MERIDIAN DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2024

MERIDIAN DEVELOPMENT CORPORATION
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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Meridian Development Corporation (MDC), a discretely presented component unit of the City of Meridian, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements which collectively comprise MDC's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of MDC, as of September 30, 2024, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MDC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MDC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is

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higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MDC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MDC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2024, 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.

Eide Bailly LLP

Boise, Idaho
December 4, 2024

MERIDIAN DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

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, 2024. Please use this information in conjunction with the information furnished in MDC's financial statements.

Financial Highlights

- Fiscal year 2024 is the twenty-first full year that MDC has collected property tax. Property tax is MDC's principal source of revenue. Property tax collections increased by $1,329,177 or 39.66% from fiscal year 2023 to fiscal year 2024.

- The total assets of MDC exceeded its liabilities and deferred inflows at September 30, 2024 by $9,491,356. Of the total net position, $672,384 is net investment in capital assets. The remaining net position of $8,818,972 is restricted to meet the Corporation's on-going obligations. This is an increase of $3,003,772 from a net position of $6,487,584 at September 30, 2023.

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.

Fund Financial Statements (continued)

MDC has five governmental funds:

General Fund: The general fund is the general operating fund of MDC and primarily relates to the Downtown District which was established as of December 3, 2002. Income is derived primarily from property tax.

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is necessary to fully understand the data presented in the government-wide and fund financial statements.

Required Supplementary Information

This section has information that further explains and supports the information in the financial statements by including a comparison of the Corporation's budget data for the year.

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, 2024, MDC's combined assets exceeded liabilities and deferred inflows by $9,491,356.

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

	2024	2023
ASSETS		
CURRENT ASSETS	$ 14,796,691	$ 12,692,574
CAPITAL ASSETS	672,384	672,384
Total Assets	15,469,075	13,364,958
LIABILITIES		
CURRENT LIABILITIES	49,875	26,161
NONCURRENT LIABILITIES	986,044	2,438,100
Total Liabilities	1,035,919	2,464,261
DEFERRED INFLOWS	4,941,800	4,413,113
Total Liabilities and Deferred Inflows	5,977,719	6,877,374
NET POSITION		
INVESTMENT IN CAPITAL ASSETS	672,384	672,384
RESTRICTED	8,818,972	5,815,200
	$ 9,491,356	$ 6,487,584

Changes in Net Position

During the year, MDC's financial position increased by $3,003,772. This compares with the prior year increase in financial position of $2,718,314.

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.

	2024	2022
GENERAL REVENUES		
Property Tax	$ 4,680,673	$ 3,351,496
Interest	118,460	100,551
Other Revenues	12,598	9,365
Total General Revenues	4,811,731	3,461,412
PROGRAM REVENUES	-	-
Total Revenues	4,811,731	3,461,412
EXPENSES		
Community Development	1,798,053	738,284
Public Education and Marketing	9,906	4,814
Interest on Long-Term Debt	-	-
Total Expenses	1,807,959	743,098
CHANGE IN NET POSITION	3,003,772	2,718,314
Net Position - Beginning of Year	6,487,584	3,769,270
NET POSITION - END OF YEAR	$ 9,491,356	$ 6,487,584

From fiscal year 2023 to fiscal year 2024, MDC's property tax revenue increased by 39.66%.

FINANCIAL ANALYSIS OF MDC'S FUNDS

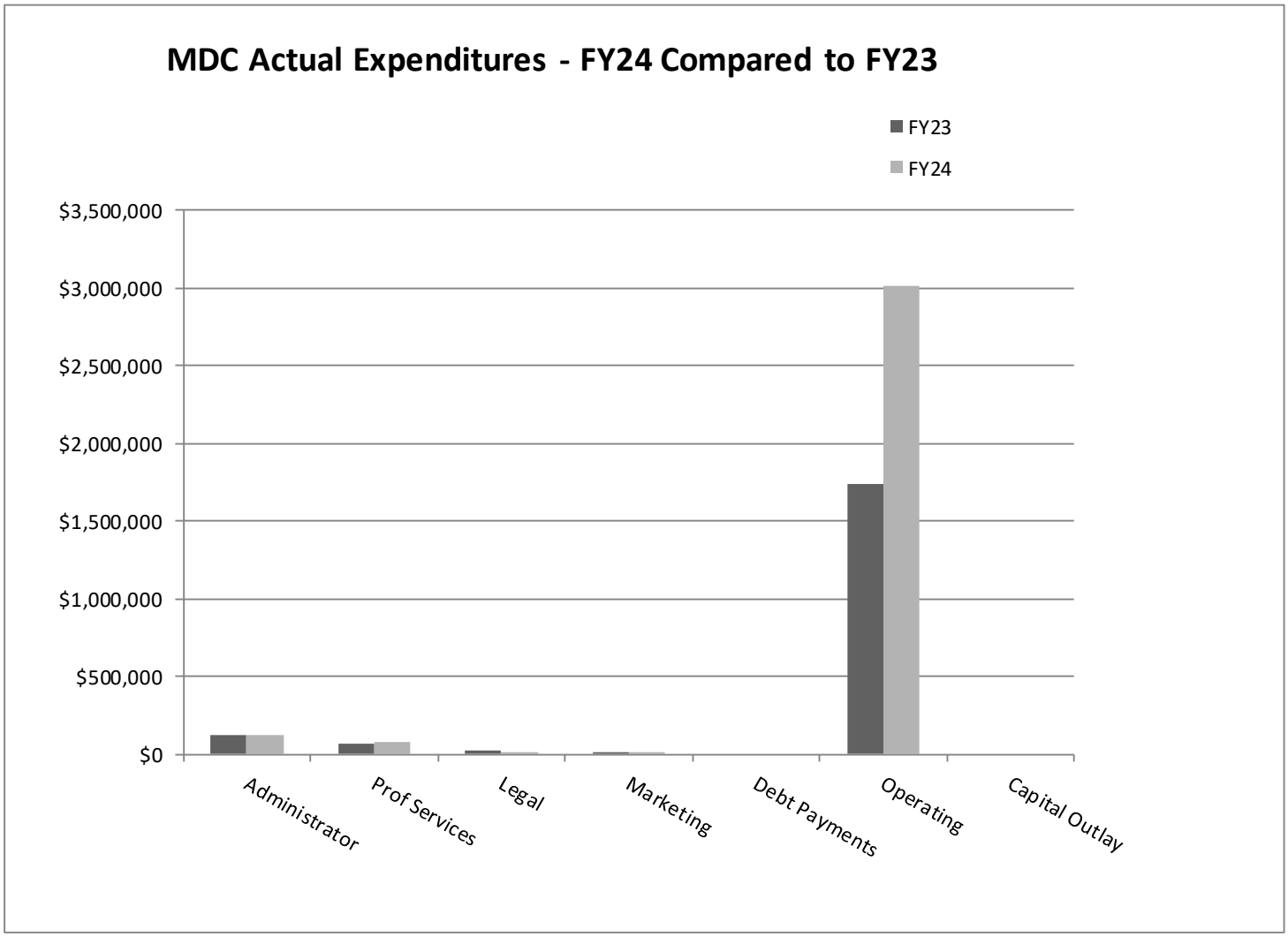
Governmental Funds

Fiscal year 2024 was the twenty-first full year that MDC received property tax revenue. At September 30, 2024 the funds' balance was $9,592,327 as compared to $8,168,769 at September 30, 2023. Of the funds' balance, $2,535 is nonspendable, ($115,951) is unassigned, and $9,705,743 is restricted. The funds' balance increased in fiscal year 2024 due to tax revenues being higher than in fiscal year 2023 and due to the tax revenues exceeding normal operating expenditures.

Budgetary Highlights

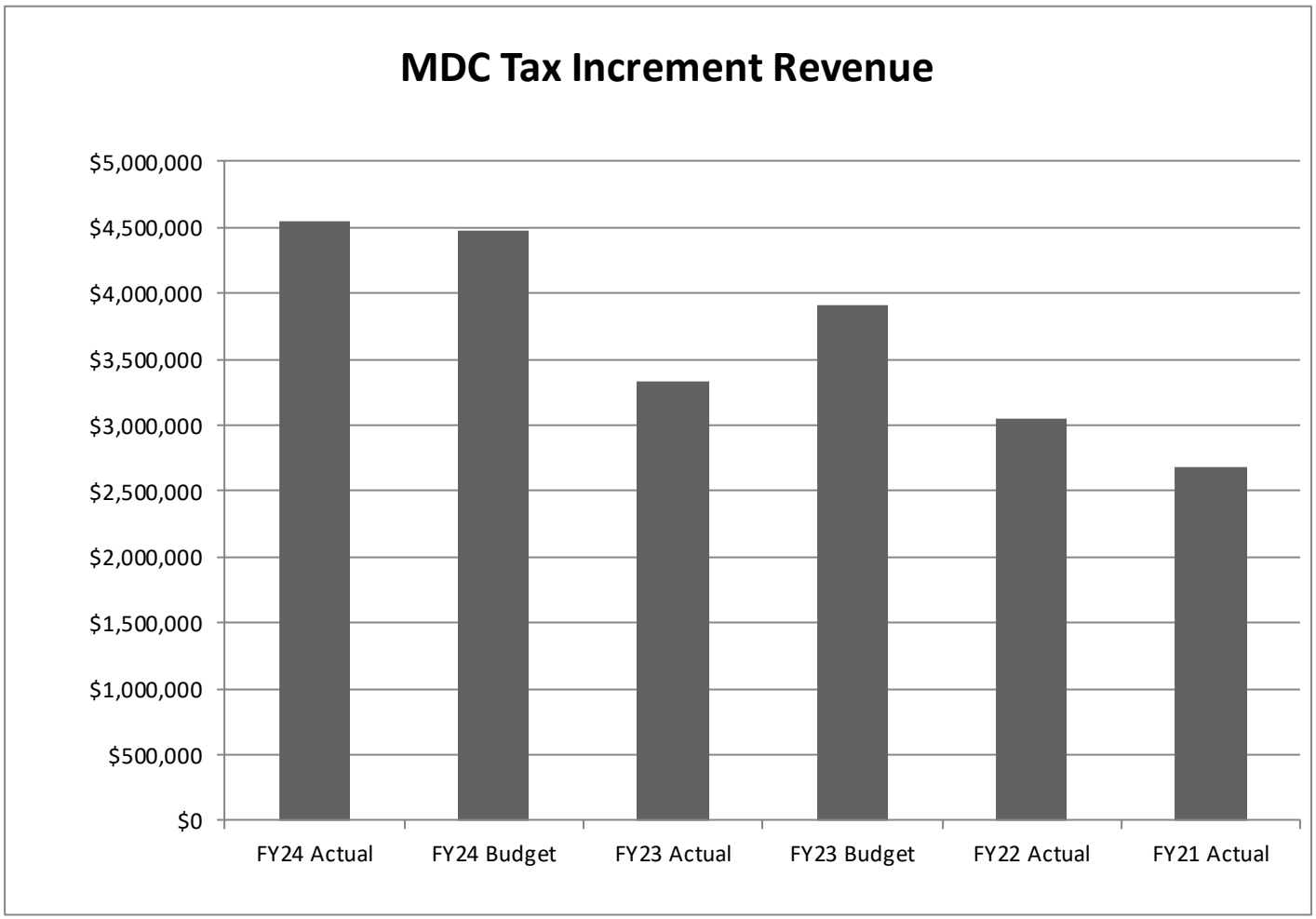
There were no budgetary amendments or capital outlay expenditures for the year. Operating expenses were under budget.

MDC does not have any employees and relies on professional service contracts for the administrator, legal, and marketing, etc. 7% of actual operating expenditures were for professional service contractors. MDC spent 28% of its operating budget.



Budgetary Highlights (continued)

Property tax revenue was budgeted to be $4,473,235; actual tax collected was $4,552,515.



Capital Asset Administration

Capital Assets

At the end of fiscal year 2023, MDC's total capital assets were $672,384. At the end of fiscal year 2024, capital assets had not changed and were $672,384, including $672,384 in land, $140,547 in intangibles and $140,547 in accumulated depreciation. Intangible assets include the Downtown Master Plan and the MDC website. See Note 3 for further detail of the capital assets.

Fiscal Year 2025 Budgetary Considerations

For fiscal year 2025, 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 2024.

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, 2024

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 9,627,069
Other Receivables	12,598
Property Tax Receivable	4,941,800
Delinquent Property Taxes Receivable	212,689
Prepaid Expenses	2,535
Total Current Assets	14,796,691
NONCURRENT ASSETS	
Capital Assets, Not Subject to Depreciation and Amortization	672,384
Capital Assets, Subject to Depreciation and Amortization	140,547
Less: Accumulated Depreciation and Amortization	(140,547)
Total Noncurrent Assets	672,384
Total Assets	15,469,075
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	49,875
NONCURRENT LIABILITIES	
Due to Developers	986,044
Total Liabilities	1,035,919
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	4,941,800
NET POSITION	
Investment in Capital Assets	672,384
Restricted	8,818,972
Total Net Position	$ 9,491,356

See accompanying Notes to Financial Statements.

MERIDIAN DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2024

GENERAL REVENUES	
General Property Tax Revenue	$ 4,680,673
Interest Earnings	118,460
Other Revenue	12,598
Total General Revenues	4,811,731
EXPENSES	
Community Development	1,798,053
Public Education and Marketing	9,906
Total Expenditures	1,807,959
CHANGE IN NET POSITION	3,003,772
Net Position - Beginning of Year	6,487,584
NET POSITION - END OF YEAR	$ 9,491,356

See accompanying Notes to Financial Statements.

MERIDIAN DEVELOPMENT CORPORATION
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2024

	General Fund	10 Mile District	Union Block District	Northern Gateway District	Linder District	Total
ASSETS						
Cash and Cash Equivalents	$ 8,697,874	$ 728,350	$ 1,569	$ 180,771	$ 18,505	$ 9,627,069
Other Receivables	-	-	12,598	-	-	12,598
Interfund Receivable (Payable)	147,416	-	(147,416)	-	-	-
Property Tax Receivable	1,901,871	2,690,463	97,737	162,623	89,106	4,941,800
Deliquent Property Taxes Receivable	76,649	23,065	111,326	1,646	3	212,689
Prepaid Expenses	2,535	-	-	-	-	2,535
Total Assets	$ 10,826,345	$ 3,441,878	$ 75,814	$ 345,040	$ 107,614	$ 14,796,691
LIABILITIES						
Accounts Payable	$ 44,405	$ 2,436	$ 1,085	$ 1,827	$ 122	$ 49,875
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	1,978,520	2,713,528	209,063	164,269	89,109	5,154,489
FUND BALANCE						
FUND BALANCE						
Nonspendable	2,535	-	-	-	-	2,535
Restricted	8,800,885	725,914	-	178,944	-	9,705,743
Unassigned	-	-	(134,334)	-	18,383	(115,951)
Total Fund Balance	8,803,420	725,914	(134,334)	178,944	18,383	9,592,327
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 10,826,345	$ 3,441,878	$ 75,814	$ 345,040	$ 107,614	$ 14,796,691

See accompanying Notes to Financial Statements.

MERIDIAN DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2024

	General Fund	10 Mile District	Union Block District	Northern Gateway District	Linder District	Total
REVENUES						
General Property Tax Revenue	$ 2,000,970	$ 2,363,704	$ 8,501	$ 150,883	$ 28,457	$ 4,552,515
Interest Earnings	106,416	11,376	3	648	17	118,460
Other Revenue	-	-	12,598	-	-	12,598
Total General Revenues	2,107,386	2,375,080	21,102	151,531	28,474	4,683,573
EXPENDITURES						
Office and Operating Expense	904,402	2,105,507	27,670	-	-	3,037,579
Professional Services	147,700	33,972	5,989	23,315	1,554	212,530
Public Education and Marketing	9,906	-	-	-	-	9,906
Total Expenditures	1,062,008	2,139,479	33,659	23,315	1,554	3,260,015
NET CHANGE IN FUND BALANCES	1,045,378	235,601	(12,557)	128,216	26,920	1,423,558
Fund Balance - Beginning of Year	7,758,042	490,313	(121,777)	50,728	(8,537)	8,168,769
FUND BALANCE - END OF YEAR	$ 8,803,420	$ 725,914	$ (134,334)	$ 178,944	$ 18,383	$ 9,592,327

See accompanying Notes to Financial Statements.

MERIDIAN DEVELOPMENT CORPORATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS	$ 9,592,327
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 $140,547 Accumulated Depreciation	-
Long-term liabilities that pertain to governmental funds are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities are reported in the statement of net position.	
Due to Developers	(986,044)
Some of the property taxes receivable are not available to pay for current period expenditures and, therefore, are not reported in the funds.	212,689
Total Net Position as Shown on the Statement of Net Position	$ 9,491,356

See accompanying Notes to Financial Statements.

MERIDIAN DEVELOPMENT CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2024

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ 1,423,558
Amounts reported for governmental activities in the statement of activities are different because:	
In the statement of activities, long-term liabilities representing reimbursements against future tax receipts are recorded as expenses.	1,452,056
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.	128,158
Change in Net Position, as Reflected on the Statement of Activities	$ 3,003,772

See accompanying Notes to Financial Statements.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. MDC reports the following major governmental funds:

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

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

Union Block District Fund - The Union Block District fund was established as of June 22, 2020.

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

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

Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of one year. All material fixed assets are valued at cost. Donated capital 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes Receivable

Property taxes are recognized as revenue when the amount of taxes levied is measurable, and proceeds are available to finance current period expenditures.

Available tax proceeds include property tax receivables expected to be collected within sixty days after year-end. Property taxes attach as liens on properties on January 1 and are levied in September of each year. Tax notices are sent to taxpayers during November, with tax payments scheduled to be collected on or before December 20. Taxpayers may pay all or one half of their tax liability on or before December 20, and if one half of the amount is paid, they may pay the remaining balance by the following June 20.

Deferred Inflow of Resources and Advanced Revenue

Unavailable revenue is considered a deferred inflow of resources in accordance with the modified accrual basis of accounting for the fund financial statements. Deferred inflows of resources are measurable but do not represent available expendable resources for the fund financial statements for the fiscal year ended September 30, 2024. 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, 2024 by MDC are nonspendable in form. This includes prepaid expenses of $2,535. 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 $9,705,743 in restricted fund balance at September 30, 2024.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Unassigned – This is the remaining fund balance that has no internal or external restrictions. Unassigned amounts are available for any purpose. Although there is generally no set spending plan, there is a need to maintain a certain funding level. The unassigned fund balance is commonly used for emergency expenditures or reserves needed to ensure cash flow. MDC had ($115,951) in unassigned fund balance at September 30, 2024.

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, 2024, the account balance of the cash in bank was $9,634,043. $9,384,043 was uninsured and uncollateralized as of September 30, 2024. Cash is held in the custody of Washington Trust Bank in MDC's name.

NOTE 3 CAPITAL ASSETS

Changes to capital assets are as follows:

	Balance 10/1/2023	Additions	Deletions	Transfers	Balance 9/30/2024
GOVERNMENTAL ACTIVITIES					
Capital Assets, not Depreciated Land	$ 672,384	$ -	$ -	$ -	$ 672,384
Total Capital Assets, not Depreciated	672,384	-	-	-	672,384
CAPITAL ASSETS, DEPRECIATED					
Intangibles	140,547	-	-	-	140,547
Total Capital Assets, Depreciated	140,547	-	-	-	140,547
Less: Accumulated Depreciation					
Intangibles	(140,547)	-	-	-	(140,547)
Total Accumulated Depreciation	(140,547)	-	-	-	(140,547)
Total Net Capital Assets, Depreciated	-	-	-	-	-
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 672,384	$ -	$ -	$ -	$ 672,384

NOTE 4 RELATED PARTY TRANSACTIONS

MDC partners with the City of Meridian for various downtown improvements. During the fiscal year, MDC reimbursed the City of Meridian $17,480 for costs related to joint projects.

NOTE 5 NET POSITION

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

The investment in capital assets component of net position consists of capital assets that are owned by MDC, net of accumulated depreciation. As of September 30, 2024, MDC had net investment in capital assets of $672,384.

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulation of other governments or imposed by law through constitutional provision or enabling legislation. MDC had a restricted net position as of September 30, 2024 of $8,818,972.

NOTE 6 COMMITMENTS AND CONTINGENCIES

On February 8, 2017, amended on March 13, 2018, and amended on December 15, 2021, MDC entered into an Owner Participation Agreement with Ten Mile Crossing, Inc., Brighton Corporation, SCS Brighton LLC, Brighton Investments LLC, SCS Investments LLC, and SBG Ten Mile Office No. 1, LLC (the Ten Mile Developers) to carry out the approved urban renewal plan. This agreement contemplates that the Ten Mile Developers will develop the property by constructing private improvements. Eligible public improvements are to be constructed in phases and reimbursed from future tax increment revenues. As of September 30, 2024, the Ten Mile Developers have incurred life-to-date eligible expenses and requested reimbursements totaling $6,317,371. Of this amount, $2,105,508 was paid by MDC in fiscal year 2024 and $4,149,003 was paid by MDC in prior fiscal years. The remaining amount of $62,860 is to be paid, contingent upon the future receipt of tax increment.

On January 26, 2022, MDC entered into a Development Agreement with East Broadway Investment Company, LLC (the Union Developers) to carry out the approved urban renewal plan. This agreement contemplates that the Union Developers will develop the property by constructing private improvements. Eligible public improvements are to be constructed in phases and reimbursed from future tax increment revenues. As of September 30, 2024, the Union Developers have incurred life-to-date eligible expenses and requested reimbursements totaling $750,000. Of this amount, no amount was paid by MDC in fiscal year 2024 or in prior fiscal years. The remaining amount of $750,000 is to be paid, contingent upon the future receipt of tax increment.

NOTE 6 COMMITMENTS AND CONTINGENCIES (CONTINUED)

On October 10, 2018, amended on April 28, 2021, MDC entered into a Development Agreement with Novembrewhisky Properties, LLC, Pacific West Communities, Inc., and Pacific West Builders, Inc. (the Old City Hall Developers) to carry out the approved urban renewal plan. This agreement contemplates that the Old City Hall Developers will develop the property by constructing private improvements. Eligible public improvements are to be constructed in phases and reimbursed from future tax increment revenues. As of September 30, 2024, the Old City Hall Developers have incurred life-to-date eligible expenses and requested reimbursements totaling $678,000. Of this amount, $894,023 was paid by MDC in fiscal year 2024 and $83,977 was paid by MDC in prior fiscal years. There is no remaining amount to be paid as part of this agreement as of yearend.

On January 8, 2020, amended on August 1, 2020, MDC entered into a Development Agreement with RWP/Meridian, LLC and MKA, LLC (the Bower Street Developers) to carry out the approved urban renewal plan. This agreement contemplates that the Bower Street Developers will develop the property by constructing private improvements. Eligible public improvements are to be constructed in phases and reimbursed from future tax increment revenues. As of September 30, 2024, the Bower Street Developers have incurred life-to-date eligible expenses and requested reimbursements totaling $224,000. Of this amount, $22,425 was paid by MDC in fiscal year 2024 and $28,391 was paid by MDC in prior fiscal years. The remaining amount of $173,184 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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final Amended		
REVENUES				
General Property Tax Revenue	$ 3,479,493	$ 4,473,235	$ 4,552,515	$ 79,280
Interest Earnings	80,000	80,000	118,460	38,460
Other Revenue	-	-	12,598	12,598
Total Revenues	3,559,493	4,553,235	4,683,573	130,338
EXPENDITURES				
Office and Operating Expense	10,241,779	11,205,154	3,037,579	8,167,575
Professional Services, Surveys, and Studies	250,311	250,311	212,530	37,781
Public Education and Marketing	15,000	15,000	9,906	5,094
Total Expenditures	10,507,090	11,470,465	3,260,015	8,210,450
NET CHANGE IN FUND BALANCES	(6,947,597)	(6,947,597)	1,423,558	8,340,788
Fund Balance - Beginning of Year	7,067,997	7,067,997	8,168,769	1,100,772
FUND BALANCE - END OF YEAR	$ 120,400	$ 120,400	$ 9,592,327	$ 9,441,560

See accompanying Notes to Required Supplementary Information.

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.

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CPAs & BUSINESS ADVISORS

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 discretely presented component unit of the City of Meridian, Idaho as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Meridian Development Corporation's basic financial statements, and have issued our report thereon dated December 4, 2024.

Report on Internal Control over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

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

Eide Bailly LLP

Boise, Idaho
December 4, 2024