studio, one and two-bedroom apartment units. Union 93 residents will be able to enjoy bike storage, rooftop patio, business center and fitness room. The apartments are being constructed off-site by Idaho-based Guerdon Modular Buildings. Crews will assemble everything as it arrives and put the finishing touches on the buildings in downtown Meridian.

The second phase will bring additional 120,000 square feet of office space into downtown.

Including Union 93 in the new Union District will increase the district's tax base and allow MDC to capture more tax increment revenues to invested back into necessary public improvements.

## *New Proposals Sought for Civic Block*

MDC, the City of Meridian and Galena Opportunity Fund spent much of 2020 working together to try to finalize the details of the Civic Block project. Galena's proposal was approved by MDC Commissioners and the City Councilmembers in 2019 with a list of contingencies, including providing elements in the project that would generate tax increment financing.

Galena had until January 2021 to identify how to address the contingencies and seek full approval for the project.

However, after much work between the groups, Galena decided to focus their efforts on the Union 93 project and choose not to seek an extension for the Civic Block agreement. MDC and the City supported Galena's decision and look forward to watching their other developments in downtown take shape.

Both MDC and the City remain committed to transforming the Civic Block into an iconic section of downtown. While the original project is not moving forward, the work over the past year helped to clarify the vision for the civic block and gives MDC and the City a clear foundation to build upon.

CURRENTLY, THE TWO AGENCIES PLAN TO REISSUE A NEW REQUEST FOR PROPOSALS (RFP) FOR THE CIVIC BLOCK IN 2021. THEY WILL CONTINUE TO SEARCH FOR A PARTNER WHO IS INTERESTED IN BUILDING A MIXED-USE DEVELOPMENT ON THE 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. THESE PROPERTIES ARE NOW ALL INCLUDED IN DOWNTOWN'S URBAN RENEWAL DISTRICT.

MDC feels confident it will be able to find the right partner for the project.



# LOOKING AHEAD TO 2021

WHILE THE PANDEMIC SLOWED DOWN SOME OF THE PROJECTS ACROSS MERIDIAN'S URBAN RENEWAL DISTRICTS IN 2020, MDC IS HOPEFUL 2021 WILL BRING NEW MOMENTUM AS AMERICA CONTINUES TO





FIGHT THE CORONAVIRUS. SEVERAL PROJECTS HAVE ALREADY INDICATED THEY PLAN TO OPEN THEIR DOORS OR BREAK GROUND IN THE NEW YEAR. HERE IS A PREVIEW OF SOME OF THE WORK EXPECTED TO TAKE PLACE IN 2021.





*January -  
April*

MDC WILL CONTINUE ITS LEGISLATIVE EFFORTS TO PROTECT URBAN RENEWAL AGENCIES AND THEIR ABILITY TO PROVIDE PUBLIC INVESTMENT INTO STRATEGIC AREAS OF A COMMUNITY IN ORDER TO ENCOURAGE PRIVATE SECTOR INVESTMENT

*April*

UNBOUND WILL OPEN TO THE COMMUNITY, GIVING MERIDIAN RESIDENTS ACCESS TO EMERGING TECHNOLOGIES AND WORKSPACES

*May*

MDC AND THE CITY WILL ISSUE A NEW RFP FOR THE CIVIC BLOCK. PROPOSALS WILL BE DUE IN THE LATE SUMMER AND THE HOPE IS TO ISSUE A PROJECT AWARD BY EARLY FALL



*Summer  
2021*

GALENA WILL HOST AN OFFICIAL  
GROUNDBREAKING FOR ITS UNION  
93 PROJECT



KELLER ASSOCIATES PLANS TO  
COMPLETE CONSTRUCTION ON ITS  
NEW BUILDING IN DOWNTOWN AND  
ADDITIONAL PARKING PAID FOR BY  
MDC



OLD TOWN LOFTS WILL WELCOME  
ITS FIRST RENTERS WHEN IT OPENS  
BUILDING A



*Fall  
2021*

MDC WILL RELOCATE THE HUNTER  
LATERAL THAT CURRENTLY RUNS IN  
THE MIDDLE OF THE CIVIC BLOCK  
INTO THE RIGHT-OF-WAY IN EAST  
SECOND STREET



MDC ANTICIPATES BEING  
NOTIFIED ABOUT THE OUTCOME  
OF THE BUILDING RESILIENT  
INFRASTRUCTURE & COMMUNITIES  
FEMA PROJECT GRANT. IF MDC'S  
APPLICATION IS ACCEPTED, WORK  
WILL BEGIN TO ADDRESS THE  
FLOODING POTENTIAL OF NINE MILE  
CREEK





IN CONCLUSION

UNBOUND

2 HR PARKING  
8:00AM TO 6:00PM  
←

Meridian  
Library  
District

HOURS  
(204) 258-2668  
not represented

MON - THU	10am - 5pm
FRI	10am - 5pm
SAT	10am - 5pm
SUN	Closed



Meridian Development Corporation is committed to public service, to the fiscally responsible use of urban renewal dollars, and to public transparency. The following are links to MDC efforts of public and stakeholder interest:

**MDC WEBSITE:**

[www.meridiandevelopmentcorp.com](http://www.meridiandevelopmentcorp.com)

**MDC CONTACT INFORMATION:**

Ashley Squyres, MDC Administrator  
[meridiandevelopmentcorp@gmail.com](mailto:meridiandevelopmentcorp@gmail.com) | 208.477.1632

**MAILING ADDRESS:**

104 East Fairview Avenue, #239  
Meridian, Idaho 83642

722

# APPENDIX A: FY2020



November 19, 2020

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, 2020, and have issued our report thereon dated November 19, 2020. 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 16, 2020, 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 2020. 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, 2020.

## **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 "Eide 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, 2020**

**MERIDIAN DEVELOPMENT CORPORATION  
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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, 2020, 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, 2020, 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, 2020 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, 2020

**MERIDIAN DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

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, 2020. Please use this information in conjunction with the information furnished in MDC's financial statements.

**Financial Highlights**

- Fiscal year 2020 is the seventeenth full year that MDC has collected property tax. Property tax is MDC's principal source of revenue. Property tax collections increased by \$458,379 or 25.02% from fiscal year 2019 to fiscal year 2020.
- The total assets of MDC exceeded its liabilities and deferred inflows at September 30, 2020 by \$4,645,860. Of the total net position, \$502,028 is net investment in capital assets. The remaining net position of \$4,143,832 is restricted to meet the Corporation's on-going obligations. This is an increase of \$1,930,951 from net position of \$2,714,909 at September 30, 2019.

**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, 2020**

**Fund Financial Statements (continued)**

MDC has two 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.

**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, 2020, MDC's combined assets exceeded liabilities and deferred inflows by \$4,645,860.

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

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>	\$ 6,969,518	\$ 5,467,550
<b>CAPITAL ASSETS</b>	672,384	672,384
Total Assets	7,641,902	6,139,934
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>	159,234	777,304
<b>NONCURRENT LIABILITIES</b>	366,970	486,511
Total Liabilities	526,204	1,263,815
<b>DEFERRED INFLOWS</b>	2,469,838	2,161,210
Total Liabilities and Deferred Inflows	2,996,042	3,425,025
<b>NET POSITION</b>		
<b>NET INVESTMENT IN CAPITAL ASSETS RESTRICTED</b>	502,028	386,508
	4,143,832	2,328,401
	\$ 4,645,860	\$ 2,714,909

**MERIDIAN DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**Changes in Net Position**

During the year, MDC's financial position increased by \$1,930,951. This compares with the prior year decrease in financial position of \$44,523.

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.

	2020	2019
<b>GENERAL REVENUES</b>		
Property Tax	\$ 2,290,633	\$ 1,832,254
Grant	172,688	206,618
Interest	15,642	16,413
Other Revenues	5,120	4,234
Total General Revenues	2,484,083	2,059,519
<b>PROGRAM REVENUES</b>	-	-
Total Revenues	2,484,083	2,059,519
<b>EXPENSES</b>		
Community Development	532,407	2,083,379
Public Education and Marketing	12,628	8,563
Interest on Long-Term Debt	8,097	12,100
Total Expenses	553,132	2,104,042
<b>CHANGE IN NET POSITION</b>	1,930,951	(44,523)
Net Position - Beginning of Year	2,714,909	2,759,432
<b>NET POSITION - END OF YEAR</b>	\$ 4,645,860	\$ 2,714,909

From fiscal year 2019 to fiscal year 2020, MDC's property tax revenue increased by 25.02%.

**FINANCIAL ANALYSIS OF MDC'S FUNDS**

**Governmental Funds**

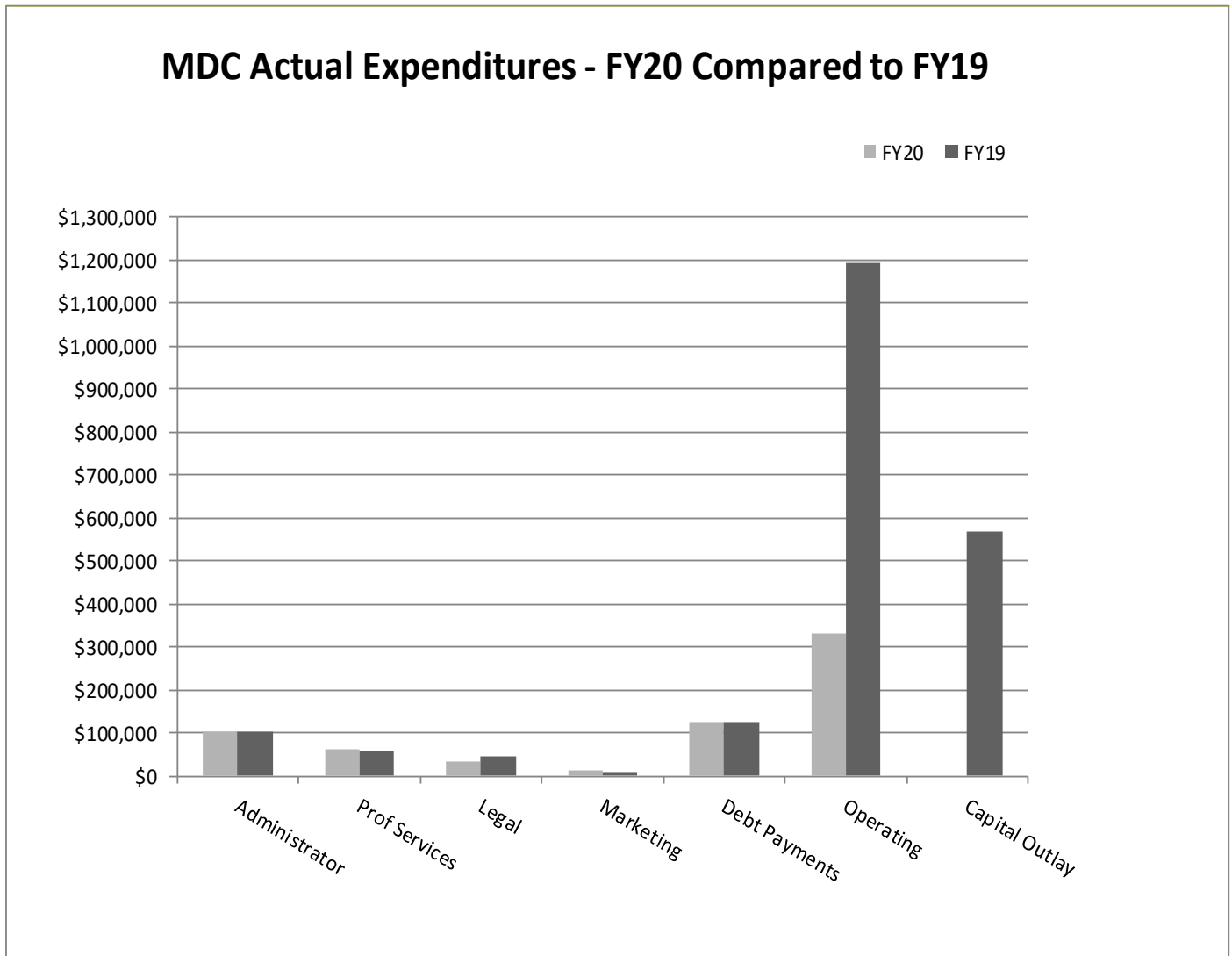
Fiscal year 2020 was the seventeenth full year that MDC received property tax revenue. At September 30, 2020 the funds' balance was \$4,302,093 as compared to \$2,601,261 at September 30, 2019. Of the funds' balance, \$4,085 is nonspendable and \$4,298,008 is restricted. The funds' balance increased in fiscal year 2020 due to tax revenues being higher than in fiscal year 2019 and due to the tax revenues exceeding normal operating expenditures.

**MERIDIAN DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**Budgetary Highlights**

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

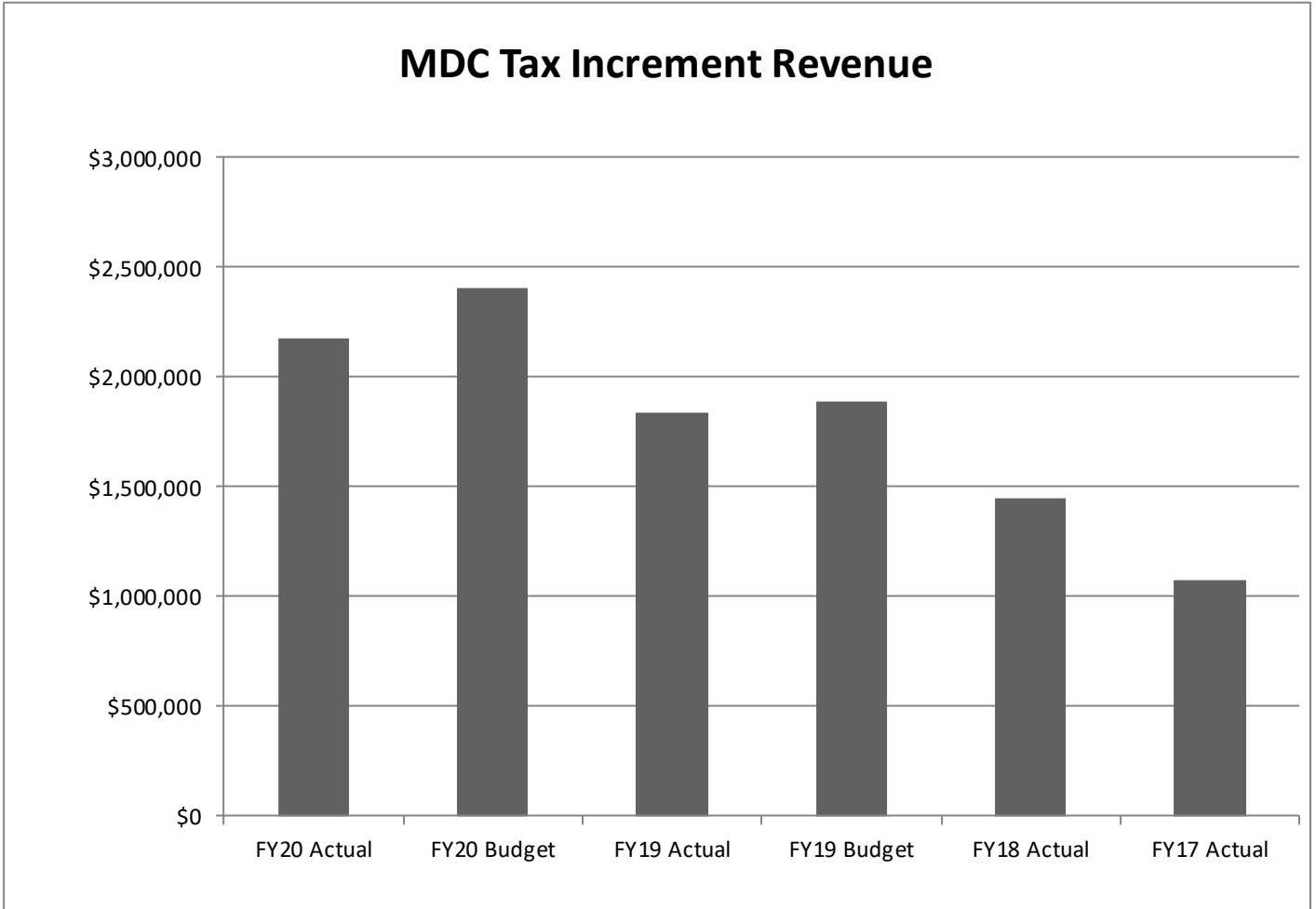
MDC does not have any employees and relies on professional service contracts for the administrator, legal, and marketing, etc. 32% of actual operating expenditures were for professional service contractors. MDC spent 12% of its operating budget.



**MERIDIAN DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**Budgetary Highlights (continued)**

Property tax revenue was budgeted to be \$2,409,112; actual tax collected was \$2,176,034.



**MERIDIAN DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**Capital Asset and Debt Administration**

**Capital Assets**

At the end of fiscal year 2019, MDC's total capital assets were \$672,384. At the end of fiscal year 2020, capital assets had not changed and were \$672,384, including \$672,384 in land, \$1,843 in equipment, \$180,160 in intangibles and \$182,003 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 in order 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, 2020, the balance on the remaining note was \$170,356. See Note 4 for further explanation of the changes in long-term debt.

**Fiscal Year 2021 Budgetary Considerations**

For fiscal year 2021, 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 2020.

**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, 2020**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 4,313,175
Other Receivables	24,769
Property Tax Receivable	2,469,838
Delinquent Property Taxes Receivable	157,651
Prepaid Expenses	4,085
Total Current Assets	6,969,518

**NONCURRENT ASSETS**

Capital Assets, Not Subject to Depreciation and Amortization	672,384
Capital Assets, Subject to Depreciation and Amortization	182,003
Less: Accumulated Depreciation	(182,003)
Total Noncurrent Assets	672,384

Total Assets	7,641,902
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**LIABILITIES**

**CURRENT LIABILITIES**

Accounts Payable	39,936
Note Payable, Current Portion	119,298
Total Current Liabilities	159,234

**NONCURRENT LIABILITIES**

Due to Developers	315,912
Note Payable, Less Current Portion	51,058
Total Noncurrent Liabilities	366,970

Total Liabilities	526,204
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**DEFERRED INFLOWS OF RESOURCES**

Advanced Revenues, Property Taxes	2,469,838
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**NET POSITION**

Net Investment in Capital Assets	502,028
Restricted	4,143,832
Total Net Position	\$ 4,645,860

See accompanying Notes to Financial Statements.

**MERIDIAN DEVELOPMENT CORPORATION**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2020**

**EXPENSES**

Community Development	\$ 532,407
Public Education and Marketing	12,628
Debt Service Interest	8,097
Total Expenditures	<u>553,132</u>

**GENERAL REVENUES**

General Property Tax Revenue	2,290,633
Grant Revenues	172,688
Interest Earnings	15,642
Other Revenue	5,120
Total General Revenues	<u>2,484,083</u>

**CHANGE IN NET POSITION**

1,930,951

Net Position - Beginning of Year

2,714,909

**NET POSITION - END OF YEAR**

\$ 4,645,860

*See accompanying Notes to Financial Statements.*

**MERIDIAN DEVELOPMENT CORPORATION  
GOVERNMENTAL FUNDS BALANCE SHEET  
SEPTEMBER 30, 2020**

	General Fund	10 Mile District	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,760,664	\$ 552,511	\$ 4,313,175
Other Receivables	24,769	-	24,769
Property Tax Receivable	1,664,238	805,600	2,469,838
Delinquent Property Taxes Receivable	156,885	766	157,651
Prepaid Expenses	4,085	-	4,085
	<u>\$ 5,610,641</u>	<u>\$ 1,358,877</u>	<u>\$ 6,969,518</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 39,069	\$ 867	\$ 39,936
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Advanced Revenues, Property Taxes	1,821,123	806,366	2,627,489
<b>FUND BALANCE</b>			
<b>FUND BALANCE</b>			
Nonspendable	4,085	-	4,085
Restricted	3,746,364	551,644	4,298,008
Total Fund Balance	<u>3,750,449</u>	<u>551,644</u>	<u>4,302,093</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,610,641</u>	<u>\$ 1,358,877</u>	<u>\$ 6,969,518</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, 2020**

	General Fund	10 Mile District	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>REVENUES</b>			
General Property Tax Revenue	\$ 1,610,499	\$ 565,535	\$ 2,176,034
Grant Revenue	172,688	-	172,688
Interest Earnings	15,642	-	15,642
Other Revenue	5,120	-	5,120
Total General Revenues	<u>1,803,949</u>	<u>565,535</u>	<u>2,369,484</u>
<b>EXPENDITURES</b>			
Office and Operating Expense	332,165	-	332,165
Professional Services, Surveys, and Studies	186,657	13,585	200,242
Public Education and Marketing	12,628	-	12,628
Debt Service:			
Principal	115,520	-	115,520
Interest	8,097	-	8,097
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>655,067</u>	<u>13,585</u>	<u>668,652</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,148,882	551,950	1,700,832
Fund Balance - Beginning of Year	<u>2,601,567</u>	<u>(306)</u>	<u>2,601,261</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 3,750,449</u>	<u>\$ 551,644</u>	<u>\$ 4,302,093</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, 2020**

**TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS** **\$ 4,302,093**

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 \$182,003	
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	(170,356)
Due to Brighton Homes	(315,912)

Some of the property taxes receivable are not available to pay for current period expenditures and, therefore, are not reported in the funds.	157,651
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Total Net Position as Shown on the Statement of Net Position	<b>\$ 4,645,860</b>
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**MERIDIAN DEVELOPMENT CORPORATION**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2020**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 1,700,832

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 115,520

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. 114,599

Change in Net Position, as Reflected on the Statement of Activities \$ 1,930,951

**MERIDIAN DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**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, 2020**

**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.

**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 acquisition 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, 2020**

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

**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, 2020. 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, 2020 by MDC are nonspendable in form. This includes prepaid expenses of \$4,085. 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 \$4,298,008 in restricted fund balance at September 30, 2020.

*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, 2020**

**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, 2020, the account balance of the checking account was \$68,690. As of September 30, 2020, the account balance of the money market account was \$4,245,647. \$4,064,337 was uninsured and uncollateralized as of September 30, 2020. Cash is held in the custody of Washington Trust Bank in MDC's name.

**MERIDIAN DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 3 CAPITAL ASSETS**

Changes to capital assets are as follows:

	Balance 10/1/2019	Additions	Deletions	Transfers	Balance 9/30/2020
<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	-	-	-	182,003
Less: Accumulated Depreciation					
Equipment	(1,843)	-	-	-	(1,843)
Intangibles	(180,160)	-	-	-	(180,160)
Total Accumulated Depreciation	(182,003)	-	-	-	(182,003)
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>

**MERIDIAN DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

MDC has a promissory note for \$1,274,000 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, 2020.

	<u>Balance 10/1/2019</u>	<u>Debt Issued</u>	<u>Debt Retired</u>	<u>Balance 9/30/2020</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Note Payable - Building	<u>\$ 285,876</u>	<u>\$ -</u>	<u>\$ (115,520)</u>	<u>\$ 170,356</u>
Current Portion of Note Payable				<u>\$ 119,298</u>

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

<u>Years Ending.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 119,298	\$ 4,174	\$ 123,472
2022	51,058	180	51,238
Totals	<u>\$ 170,356</u>	<u>\$ 4,354</u>	<u>\$ 174,710</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 \$81,146 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 matures on June 30, 2021 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, 2020. 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, 2020**

**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, 2020, 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	(119,298)
Noncurrent Portion of Outstanding Long-Term Obligations	(51,058)
Total Net Investment in Capital Assets	<u>\$ 502,028</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, 2020 of \$4,143,832.

**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, 2020, the Developers have incurred eligible expenses and requested reimbursements totaling \$672,385. Of this amount, \$356,473 was paid by MDC in fiscal year 2020, with the remaining amount of \$315,912 to be paid, contingent upon the future receipt of tax increment.

The World Health Organization has declared the spread of the coronavirus disease 2019 (“COVID-19”) a world-wide pandemic. COVID-19 is impacting global markets, supply chains, businesses, and communities. With regard specifically to MDC, the full impact of COVID-19 is unknown. MDC believes it is taking appropriate actions to mitigate this negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as they are still developing.

**MERIDIAN DEVELOPMENT CORPORATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2020**

	<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	\$ 2,409,112	\$ 2,409,112	\$ 2,176,034	\$ (233,078)
Grant Revenue	280,000	280,000	172,688	(107,312)
Interest Earnings	6,000	6,000	15,642	9,642
Other Revenue	100,000	100,000	5,120	(94,880)
Total Revenues	<u>2,795,112</u>	<u>2,795,112</u>	<u>2,369,484</u>	<u>(425,628)</u>
<b>EXPENDITURES</b>				
Office and Operating Expense	5,273,954	5,273,954	332,165	4,941,789
Professional Services, Surveys, and Studies	210,500	210,500	200,242	10,258
Public Education and Marketing	12,000	12,000	12,628	(628)
Debt Service				
Principal	215,087	215,087	115,520	99,567
Interest	8,531	8,531	8,097	434
Capital Outlay	-	-	-	-
Total Expenditures	<u>5,720,072</u>	<u>5,720,072</u>	<u>668,652</u>	<u>5,051,420</u>
Excess (deficiency) revenues				
<b>NET CHANGE IN FUND BALANCES</b>	(2,924,960)	(2,924,960)	1,700,832	4,625,792
Fund Balance - Beginning of Year	<u>3,056,960</u>	<u>3,056,960</u>	<u>2,601,261</u>	<u>(455,699)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 132,000</u>	<u>\$ 132,000</u>	<u>\$ 4,302,093</u>	<u>\$ 4,170,093</u>

See accompanying Notes to Required Supplementary Information.

**MERIDIAN DEVELOPMENT CORPORATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2020**

**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  
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, 2020, 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, 2020.

**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 black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho  
November 19, 2020