FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

CAPITAL CITY DEVELOPMENT CORPORATION

CAPITAL CITY DEVELOPMENT CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Capital City Development Corporation
Boise, Idaho

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Capital City Development Corporation, (the Agency) a component unit of Boise City, Idaho, as of and for the year ended September 30, 2009 which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Capital City Development Corporation as of September 30, 2009, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated January 06, 2010 on our consideration of Capital City Development Corporation'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Eide Bailly LLP

Boise, Idaho
January 06, 2010

This section of Capital City Development Corporation's (The Agency's) annual financial report is provided by the management in accordance with GASB requirements to assist the reader in identifying and reviewing key issues and financial activity for the fiscal year ending September 30, 2009. Since this discussion and analysis focuses on the current fiscal year's activities and is a summary, the reader is encouraged to review the financial statements and notes which follow this section to gain a complete understanding of the Agency's finances.

Financial Highlights

- The Agency's total assets exceeded its liabilities at the close of the fiscal year 2009 by $24.2 million, a $4.8 million increase in net assets over the prior year. Of the total net assets of $24.2 million, $14.8 million is invested in capital assets (net of debt) and $9.4 million is unrestricted.

- At fiscal year close, the Agency's governmental funds reported a combined ending fund balance of $9.3 million.

- During fiscal year 2009 the Agency's expenses were $14,054,636 compared to the $13,054,716 reported in 2008, which is a 7% increase. In 2009, the Agency recorded an allowance equal to 100% of the receivable for TIF Guarantees. Although the Agency maintains its position that these guarantees are due, the Agency believes it is prudent to allow against them as the issue is currently being litigated. The allowance expense for 2009 was about $1 million.

- Governmental fund revenues increased in fiscal year 2009 by $1.4 million overall compared with the prior year. This increase is attributable to increased revenue allocation income over the prior year, due to increased property valuation in the districts.

- Revenues from business-type activities increased by approximately $931,000 in 2009. This increase in parking revenues is attributable to the rate adjustment that went into effect in August 2008.

- Governmental community development expenses increased by approximately $1,380,000. Expenses for improvements and development projects may vary greatly from year to year depending on the timing of projects. In fiscal year 2009, the Agency expended approximately $527,000 to study streetcar feasibility. The remainder of the increase is attributable to the increased allowance against tax increment guarantee receivables described above.

- Interest expense on long-term debt in governmental activities decreased slightly by about $70,097 compared with 2008. Lower outstanding principal balances on debt in 2009 compared with 2008 account for this decline.

- Total operating expenses in the proprietary funds remained about the same in 2009 as they were in 2008. Interest expense on long term debt declined about 25% in fiscal 2009.

- The Agency's key revenues are parking revenues and revenue allocation revenues. Key revenues increased in fiscal 2009. Parking revenues were up about 22% from the prior year. Revenue allocation revenues were up about 20% from the prior year.

Overview of the Financial Statements

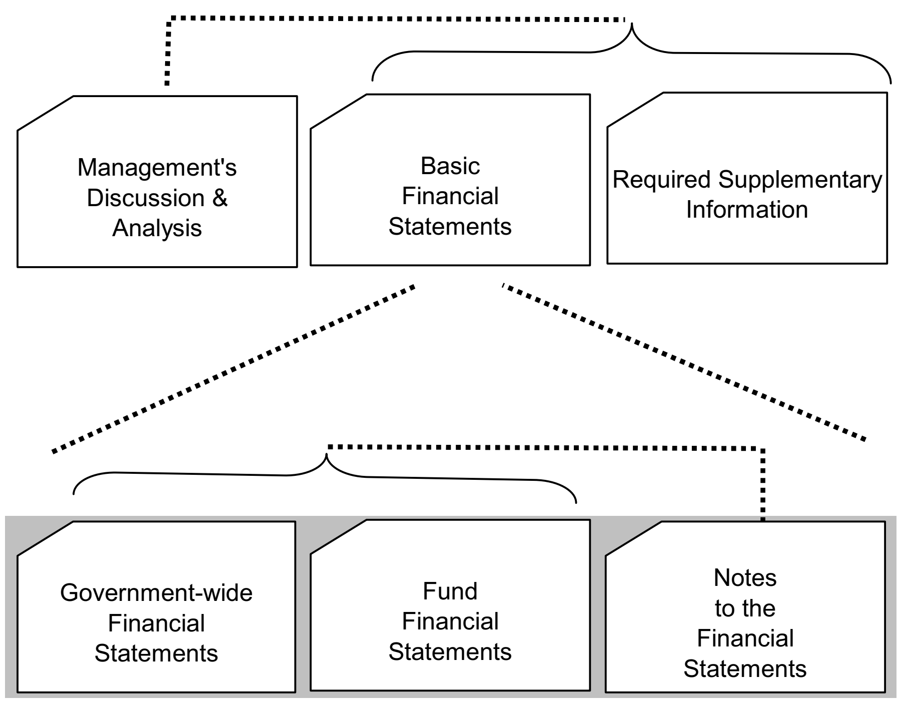
The format of this report allows the reader to examine combined financial statements to view the Agency as a whole (Agency-wide) as well as information on individual fund activities. This financial report consists of three parts: 1) Management Discussion & Analysis, 2) the Basic Financial Statements, and 3) Required Supplementary Information. Viewing governmental activity both as a whole and by individual major fund gives the reader a broader perspective, increases the Agency's accountability and provides a more complete picture of the financial health and activities of the Agency. The basic financial statements include two kinds of statements that present different views of the Agency:

The first two statements are government-wide financial statements that provide both long-term and short-term information about the Agency's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Agency activities. These statements report the Agency's operations in more detail than the government-wide statements. The governmental funds statements show how general government services such as urban renewal were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities the Agency operates in a business-like manner, specifically, the Agency's parking system activities.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Figure A illustrates how the required parts of this annual report are arranged and relate to one another.

Required Components of CCDC Annual Financial Report



In addition to these required elements, a section is included with combined statements that provides details about the Agency's non-major governmental funds, each of which are added together and presented in single columns in the basic financial statements.

Figure B identifies the presentation of the Agency's financial statements as follows:

Major Features of CCDC's Government-wide and Fund Financial Statements

	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire Agency government (except fiduciary funds) and Agency's component units	The activities of the Agency that are not proprietary such as urban renewal	Activities the Agency operates similar to businesses: the parking facilities
Required financial statements	Statements of: Net Assets Activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in net assets Statement of cash flows
Accounting basis/ measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital and short-term and long-term
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received payment is due during the year or soon thereafter	All revenues and expenses during year regardless of when cash is received or paid

The remainder of this overview section of management's discussion and analysis explains the structure and content of each of the statements.

Government-Wide Financial Statements

Agency-wide financial statements are designed to parallel more closely the reporting used in private-sector businesses, in that all governmental and business-type activities are reported using the same basis of accounting (accrual), and that the statements include a total column to provide information on the Agency as a whole. These statements are designed to better portray the fiscal position of the Agency relative to the prior year.

The Statement of Net Assets provides information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets. Historical trending of the net assets can provide a useful indicator as to whether the financial position of the Agency is improving or declining. The Agency's principal physical assets are land and parking structures.

The Statement of Activities provides information showing changes made to the Agency's net assets during fiscal year 2009. Financial activity shown on this statement is reported on an accrual basis (at the time the underlying event causing the change occurs, rather than at the time the cash flows happen). Thus revenue and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. All of the year's revenues and expenses are accounted for in the statement of activities. The Agency's principal activities relate to planning and facilitation of quality private development, public infrastructure improvements, operation of the downtown parking system, and issuance of debt financing for larger strategic projects. Most of the Agency's program operation and urban renewal activities are included in the governmental activities. The individual district activities are tracked separately and combined for reporting purposes. Most of the operations of the parking system are reported under the business-type activities.

Fund Financial Statements

The focus of the fund financial statements is to provide more detailed information about the Agency's major funds rather than the previous focus on fund *types* or on the Agency as a *whole*. A fund is a self-balancing set of accounts that is used to keep track of specific revenues and expenditures related to certain activities or objectives. Some funds are required by State law and some stipulated by bond policies. Operational funds are established by the Board of Commissioners for appropriations and management purposes. The Agency has two kinds of funds: governmental and proprietary.

Governmental funds use *modified* accrual accounting, which measures current economic resources and focuses on changes to the current financial resources. This method is useful in evaluating the Agency's short-term financial resources. Supplemental information following some of the included statements further addresses long-term issues and variances with the government-wide statements. The Agency maintains six governmental funds within this group: Debt Service Fund (Ada County Courthouse Lease Agreement), Central District Revenue Allocation Fund (urban renewal activities), River-Myrtle District Revenue Allocation Fund (urban renewal activities), Westside District Revenue Allocation Fund (urban renewal activities), Program Operations Fund and Other Governmental Fund (operations and miscellaneous).

Proprietary funds use *full* accrual accounting, which measures *total* economic resources and focuses on changes to all economic resources. This accounting basis is similar to the accounting used in private-sector business and is used to account for the business-type activities of the Agency. This method is useful in evaluating a fund's net economic resources, and provides both short and longer-term financial information. These activities primarily relate to the parking system where fees-for-service are charged for operations. The Agency maintains two proprietary funds within this group: the Central Parking Fund (facilities in the Central District), and River Myrtle

Parking Fund (facilities in the River Myrtle District).

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

Agency-Wide Financial Analysis

Table 1 reflects the condensed FY 2008 and FY 2009 Statement of Net Assets. Net assets, over time, can serve as a useful indicator of changes in an entity's financial position. The Agency's combined net assets increased $4,828,878 compared to fiscal year 2009, a 25% increase.

Table 1
Statement of Net Assets
As of September 30, 2008 and 2009

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2008	**2009**	**2008**	**2009**	**2008**	**2009**	**2008-2009**
Current & Other Assets	$ 72,988,234	$ 71,679,997	$ 6,138,650	$ 7,669,479	$ 79,126,884	$ 79,349,476	0.3%
Capital Assets	1,453,238	1,366,574	26,179,645	25,484,980	27,632,883	26,851,554	(2.8%)
Total Assets	**74,441,472**	**73,046,571**	**32,318,295**	**33,154,459**	**106,759,767**	**106,201,030**	**(0.5%)**
Long-term Debt Outstanding	55,648,574	52,865,624	15,877,524	14,468,983	71,526,098	67,334,607	(5.9%)
Other Liabilities	12,449,148	12,791,554	3,378,973	1,840,443	15,828,121	14,631,997	(7.6%)
Total Liabilities	**68,097,722**	**65,657,178**	**19,256,497**	**16,309,426**	**87,354,219**	**81,966,604**	**(6.2%)**
Net Assets							
Invested in Capital Assets							
Net of Related Debt	1,453,238	1,366,574	12,692,457	13,477,654	14,145,695	14,844,228	4.9%
Unrestricted	4,890,512	6,022,819	369,341	3,367,379	5,259,853	9,390,198	78.5%
Total Net Assets	**$ 6,343,750**	**$ 7,389,393**	**$13,061,798**	**$16,845,033**	**$ 19,405,548**	**$ 24,234,426**	**24.9%**

The change in net assets in the governmental activities is an increase of $1,045,643. Long-term debt outstanding continues to decline as principal payments are made. The change in net assets in the business-type activities is an increase of $3,783,235. Long-term debt outstanding continues to decline as principal payments are made. Additionally, the $1,292,920 rebate payable that the Agency had been carrying was written off per the terms of the Grove Street garage lease termination agreement. The Agency recognized a corresponding gain for this transaction.

Approximately 61% of the Agency's net assets are invested in capital assets (i.e. land, buildings, equipment, parking facilities, and other) with the balance remaining in the unrestricted net assets to provide for ongoing obligations and subsequent year activities. As of fiscal year 2009, the Agency is able to report positive balances in both categories of net assets (governmental and business-type).

Table 2 provides a summary of the Agency's operation for the fiscal year ended September 30, 2009. Prior year data is presented for comparison purposes.

Table 2
Statement of Activities
For Years Ended September 30, 2008 and 2009

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2008	2009	2008	2009	2008	2009	2008-2009
Revenues							
Program Revenues							
Charges for Services	$ 2,018,196	$ 2,071,604	$ -	$ -	$ 2,018,196	$ 2,071,604	2.6%
Operating Grants & Contributions	8,933,710	10,151,995	-	-	8,933,710	10,151,995	13.6%
Parking	-	-	4,286,156	6,524,715	4,286,156	6,524,715	52.2%
Total Program Revenue	**10,951,906**	**12,223,599**	**4,286,156**	**6,524,715**	**15,238,062**	**18,748,314**	**23.0%**
General Revenue							
Unrestricted Investment Earnings	69,339	104,511	182,012	30,689	251,351	135,200	(46.2%)
Gain on Disposition of Capital Assets	-	-	-	-	-	-	-
Transfers	(2,079,027)	(1,761,093)	2,079,027	1,761,093	-	-	-
Total General Revenues	(2,009,688)	(1,656,582)	2,261,039	1,791,782	251,351	135,200	(46.2%)
Total Revenues	**8,942,218**	**10,567,017**	**6,547,195**	**8,316,497**	**15,489,413**	**18,883,514**	**21.9%**
Expenses							
Program Expenses							
Community Development	5,741,116	7,120,657	-	-	5,741,116	7,120,657	24.0%
Interest on Long-Term Debt	2,470,814	2,400,717	-	-	2,470,814	2,400,717	(2.8%)
Parking Facilities	-	-	4,842,786	4,533,262	4,842,786	4,533,262	(6.4%)
Total Program Expenses	**8,211,930**	**9,521,374**	**4,842,786**	**4,533,262**	**13,054,716**	**14,054,636**	**7.7%**
Increase (Decrease) in Net Assets	**730,288**	**1,045,643**	**1,704,409**	**3,783,235**	**2,434,697**	**4,828,878**	**98.3%**
Net Assets - Beginning	5,613,462	6,343,750	11,357,389	13,061,798	16,970,851	19,405,548	14.3%
Net Assets - Ending	**$ 6,343,750**	**$ 7,389,393**	**$ 13,061,798**	**$ 16,845,033**	**$ 19,405,548**	**$ 24,234,426**	**24.9%**

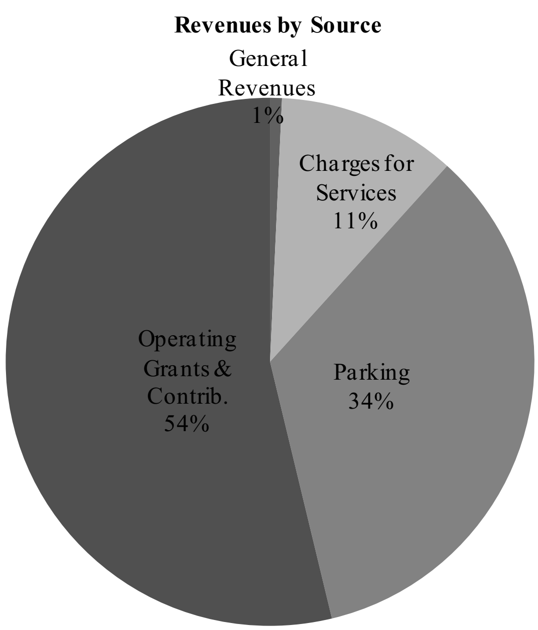
Revenues: *Charges for Services* include lease revenues from the Ada County Corridor Project. *Operating Grants & Contributions* include property tax revenues. *Parking* revenues include proceeds generated from operating the parking garages. *General Revenues* include earnings on investments and interfund transfers. Overall, total Agency revenues increased $3.4 million compared with the prior year. Increases in both revenue allocation income and parking revenues contributed to this overall increase.

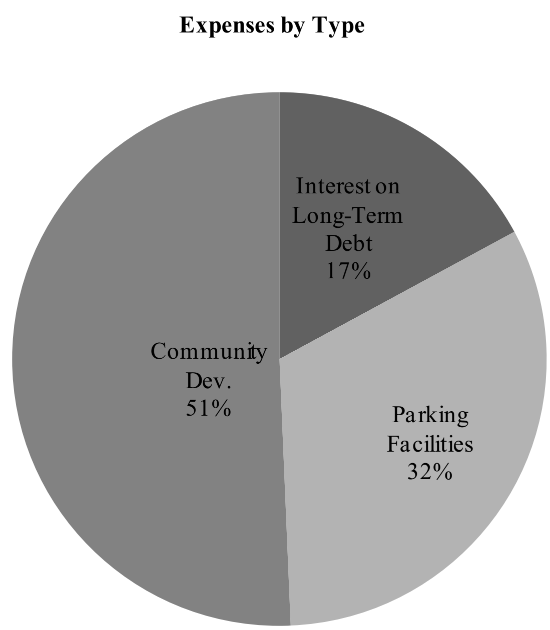
Expenses: *Community Development* includes the general expenses of the Agency related to fulfilling its mission. *Interest on Long-Term Debt* includes the interest portion of payments related to long-term financing arrangements. *Parking Facilities* includes the cost of operating the parking system. Overall, total Agency expenses in fiscal 2009 increased $999,920 or 8%. This increase is attributable to an allowance for uncollectible TIF guarantee receivables. Although the Agency maintains its position that these guarantees are due, the Agency believes it is prudent to allow against them as the issue is currently being litigated.

Increases or decreases in net asset value may vary significantly with variations in debt service payments, the timing of large public improvement projects; or the purchase or sale of land, buildings, and parking facilities. Overall, fiscal year 2009 net assets increased $4,828,878 or 25% compared to the prior year. This increase may be attributed to increases in both revenue allocation and parking revenues and the gain that resulted from the write off of the Grove Street garage rebate payable. The write off was per the terms of the lease termination agreement with Boise City.

The following figure displays the Agency's revenue and expense for fiscal year 2009. Revenues: *Charges for Services* includes lease revenue related to the Ada County Corridor Project. *Operating Grants and Contributions* consists primarily of tax increment revenues. *Parking* includes the fees for service from the Agency's parking garages. *General Revenues* consists of interest earnings from cash and investment balances, including the change in fair market value of investments, and interfund transfers. Expenses: *Community Development* includes the general expenses of the Agency related to fulfilling its mission. *Interest on Long-Term Debt* includes the interest portion of payments related to long-term financing arrangements. *Parking Facilities* includes the cost of operating the parking system.

Figure C
Agency Revenues & Expenses





Financial Analysis of the Agency's Funds

Tables 3 and 4 present the revenues and expenses of the Agency for comparative purposes by *governmental activities* and *business-type activities*.

Governmental Activities

Table 3
Governmental Revenue and Expenses

	2008	2009	% of Total	$ Change From FY 08	% Change
Revenues					
Charges for Services *(Lease revenue)*	$ 2,018,196	$ 2,071,604	20%	$ 53,408	2.6%
Operating Grants & Contributions *(Property taxes and other)*	8,933,710	10,151,995	96%	1,218,285	13.6%
General Revenues *(Interest earnings and net interfunds)*	(2,009,688)	(1,656,582)	-16%	353,106	(17.6%)
Total Revenue	**$ 8,942,218**	**$ 10,567,017**	**100%**	**$ 1,624,799**	**18.2%**
Expenses					
Community Development *(General expenses of the Agency)*	$ 5,741,116	$ 7,120,657	75%	$ 1,379,541	24.0%
Interest on Long-Term Debt *(Interest on financing activities)*	2,470,814	2,400,717	25%	(70,097)	(2.8%)
Total Expenses	**$ 8,211,930**	**$ 9,521,374**	**100%**	**$ 1,309,444**	**15.9%**

Charges for Services in FY 2009 were slightly greater, about $53,408 in FY 2009 compared with FY 2008. *Operating Grants & Contributions* increased by $1,218,286. This increase is primarily attributable to an increase in overall tax increment receipts in 2009 as compared to 2008. *General Revenues* are primarily comprised of interfund transfers. Expenses increased by $1,309,444 from 2008 to 2009. The increase is primarily attributable to the allowance for uncollectible receivables as well as the expenditures for a major project, the streetcar feasibility study.

Business-type Activities

Table 4
Business-Type Revenue and Expenses

	2008	2009	% of Total	$ Change From FY 08	% Change
Revenues					
Parking	$ 4,286,156	$ 5,212,103	63%	$ 925,947	21.6%
(Receipts from parking garages)					
General Revenues	2,261,039	3,104,394	37%	843,355	37.3%
(Interest earnings and net interfunds)					
Total Revenue	**$ 6,547,195**	**$ 8,316,497**	**100%**	**$ 1,769,302**	**27.0%**
Expenses					
Parking Facilities	$ 4,842,786	$ 4,533,262	100%	$ (309,524)	(6.4%)
(Operational expenses of garages)					
Total Expenses	**$ 4,842,786**	**$ 4,533,262**	**100%**	**$ (309,524)**	**(6.4%)**

Parking revenues increased $925,947 from FY 2008 to FY 2009. This increase resulted from the parking rate adjustment that went into effect in August, 2008. Expenses in the parking funds decreased $309,524. The Agency did not incur rebate expense in 2009 because the Grove Street garage lease was terminated during the year. Lower rates on variable rate debt also contributed to the decrease in expenditures.

Budgetary Highlights

The fiscal 2009 budget was amended once during the year. Several significant transactions were included in the amendment. Budgeted revenue allocation revenues were adjusted upward by $258,400 since actual receipts were greater than anticipated. Budgeted parking revenues and budgeted interest revenues were adjusted downward by a combined total of $967,157. Actual receipts were less than anticipated due to reduced parking activity related to the economic downturn.

The Agency realized interest savings against budget on line- of-credit and bond debt of about $491,000. The budgets for the parking reinvestment plan and for parking operations were adjusted downward by $881,108 to correspond with the reduced revenues in the parking funds. Funds in the amount of $246,854 that were budgeted for the Streetscape Grant program were not awarded as applicants were under subscribed. The program continues and future awards are anticipated. Contingent amounts of $457,177 budgeted for the Multi Modal Center match and $200,000 for Pioneer Corridor construction were deferred to FY 2010 as construction did not get underway in FY 2009.

Available Agency resources did not allow for significant new commitments during fiscal 2009, but the Agency achieved numerous accomplishments nonetheless. These accomplishments include:

- Evaluated the use of Local Improvement Districts (LIDs) for infrastructure financing.
- Conducted thorough analysis with Keyser Marston of the terms of the Ada County Courthouse Corridor / Avenue A development project to evaluate outcomes and equity for involved parties
- Approved financial terms for termination agreement for transfer of Grove Street garage operations to the Agency
- Developed fast loading resolution version of Boise Virtual Model and posted it on website

- Enhanced information and reference materials available on the CCDC website for downtown developers and property owners
- Began a pedestrian count survey to assist businesses seeking to locate in downtown Boise
- Conducted efforts to assess the feasibility of the Boise Streetcar
    - Formed a Downtown Boise Streetcar Task Force and Citizens Advisory Committee to assist the City of Boise and CCDC in evaluating feasibility
    - Working with the City of Boise, assembled a consulting team to support the Feasibility Assessment
    - Completed an Economic Benefit Assessment, an economic analysis to support a public-private partnership investment opportunity
    - Completed traffic analysis of the Boise Streetcar and the Multimodal Transit Center by contracting with Kittelson Associates and employing the Vissum traffic model established with the Downtown Boise Mobility Study
    - Partnered with the City of Boise to complete conceptual engineering for the first phase
    - Provided support to the City of Boise in their application for a TIGER Discretionary Grant to provide federal funding
- Facilitated a visioning process to plan future management and programming of the Capital City Public Market
- Implemented a street tree replacement program in partnership with the City of Boise and property owners, and replaced sixteen trees in the Central District and eight trees along 8th Street
- Worked with Valley Regional Transit on siting and funding of Multi-modal Center as envisioned in the Boise Downtown Mobility Study
- Worked with City of Boise on their effort to site and fund a new Main Library to be located in the downtown area
- Formed several Joint Policy Level Task Forces with members from government agencies to coordinate work on major downtown projects
- Assisted Downtown Boise Association with formation of the Downtown Neighborhood Association
- Partnered with Downtown Boise Association in coordinating an evaluation by the International Downtown Association of downtown Boise strengths and opportunities for improvement
- Partnered with the Downtown Business Association to install bike lockers in the Eastman and Capitol Terrace garages, utilizing grant funds from the City of Boise
- Conducted an eligibility study to evaluate the formation of an urban renewal district for the 30th Street Area
- Prepared 30th Street Area Master Plan as part of Boise City-CCDC team. Completed final draft for review by Boise City Planning & Zoning Commission and City Council
- Completed the first phase of the planning process for revitalization or redevelopment of the Armory and Fort Boise School sites
- Completed the pre-construction work for Phase 1 of the Pioneer Corridor project (Myrtle to Grand) as part of the ITD Enhancement Program
- Continued partnership with Boise City and ACHD to install pedestrian ramps at intersections and to undertake other barrier removal projects using CDBG grant funds
- Piloted redesigned transit shelter model to enhance both the pedestrian and vehicular environment

- Initiated work on two streetscape projects in the Linen District to be completed in FY 10; These projects will complete a block face on 14th and on Grove streets
- Installed fifty new bike racks and a bike corral in the downtown area
- Activated an agreement to purchase parking permits in Boise Plaza Garage. This agreement helped make building the parking garage feasible. Building the garage makes it possible to redevelop three downtown blocks now occupied by surface parking lots into urban uses
- Reacquired the traffic analysis model developed as part of the Downtown Boise Mobility Study so it will be kept up-to-date and be available for evaluating future projects
- Funded two streetscape grants awarded under the streetscape grant program totaling nearly $80,000
- Implemented first phase of parking reinvestment plan
- Installed enhanced lighting in the Capitol Terrace garage
- Concluded work with the parking consortium and produced a report that assessed the adequacy of the structured parking supply in downtown Boise for current and anticipated future needs
- Refurbished the Grove Plaza fountain Implemented a solution for restroom facilities for downtown activities

Capital Assets

Tables 5 and 6 present the Agency's capital assets. Technology upgrades were installed in the Agency's conference room in 2009. The Agency also invested in upgrades to the Eastman and City Centre parking garages during 2009. No land transactions were completed in 2009.

Table 5
Capital Assets Net of Depreciation

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2008	**2009**	**2008**	**2009**	**2008**	**2009**	**2008-2009**
Land	$ 504,716	$ 504,716	$ 3,438,944	$ 3,438,944	$ 3,943,660	$ 3,943,660	0.0%
Buildings, Improvements and Equipment	948,522	861,858	22,740,701	22,046,036	23,689,223	22,907,894	(3.3%)
Total Assets	**$ 1,453,238**	**$ 1,366,574**	**$ 26,179,645**	**$ 25,484,980**	**$ 27,632,883**	**$ 26,851,554**	**(2.8%)**

Table 6
Major Capital Additions during Fiscal 2009

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	$ 1,453,238	$ 26,179,645	$ 27,632,883
Capital Additions:			
Buildings & Improvements	-	36,323	36,323
Equipment	29,493	-	29,493
Total Capital Additions	29,493	36,323	65,816
Current Year Deletions/Transfers	-	(1,006)	(1,006)
Current Year Depreciation	(116,157)	(729,982)	(846,139)
Ending Balance	$ 1,366,574	$ 25,484,980	$ 26,851,554

Debt Administration

The agency paid down $1,280,000 of outstanding borrowings on its line of credit at the beginning of the fiscal year, then re-borrowed $400,000 at the end of the fiscal year, for a net reduction in outstanding borrowing on the line of credit of $880,000. The amounts drawn were borrowed to provide additional working capital for FY 2009. No other new borrowings occurred during 2009. Approximately $4.6 million in scheduled principal payments, net of amounts re-borrowed from the line of credit, were completed during 2009. Table 7 summarizes the principal amounts of the Agency's long-term debt.

Table 7
Long-Term Debt

		Governmental Activities		Business-Type Activities		Total		Total Dollar Change
Activity	**Type**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008-2009**
1995 A Series	Bond	$ -	$ -	$ 2,705,000	$ 2,380,000	$ 2,705,000	$ 2,380,000	$ (325,000)
1995 B Series	Bond	-	-	2,233,807	1,969,692	2,233,807	1,969,692	(264,115)
1998 Series	Bond	-	-	2,670,000	2,340,000	2,670,000	2,340,000	(330,000)
1999 Series	Bond	-	-	1,557,291	1,334,915	1,557,291	1,334,915	(222,376)
2002 C Series	Bond	-	-	2,075,000	2,065,000	2,075,000	2,065,000	(10,000)
2004 A&B Series	Bond	4,058,574	3,830,624	4,636,426	4,379,376	8,695,000	8,210,000	(485,000)
2005 Series	Bond	50,310,000	48,635,000	-	-	50,310,000	48,635,000	(1,675,000)
Line of Credit	Note	1,280,000	400,000	-	-	1,280,000	400,000	(880,000)
Total		**$ 55,648,574**	**$ 52,865,624**	**$ 15,877,524**	**$ 14,468,983**	**$ 71,526,098**	**$ 67,334,607**	**$ (4,191,491)**

Economic Factors

There are some signs that the general national economic decline has slowed and some economists have even noted some signs of recovery beginning. However, data from the Idaho Division of Financial Management's October 2009 Economic Outlook indicates that the claims of recovery may be premature. The Economic Outlook indicates that September 2009 unemployment was 9.8% and predicts that unemployment will remain over 9% through 2011. National GDP grew 3.5% in fiscal 2009 and economists predict that the growth will continue, but at a sluggish pace, particularly in the first half of fiscal 2010. The credit market remains tight. Of particular concern is the effect a potential wave of defaults in the commercial real estate market would have on the economy as a whole. Economists have warned about this possibility. The Agency remains very cautious in its economic outlook.

The Agency saw parking utilization decline in its garages beginning in September 2008, in tandem with the economic downturn. While parking utilization has not returned to its pre-recession levels, it has leveled off and is no longer declining. On average, FY 2009 combined hourly and monthly parker utilization was about 85% of FY 2008 parker utilization.

Property values within the three urban renewal districts declined about 11% from tax year 2008 to 2009. This decline was not as steep as the decline in values seen in other parts of the county. Based on data provided by the Ada County Assessor, tax increment from tax year 2008 to tax year 2009 is expected to increase about $164,000 or 2%. The increase in increment when values have declined comes from the increased levy rates established by the taxing districts.

Although the economy has slowed, the work of the Agency has not. Several major development projects were completed in 2009. These include that Aspen and Jefferson condominium projects and the parking garage that will support the Boise Plaza planned redevelopment. The Agency provided support to all of these projects. Other planned development projects are on hold pending an improved economic outlook and a loosening of the credit market. The Agency is using this period of slowdown in development to prepare for an economic recovery and participate in planning for some major initiatives. Among these is the Streetcar Initiative. In 2009, the Agency did extensive work, in cooperation with Boise City, to evaluate feasibility and plan implementation of the first phase of the Streetcar in downtown Boise.

The Agency continues to work toward the goals and priorities established in 2006 in its ten year Strategic Plan. The nine goals identified in the plan are: realize long-term urban design and development plans, develop long-term financial plan, strengthen investment program, transform the transportation system, advance parking solutions, stimulate high quality development, address neighborhood revitalization, increase urban vitality and develop and sustain partnerships.

Request for Further Information

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Agency's finances. If you have any questions about this report or need additional financial information, please contact our general offices at: Capital City Development Corporation, 121 N. 9th St., #501, Boise, ID 83702, 208-384-4264 (Telephone), 208-384-4267 (Fax), www.ccdcboise.com (Website).

CAPITAL CITY DEVELOPMENT CORPORATION
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	$ 4,411,835	$ 3,029,502	$ 7,441,337
Receivables			
Accounts receivable,			
allowance of $2,125,781	180,725	180,168	360,893
Interest receivable	299,231	91	299,322
Taxes receivable	8,505,930	-	8,505,930
Due from other governmental units	48,635,000	-	48,635,000
Notes receivable	-	998,170	998,170
Prepaids and deposits	1,322	100,000	101,322
Restricted cash	83,494	899,891	983,385
Restricted investments	1,659,881	2,045,365	3,705,246
Investment in partnership	130,000	-	130,000
Investment in property held for resale or development	3,918,723	-	3,918,723
Deferred bond financing costs,			
net of accumulated amortization	786,119	416,292	1,202,411
Prepaid interest on bonds	3,067,737	-	3,067,737
Capital assets, net of accumulated depreciation			
Land, non depreciable	504,716	3,438,944	3,943,660
Buildings, improvements, and equipment,			
net of accumulated depreciation	861,858	22,046,036	22,907,894
	73,046,571	33,154,459	106,201,030
LIABILITIES			
Accounts payable	330,333	184,445	514,778
Accrued liabilities	663,190	-	663,190
Interest payable	297,703	28,651	326,354
Refundable deposits	1,059,370	18,490	1,077,860
Deferred revenue	8,505,930	1,608,857	10,114,787
Capital lease payable	30,074	-	30,074
Premium on bond issuance,			
net of accumulated amortization	1,904,954	-	1,904,954
Long-term debt			
Current portion	2,471,626	1,467,416	3,939,042
Long-term	50,393,998	13,001,567	63,395,565
Total liabilities	65,657,178	16,309,426	81,966,604
NET ASSETS			
Invested in capital assets, net			
of related debt	1,366,574	13,477,654	14,844,228
Unrestricted	6,022,819	3,367,379	9,390,198
	$ 7,389,393	$ 16,845,033	$ 24,234,426

CAPITAL CITY DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2009

		Program Revenues		
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Community development	$ 7,120,657	$ 2,071,604	$ 10,151,995	$ -
Interest on long-term debt	2,400,717	-	-	-
	9,521,374	2,071,604	10,151,995	-
Business-type activities:				
Parking facilities	4,533,262	5,212,103	1,312,612	-
Total government	$ 14,054,636	$ 7,283,707	$ 11,464,607	$ -

General revenues:
Unrestricted investment earnings
Transfers
Total general revenues and transfers

Change in net assets
Net assets - beginning
Net assets - ending

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
$ 5,102,942	$ -	$ 5,102,942
(2,400,717)	-	(2,400,717)
2,702,225	-	2,702,225
-	1,991,453	1,991,453
2,702,225	1,991,453	4,693,678
104,511	30,689	135,200
(1,761,093)	1,761,093	-
(1,656,582)	1,791,782	135,200
1,045,643	3,783,235	4,828,878
6,343,750	13,061,798	19,405,548
$ 7,389,393	$ 16,845,033	$ 24,234,426

CAPITAL CITY DEVELOPMENT CORPORATION
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

	Debt Service Fund	Central District RA Fund	River Myrtle District RA Fund	Westside District RA Fund
ASSETS				
Cash	$ -	$ 628,709	$ 334,052	$ 3,176,310
Accounts receivable, net of allowance of $2,125,781	21,575	10,975	129,125	478
Interest receivable	-	-	172	-
Taxes receivable	-	2,493,675	4,185,285	1,826,970
Due from other governmental units	48,635,000	-	-	-
Prepaids	-	-	-	-
Restricted cash	-	-	83,494	-
Restricted investments	963,242	-	696,639	-
Investment in partnership	-	-	130,000	-
Investment in property held for resale or development	-	-	2,765,312	1,153,411
	$ 49,619,817	$ 3,133,359	$ 8,324,079	$ 6,157,169
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ 44,920	$ 97,609	$ 3,675
Accrued liabilities	30,262	-	570,000	-
Refundable deposits	-	-	24,174	-
Deferred revenue	48,635,000	2,493,675	4,185,285	1,826,970
Total liabilities	48,665,262	2,538,595	4,877,068	1,830,645
FUND BALANCES				
Reserved for:				
Debt service	954,555	-	-	-
Unreserved, reported in:				
Special revenue funds	-	594,764	3,447,011	4,326,524
Total fund balances	954,555	594,764	3,447,011	4,326,524
	$ 49,619,817	$ 3,133,359	$ 8,324,079	$ 6,157,169

Operations Fund		Other Governmental Fund		Total Governmental Funds	
$	270,150	$	2,614	$	4,411,835
	625		17,947		180,725
	1,356		-		1,528
	-		-		8,505,930
	-		-		48,635,000
	1,322		-		1,322
	-		-		83,494
	-		-		1,659,881
	-		-		130,000
	-		-		3,918,723
$	273,453	$	20,561	$	67,528,438
$	169,823	$	14,306	$	330,333
	57,792		5,136		663,190
	37,026		-		61,200
	-		-		57,140,930
	264,641		19,442		58,195,653
	-		-		954,555
	8,812		1,119		8,378,230
	8,812		1,119		9,332,785
$	273,453	$	20,561	$	67,528,438

CAPITAL CITY DEVELOPMENT CORPORATION
RECONCILIATION OF NET ASSETS IN THE STATEMENT OF NET ASSETS TO THE FUND BALANCE IN THE BALANCE SHEET
SEPTEMBER 30, 2009

Amounts reported for *governmental activities* in the Statement of Net Assets are different because:

Total fund balance		$ 9,332,785
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of land	504,716	
Cost of buildings, improvements, and equipment	2,007,471	
Accumulated depreciation	(1,145,613)	1,366,574
Future payments for which the underlying transaction has occurred are recorded as revenue on the Statement of Activities, but are not available soon enough to pay current year expenditures and therefore are deferred in the Governmental Fund Statements.		
Notes receivable from Ada County	48,635,000	
Interest receivable	297,703	48,932,703
Long-term developer fee payable is a liability on the Statement of Net Assets, but is not a liability on the Governmental Fund Statements as payment will not be required from current resources.		(998,170)
Capital leases are recorded on the liabilities on the Statement of Net Assets, but are recorded as expenses as cash payments are made on the Governmental Fund Statements.		(30,074)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in treatment of long-term debt and related items.		
Balances at September 30, 2008 are:		
Capitalized debt issuance costs	1,373,713	
Amortization of debt issuance costs to date	(587,594)	
Premium on bonds issued	(3,341,573)	
Amortization of bond premium to date	1,436,619	
Prepaid interest	5,381,267	
Amortization of prepaid interest to date	(2,313,530)	1,948,902
Long-term liabilities applicable to the Agency's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Assets.		
Bonds payable - current	(2,471,626)	
Bonds payable - long-term	(50,393,998)	
Accrued interest	(297,703)	(53,163,327)
Net assets for governmental activities		$ 7,389,393

CAPITAL CITY DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2009

	Debt Service Fund	Central District RA Fund	River Myrtle District RA Fund	Westside District RA Fund
REVENUES				
Lease	$ 3,753,932	$ -	$ -	$ -
Interest	275	7,714	79,521	20,782
Other	-	44,976	534,675	2,829
Revenue allocation funds	-	2,426,682	4,879,796	1,901,793
Total revenues	3,754,207	2,479,372	5,493,992	1,925,404
EXPENDITURES				
Administrative expenses	-	-	-	-
Operating expenses	498,135	279,198	1,720,403	86,194
Capital outlay and related expenses	-	32,172	1,163,051	84,974
Debt service - principal	1,675,000	-	1,507,950	-
Debt service - interest	1,944,892	-	182,546	-
Total expenditures	4,118,027	311,370	4,573,950	171,168
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(363,820)	2,168,002	920,042	1,754,236
OTHER FINANCING SOURCES (USES)				
Interfund transfers	381,470	(2,199,618)	(2,268,431)	(517,328)
Proceeds from line of credit	-	-	400,000	-
TOTAL OTHER FINANCING SOURCES (USES)	381,470	(2,199,618)	(1,868,431)	(517,328)
NET CHANGE IN FUND BALANCES	17,650	(31,616)	(948,389)	1,236,908
FUND BALANCES, BEGINNING OF YEAR	936,905	626,380	4,395,400	3,089,616
FUND BALANCES, END OF YEAR	$ 954,555	$ 594,764	$ 3,447,011	$ 4,326,524

Operations Fund	Other Governmental Fund	Total Governmental Funds
$ -	$ -	$ 3,753,932
2,165	-	110,457
189,236	172,008	943,724
-	-	9,208,271
191,401	172,008	14,016,384
1,719,699	-	1,719,699
1,058,175	254,716	3,896,821
161,887	-	1,442,084
-	-	3,182,950
-	-	2,127,438
2,939,761	254,716	12,368,992
(2,748,360)	(82,708)	1,647,392
2,766,459	76,355	(1,761,093)
-	-	400,000
2,766,459	76,355	(1,361,093)
18,099	(6,353)	286,299
(9,287)	7,472	9,046,486
$ 8,812	$ 1,119	$ 9,332,785

CAPITAL CITY DEVELOPMENT CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2009

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Net change in fund balances - total governmental funds		$ 286,299
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay	29,493	
Depreciation expense	(116,157)	(86,664)
Principal repaid on notes receivable are recorded as revenue in the governmental funds, but are recorded as a reduction of the note in the Statement of Net Assets.		(1,682,328)
Capital leases are recorded on the liabilities on the Statement of Net Assets, but are recorded as expenses as cash payments are made on the Governmental Fund Statements.		(5,946)
Interest income from escrow on developer fee deposit is added to the liability in the Statement of Net Assets.		24,612
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but a reduction of long-term liabilities in the statement of net assets. In addition, interest expense is not recognized in the governmental funds until it is due, but is recognized when payable in the Statement of Activities.		
Payment of long-term debt	1,902,950	
Payment on line of credit	1,280,000	
Proceeds from line of credit	(400,000)	
Amortization of issuance costs	(112,726)	
Amortization of prepaid interest	(442,919)	
Amortization of premium	275,037	
Interest expense	7,328	2,509,670
Changes in net assets of governmental activities		$ 1,045,643

CAPITAL CITY DEVELOPMENT CORPORATION
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
SEPTEMBER 30, 2009

	Business-type Activities - Enterprise Funds		
	Central Parking	River Myrtle Parking	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 2,729,739	$ 299,763	$ 3,029,502
Receivables			
Accounts receivable	7,775	172,393	180,168
Interest receivable	-	91	91
Prepaids	100,000	-	100,000
Restricted investments	-	-	-
Total current assets	2,837,514	472,247	3,309,761
NONCURRENT ASSETS			
Deferred bond financing costs	146,137	270,155	416,292
Restricted cash	899,891	-	899,891
Restricted investments	1,687,000	358,365	2,045,365
Notes receivable	-	998,170	998,170
Capital assets			
Land	3,438,944	-	3,438,944
Buildings, improvements and equipment	22,786,229	8,418,867	31,205,096
Accumulated depreciation	(8,319,019)	(840,041)	(9,159,060)
Total noncurrent assets	20,639,182	9,205,516	29,844,698
	$ 23,476,696	$ 9,677,763	$ 33,154,459
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	$ 184,192	$ 253	$ 184,445
Interest payable	28,651	-	28,651
Refundable deposits	9,870	8,620	18,490
Deferred revenue	223,440	1,385,417	1,608,857
Current portion of long-term debt	1,200,666	266,750	1,467,416
Total current liabilities	1,646,819	1,661,040	3,307,859
NONCURRENT LIABILITIES			
Long-term debt	6,823,941	6,177,626	13,001,567
Total liabilities	8,470,760	7,838,666	16,309,426
NET ASSETS			
Invested in capital assets, net of related debt	11,714,684	1,762,970	13,477,654
Unrestricted	3,291,252	76,127	3,367,379
Total net assets	15,005,936	1,839,097	16,845,033
	$ 23,476,696	$ 9,677,763	$ 33,154,459

CAPITAL CITY DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2009

	Business-type Activities - Enterprise Funds		
	Central Parking	River Myrtle Parking	Total
OPERATING REVENUES			
Parking revenue	$ 3,637,216	$ 1,574,887	$ 5,212,103
Other	2,140	3,120	5,260
Total operating revenues	3,639,356	1,578,007	5,217,363
OPERATING EXPENSES			
Contracted services and utilities	1,313,521	624,490	1,938,011
Depreciation	519,615	210,368	729,983
Operating expenses	135,676	878,598	1,014,274
Other	-	-	-
Total operating expenses	1,968,812	1,713,456	3,682,268
OPERATING INCOME	1,670,544	(135,449)	1,535,095
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	20,237	10,452	30,689
Interest expense	(526,143)	(324,851)	(850,994)
Contributions from other governments	1,292,920	-	1,292,920
Gain on disposition of property	-	14,432	14,432
TOTAL NONOPERATING EXPENSES	787,014	(299,967)	487,047
INCOME (LOSS) BEFORE OPERATING TRANSFERS	2,457,558	(435,416)	2,022,142
Interfund transfers	822,396	938,697	1,761,093
CHANGE IN NET ASSETS	3,279,954	503,281	3,783,235
TOTAL NET ASSETS, BEGINNING OF YEAR	11,725,982	1,335,816	13,061,798
TOTAL NET ASSETS, END OF YEAR	$ 15,005,936	$ 1,839,097	$ 16,845,033

CAPITAL CITY DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2009

Business-type activities - Enterprise Funds

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 4,927,940
Payments to contractors	(2,038,230)
Payments to suppliers	(1,022,474)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,867,236
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating and management transfer with governmental fund, net	1,761,093
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	1,761,093
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest paid on long-term debt	(751,817)
Principal paid on long-term debt	(1,462,050)
Interest on long-term note receivable	(5,946)
Proceeds from sale of assets	15,438
Acquisition and construction of capital assets	(36,323)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,240,698)
CASH FLOWS FROM INVESTING ACTIVITIES	
Net (purchases) and sales of investment securities	(121,118)
Interest received on investments	32,215
NET CASH USED BY INVESTING ACTIVITIES	(88,903)
NET INCREASE IN CASH	1,298,728
CASH, BEGINNING OF YEAR	2,630,665
CASH, END OF YEAR	$ 3,929,393

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 1,535,095
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	729,983
Changes in assets and liabilities	
Accounts receivable	(156,360)
Accounts payable	(100,219)
Refundable deposits	(8,200)
Deferred revenues	(133,063)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,867,236

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital City Development Corporation (the Agency) is an urban renewal agency created by and existing under the Idaho Urban Renewal Law of 1965, as amended, and is an independent public body, corporate and politic.

Financial Reporting Entity

The Agency follows Governmental Accounting Standards Board (GASB) Statement No. 39 in determining the reporting entity. Accordingly, the financial statements include all funds and account groups for which the Agency is financially accountable.

The Agency is included as a component unit in the Boise City, Idaho financial statements based on certain criteria in GASB Statement No. 39. The Agency provides urban renewal services to the City and its citizens. The commissioners are appointed by the Mayor and approved by City Council. These statements present only the funds and account groups of the Agency and are not intended to present the financial position and results of operations of Boise City, Idaho in conformity with generally accepted accounting principles.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets) report information on all of the non-fiduciary activities of the Agency. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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 who purchase, use, or directly benefit from goods, service 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. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

(continued on next page)

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 Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The Agency reports the following major governmental funds:

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long–term debt principal and interest. This fund currently accounts for the activities related to the Ada County Courthouse Corridor project debt service.

Central District Revenue Allocation Fund - The Central District accounts for the revenues derived from the revenue allocation area within the Central District and was established as a funding mechanism to provide public infrastructure improvements. The revenues are first pledged to repay the Series 1995, 1998 and 1999 Parking Revenue and Revenue Allocation Bonds. Any excess revenues may be expended in accordance with the provisions of the Revenue Allocation Law.

River Myrtle Revenue Allocation Fund - The River Myrtle District accounts for the revenues derived from the revenue allocation area within the River Myrtle District and was established as a funding mechanism to provide public infrastructure improvements. The revenues are first pledged to repay the Series 2002 and 2004 Parking Revenue and Revenue Allocation Bonds. Revenues may only be expended in accordance with the provisions of the Revenue Allocation Law.

Westside Revenue Allocation Fund - The Westside District accounts for the revenues derived from the revenue allocation area within the Westside District and was established as a funding mechanism to provide public infrastructure improvements. Revenues may only be expended in accordance with the provisions of the Revenue Allocation Law.

The Agency reports the following major proprietary funds:

Central District Parking Fund - This fund includes the parking activities of the Agency at the following parking facilities: Capitol Terrace Garage, Eastman Garage, Grove Street Garage, Boulevard Garage and City Centre Garage. The revenues of the Central District Parking Fund are pledged to support the operations of the Fund and the repayment of the Series 1995, 1998 and 1999 Parking Revenue and Revenue Allocation Bonds. The revenues are also pledged to support any necessary repayments to the letters of credit related to the Revenue Allocation Bonds. Net parking revenues are otherwise unrestricted and are used for parking system operations and maintenance and are also available for general Agency use.

River Myrtle Parking Fund - This fund includes the parking activities of the Agency at the following parking facilities: Avenue A East and West Garages and Visitor Lot, and the Myrtle Street Garage. Parking activities at the Triangle and West lots that were previously included here were assumed by Ada County during fiscal year 2009. The revenues of the River Myrtle Parking Fund are pledged to support the operations of the Fund and the repayment of the Series 2002 and Series 2004 Parking Revenue and Revenue Allocation Bonds. Net parking revenues are otherwise unrestricted and are used for parking system operations and maintenance and are also available for general Agency use.

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Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Agency has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Agency's business-type activities and other functions of the Agency. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges for services, or privileges provided, 2) operating grants and contributions (which includes revenue allocation funds), and 3) capital grants and contributions (which includes reimbursement from Ada County for the courthouse construction). Internally dedicated resources are reported as general revenues rather than as program revenues. When applying revenues to a program for which unrestricted and restricted revenues are used, restricted revenues are applied first.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Agency enterprise fund are charges to customers for parking spaces. Operating expenses for enterprise funds include the cost of operations, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Investments

Cash represents all cash on hand and in banks. Investments with original maturities of three months or less from the date of acquisition are also considered cash.

Investments

Investments are stated at fair value, as determined by quoted market prices, except for any certificates of deposit, which are non-participating contracts, and are therefore carried at amortized cost. Interest earned is allocated on a basis of average investment balance. Idaho Code provides authorization for the investment of funds as well as to what constitutes an allowable investment. The Agency policy allows for investment of idle funds consistent with the Idaho State Code 50-1013.
The Code limits investments to the following general types:

Certain revenue bonds, general obligation bonds, local improvement district bonds and registered warrants of state and local governmental entities.

Time deposit accounts, tax anticipation and interest-bearing notes.

Bonds, treasury bills, debentures, or other similar obligations of the United States Government and United States Government Agencies.

Repurchase agreements secured by the above.

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Investments in certificates of deposits are stated at amortized cost. Investments in U.S. Treasury securities are stated at amortized cost.

Custodial Credit Risk

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. The Agency limits its investments to institutions that are registered with the State of Idaho Department of Finance that adhere to the Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). Non-bank broker/dealer firms and individuals doing business with the Agency must be registered with the National Association of Securities Dealers.

Credit Risk

Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation and is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's or Fitch's. The Agency's policy does not restrict them to rated investments. As of September 30, 2009, all of the investments of the Agency had credit ratings of AAA.

Property Taxes Receivable and Deferred Revenue

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. Since the Agency is on a September 30 fiscal year end, property taxes levied during September for the succeeding year's collection are recorded as deferred revenue at the Agency's year end and recognized as revenue in the following fiscal year. Ada County bills and collects taxes for the Agency.

The Agency received property taxes during the year in the amounts $2,426,684, $4,373,492, and $1,901,796 from Central District, River Myrtle Old Boise District, and Westside District, respectively.

Accounts Receivable

The Agency provides credit based on contractual agreements in the normal course of business. An allowance for doubtful accounts is based on management's review of the outstanding receivables, historical collection information, and existing economic conditions. Accounts receivable are past due based on the terms of the contracts, and interest is charged on overdue receivables on a case-by-case basis as allowed by the contracts. The allowance as of September 30, 2009 was $2,125,781, all related to the tax increment guarantee receivable.

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Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000. Assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Depreciation is computed using the straight-line method, over the estimated useful lives of the assets as follows:

	Estimated Useful Life (Years)
Buildings	30 - 45
Improvements	10 - 45
Parking equipment	7
Office furniture & equipment	3 - 10

Investment in Property Held for Resale or Development

Property held for resale or development includes several properties in the River/Myrtle and Westside Districts.

Property held for resale or development is reflected in the accompanying balance sheet at cost. In furtherance of the Agency's purpose of redevelopment of downtown Boise, these properties may be disposed of for consideration that is substantially less than the historical cost. As the loss on disposal is not readily determinable until the time of sale, the properties are carried at historical cost.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose.

Estimates

The preparation of the Agency's financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in the report relate to the estimated allowance for doubtful accounts for certain accounts receivable. It is reasonably possible that the significant estimates used will change within the next year.

NOTE 2 - INVESTMENTS

Funds in the Local Government Investment Pool (Pool) are invested in accordance with Section 67-1210 and

(continued on next page)

Section 67-1210a of the Idaho code. The funds are collateralized by securities but are not insured. The Pool has been assigned an AAAf fund credit quality rating and an S1+ volatility rating by Standard & Poor's ratings services.

Interest Rate Risk

Interest rate risk is defined by GASB Statement No. 40 as the risk a government may face should interest rate variances affect the fair value of investments. The Agency's policy does not limit the maturities of their investments. As of September 30, 2009, the Agency had the following investments subject to interest rate risk.

		Investment Maturities (in years)		Credit
Investment Type	Fair Value	Less than one	1-5	Rating
LGIP	$ 6,117,383	$ 6,117,383	$ -	AAAf
Bond mutual fund	$ 3,705,246	$ 3,705,246	-	AAA
Certificate of deposit	$ 83,494	$ 83,494	-	n/a

Concentration of Credit Risk

Per GASB Statement No. 40, Concentration of Credit Risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Agency's policy is to avoid concentration in securities from a specific issuer or business sector other than U.S. Securities. However, the policy does not specifically limit the concentration in any single issuer. No single issuer exceeded 5% of the total investments.

At year end, the carrying amount of the Agency's deposits was $2,307,213 and the bank balance was $2,401,480 Of the bank balance, $599,488 was covered by federal depository insurance, and $1,801,992 was collateralized by government securities but uninsured. All cash is held in national financial institutions located in Ada County.

U.S. Bank has been authorized by the Agency to draw from the Agency's funds on deposit with Key Bank and Bank of America. The authorizations are in the form of letters of credit from Key Bank in the amounts of $12,825,000 for the 2002 Series B Bond and $2,500,000 for the Series C Bond, letters of credit from Key Bank in the amount of $10,815,000 for the 2004 Series A and B Bond, and a letter of credit from Bank of America for $6,000,000 for the 1998 Series Bond, as of September 30, 2009.

The letter of credit with Key Bank for the 2002 B bond is jointly issued to the Agency and Civic Plaza, LP and is effective for the period October 1, 2002 through October 18, 2010. The letter of credit with Key Bank for the 2002 C bond is effective for the period October 1, 2002 through October 18, 2010. The letter of credit with Key Bank for the 2004 A & B bonds is effective for the period of January 1, 2005 through December 10, 2009. A renewal of the 2004 A & B letter of credit was negotiated subsequent to year end, extending it through October 18, 2010. The letter of credit with Bank of America for the 1998 bond is effective for the period November 25, 1998 through September 8, 2011. Funds are available for payment of delinquent principal and interest payments due on the bonds.

Investment in Partnership

The Agency has made both cash and non-cash contributions to River Plaza Limited Partnership (the Partnership) in exchange for an ownership interest as the special limited partner. The Partnership owns an apartment complex.

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The Agency has recorded the investment on the cost basis of $130,000. In accordance with the partnership agreement, there are no gains or losses allocated to the Agency. If the assets of the Partnership are sold or liquidated, the Agency is entitled to a 36.8% interest in the residual distribution upon sale or refinancing. There are no plans for sale or refinancing.

NOTE 3 - RESTRICTED ASSETS

Restricted assets are held by the Agency's agent in the Agency's name. Investments are generally held until maturity. The bond resolutions limit investments to certain types of securities which meet defined standards. At September 30, 2009, $3,705,246 is restricted for debt service reserves and for expenditure on certain capital asset acquisitions.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances on the fund financial statements as of September 30, 2009.

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers are made as a method of allocating the cost of program operations to their respective funds.

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NOTE 6 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other agencies and units of government are as follows:

Ada County capital lease	$ 48,635,000

The following represents the minimum future payments on the capital lease from Ada County.

2010	$ 4,231,625
2011	4,714,725
2012	4,852,638
2013	5,087,738
2014	5,234,238
Thereafter	43,315,363
	67,436,327
Less amount representing interest	(18,801,327)
	$ 48,635,000

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2009 was as follows:

	September 30, 2008	Additions	Deletions	September 30, 2009
Governmental Activities:				
Capital assets, not depreciated:				
Land	$ 504,716	$ -	$ -	$ 504,716
Capital assets, depreciated				
Improvements other than buildings	1,667,804	-	-	1,667,804
Equipment	310,174	29,493	-	339,667
Total	1,977,978	29,493	-	2,007,471
Less accumulated depreciation				
Improvements other than buildings	(841,892)	(43,284)	-	(885,176)
Equipment	(187,564)	(72,873)	-	(260,437)
Total	(1,029,456)	(116,157)	-	(1,145,613)
Total depreciated capital assets, net	948,522	(86,664)	-	861,858
Governmental activities capital assets, net	$ 1,453,238	$ (86,664)	$ -	$ 1,366,574

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	September 30, 2008	Additions	Deletions	September 30, 2009
Business-type Activities:				
Capital assets, not depreciated:				
Land	$ 3,438,944	$ -	$ -	$ 3,438,944
Capital assets, depreciated				
Buildings	29,675,256	-	-	29,675,256
Improvements other than buildings	1,527,281	36,323	(33,764)	1,529,840
Equipment	11,589	-	(11,589)	-
Total	31,214,126	36,323	(45,353)	31,205,096
Less accumulated depreciation				
Buildings	(7,744,776)	(622,690)	-	(8,367,466)
Improvements other than buildings	(717,060)	(107,292)	32,758	(791,594)
Equipment	(11,589)	-	11,589	-
Total	(8,473,425)	(729,982)	44,347	(9,159,060)
Total depreciated capital assets, net	22,740,701	(693,659)	(1,006)	22,046,036
Business-type activities capital assets, net	$26,179,645	$ (693,659)	$ (1,006)	$ 25,484,980

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:	
General Government	$ 116,157
Business type activities:	
Parking garages	$ 729,982

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NOTE 8 - LONG-TERM DEBT

At September 30, 2009, long-term debt consists of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Government activities:					
Line of credit	$ 1,280,000	$ 400,000	$ (1,280,000)	$ 400,000	$ 400,000
2004A&B Series	4,058,574	-	(227,950)	3,830,624	221,626
2005 Series	50,310,000	-	(1,675,000)	48,635,000	1,850,000
	$ 55,648,574	$ 400,000	$ (3,182,950)	$ 52,865,624	$ 2,471,626

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
1995 Series A	$ 2,705,000	$ -	$ (325,000)	$ 2,380,000	$ 340,000
1995 Series B	2,233,807	-	(264,115)	1,969,692	274,115
1998 Series	2,670,000	-	(330,000)	2,340,000	345,000
1999 Series	1,557,291	-	(222,376)	1,334,915	241,551
2002C Series	2,075,000	-	(10,000)	2,065,000	15,000
2004A&B Series	4,636,426	-	(257,050)	4,379,376	251,750
	$ 15,877,524	$ -	$ (1,408,541)	$ 14,468,983	$ 1,467,416

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Parking Revenue and Revenue Allocation Bonds:		
Series 1995 A	$	2,380,000
Series 1995 B		2,005,000
Series 1998		2,340,000
Series 1999		1,505,000
Series 2002 C		2,065,000
Series 2004 A		6,555,000
Series 2004 B		1,655,000
Series 2005 County Complex		48,635,000
Line of credit		400,000
		67,540,000
Deferred interest cost		(205,393)
	$	67,334,607

At September 30, 2009, long-term debt is classified on the Statement of Net Assets as:

Long-term debt		
Current portion	$	3,540,666
Long-term		63,793,941
	$	67,334,607

The 1995 Series bonds bear interest at 6.125%. The Agency has the option to redeem bonds maturing after September 1, 2008 at 100% of par value. Bond covenants place certain restrictions on the sale or encumbrance of the parking facilities.

The 1998 Series bonds bear interest a variable interest rate determined weekly by the remarketing agent. The interest rate at September 30, 2009 was 0.4%. The Agency has the option to redeem bonds maturing at a time greater or equal to 12 years after the date of the bond issuance at 101% of par value and at 100% of par value on the bonds maturing 13 years after the issuance of the bond and thereafter. Bond covenants place certain restrictions on the sale or encumbrance of the parking facilities.

The 1999 Series bonds bear interest at rates between 4.85 % and 5.15%. The Agency has the option to redeem the bonds maturing on or after September 1, 2008 to September 1, 2009 at 101% of par value and 100% of par after March 1, 2010. Bond covenants place certain restrictions on the sale or encumbrance of the parking facilities.

The 2002 Series C bonds for the Civic Plaza Parking Garage bear a variable interest rate determined weekly by the remarketing agent. At September 30, 2009, the interest rate was 3.45%. There is a letter of credit issued by Key Bank that backs the 2002 C bonds. The 2002 Series C bonds failed to remarket on June 24, 2009 and reverted to the letter of credit issuing bank at prime rate. The bonds successfully remarketed at 3.65% on July 9, 2009. The Agency has the option to redeem the bonds maturing on or after March 1, 2012, at 102% of par value if the redemption date is more than 9 years to maturity, and at 101% if the redemption date is less than 9 years to maturity. The bonds mature on September 1, 2033.

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The 2004 Series A and B bonds for the Boise Downtown (BoDo) Project bear a variable interest rate determined weekly by the remarketing agent. At September 30, 2009, the interest rate on the 2004 Series A bonds was 3.45% and the interest rate on the 2004 Series B bonds was 4.35%. There are letters of credit issued by Key Bank that back the 2004 A and B bonds. The Agency has the option to redeem the bonds at a price equal to 100% plus accrued interest in whole or in part on any business day. The bonds mature on March 1, 2024.

The 2005 Series bonds bear interest at rates between 3.5% and 5.24%. The Agency does not have the option to redeem bonds maturing in years 2006 through 2015 prior to the maturity date, unless extraordinary events happen as prescribed in the debt agreement. Series that mature on or after August 15, 2016 are subject to redemption at the option of the Agency, which option shall be exercised upon the written direction of the County, in whole or in part at any time at a price equal to 100% plus accrued interest. The bonds mature on August 15, 2022.

Defeasance of Debt - In April, 2005 the Agency defeased 1999 general obligation bonds for the Ada County Courthouse by placing the proceeds of new bonds in an irrevocable trust to provide for future debt payments on the bonds retired. Accordingly, the trust account assets and the liability for the defeased bonds were not included in the Agency's financial statements. The defeased bonds were paid in full on August 15, 2009. There were no outstanding bonds as of September 30, 2009. As a result of this refunding, the Agency reduced its total debt service requirements by $37,381,700, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $7,877,563.

The annual requirements to retire the debt as of September 30, 2009 are shown below. The annual requirements include both interest and fees.

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	$ 2,471,626	$ 2,697,056	$ 1,518,374	$ 944,827
2011	2,631,960	2,583,134	1,608,040	855,611
2012	2,895,957	2,450,866	1,694,043	760,952
2013	3,246,626	2,305,984	1,763,374	662,452
2014	3,539,961	2,129,736	1,705,039	562,098
2015-2019	22,301,110	7,538,501	2,793,890	1,820,503
2020-2024	15,778,384	1,619,678	1,971,616	1,075,827
2025-2029	-	-	485,000	557,493
2030-2033	-	-	1,135,000	203,766
	52,865,624	21,324,955	14,674,376	7,443,529
Deferred charges	-	-	(205,393)	-
Total	$ 52,865,624	$ 21,324,955	$ 14,468,983	$ 7,443,529

The Agency incurred bond issuance costs and deferred interest costs relating to debt. These costs are amortized over the life of the bonds and reduce the carrying amount of the related debt. At September 30, 2009, the deferred costs netted against the bond liabilities are $205,394.

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The Agency has a line of credit of $3,000,000 for the River Street/Myrtle Street district, with an annual limit based on projected revenue. There was an outstanding balance of $400,000 at September 30, 2009, and the interest rate is variable calculated as prime less 1% which was 2.25% at September 30, 2009. Line of credit advances are secured by the Agency's incremental tax revenues and lawful available resources. The line of credit agreement expires in December 2010.

NOTE 9 - EMPLOYEE BENEFIT PLANS

Defined Benefit Pension Plan

Public Employee Retirement System of Idaho (PERSI) - The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website www.persi.idaho.gov

The actuarially determined contribution requirements of the Agency and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2009, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members. The employer rate as a percentage of covered payroll was 10.39% for general members. The Agency employer contributions required and paid were $93,964, $90,024, and $92,326 for the three years ended September 30, 2009, 2008, and 2007, respectively.

NOTE 10 – NOTES RECEIVABLE

The Agency earned a developer fee in the amount of $1,759,923 for services rendered to the development of the Civic Plaza project in 2003. The Agency was compensated in the form of cash paid during the year in the amount of $1,030,000, and a note receivable from Civic Plaza, LP for the remaining balance of $729,923. The terms of the note are 5.25% simple interest annually through 2042. No principal or interest payments are due until 2042, at which time the note may be exchanged for 83% ownership in the project, at which point the Agency will own 100% of the project. The note principal and interest balance was $998,170 at September 30, 2009.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The Parking Revenue and Revenue Allocation Bonds Series 1999 Resolution provides that the Agency must fund a repair and replacement reserve of $500,000. The fund may be used only for the repair and maintenance of the parking system properties. The balance as of September 30, 2009 was $500,018.

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NOTE 12 - LEASES

Lease Expense

The Agency is a party to the following leases:

The Agency entered into the lease for its office space on July 1, 2008. The lease term expires on June 30, 2013. Monthly rent is $14,931.

The Agency entered into a lease for its copier in August 2007. The lease has a term of three years and expires on August 31, 2010. The monthly rent is $3,081. The lease qualifies as a capital lease. The original amount and accumulated depreciation are as follows:

Copier capital lease agreement	$	75,775
Accumulated deprecation	$	52,632

The payout schedule is as follows:

2010	$	33,899
		33,899
		(3,826)
Less amount representing interest	$	30,073

Lease Other

The Agency has entered into an agreement with Ada County on the County Courthouse Project. The Agency has leased approximately 10.3 acres of land owned by Ada County under a master ground lease obligation that expires in 2098. The Agency issued bonds, Series 1999 for the County Courthouse Project in the amount of $62,620,000 to finance the acquisition, construction and improvement of the courthouse and administration building for use by Ada County, and related parking facilities, integrated retail space and other public improvements. The Agency refunded the Series 1999 bonds and issued bonds, Series 2005, during the year. The bonds are the obligation of the Agency, payable from and secured solely by lease payments made by Ada County under the agreement. The agreement provides for lease payments equal to the amount necessary for the payment of annual debt service requirements for the Series 2005 bonds. The Agency plans to lease the Courthouse to Ada County over a thirty year term, with title reverting to Ada County at the end of the lease term. Upon satisfaction of the outstanding lease obligation, Ada County may purchase the facilities from the Agency for $1.

The Agency has recorded the transaction as a capital lease receivable for $48,635,000. This receivable will be received over the thirty year term.

The Agency entered into an agreement with Eleven Eleven West Jefferson LLC to lease 200 parking permits in the Boise Plaza Parking garage for a period of five years. The Agency has the right to sell the parking permits to the public in compliance with the rates in its parking management plan. The lease term is for sixty months following the effective date. The lease became effective on June 29, 2009, sixty days after the certificate of occupancy was issued.

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The Agency paid a prorated lease rate of $55,010 for the period June 29, 2009 to September 30, 2009. The annual lease rate is $213,600 and payment is due in advance on October 1st of each fiscal year.

Future minimum lease payments under the leases are as follows:

	Master Ground Lease	Civic Plaza Garage	Office Facility	Boise Plaza
2010	$ 4,231,625	$ 1,071,040	$ 179,172	$ 213,600
2011	4,714,725	1,100,991	179,172	213,600
2012	4,852,638	1,137,514	179,172	213,600
2013	5,087,738	1,175,064	134,379	213,600
2014	5,234,238	1,203,524	-	158,590
Thereafter	71,056,582	13,982,851	-	-
Total	$ 95,177,546	$ 19,670,984	$ 671,895	$ 1,012,990

Total lease expense for the year ended September 30, 2009 was $5,164,555.

NOTE 13 - TRANSACTIONS WITH BOISE CITY

Grove Street Parking Garage

The Agency reached an agreement with the City of Boise to terminate the lease agreement that covered the Grove Street Parking Garage. Under the terms of the agreement, the rebate payable to Boise City was written off. The Agency recognized a gain of $1,292,920 for this transaction. Effective May 1, 2009 the Agency assumed operations of the Grove Street garage and began collecting the associated revenues. The Grove Street garage became part of the Central Parking District.

The Agency agreed to take responsibility for the match requirement for the Federal Transportation Authority Multi Modal Center grant that is administered through Valley Regional Transit. The match responsibility was previously the obligation of Boise City. The match requirement may be up to $1.9 million. If the actual match is less than $1.9 million, the Agency will provide funding up to a total of $1.9 million inclusive of the grant match to other projects identified in the Downtown Mobility Study.

The Agency established a separate bank account in which to deposit net revenues from Grove Street garage operations until the match becomes due. As of September 30, 2009 the balance in this account was $399,872.

NOTE 14 - SIGNIFICANT CONTRACTUAL AGREEMENTS

The Agency is party to numerous agreements related to the development of the parcels in the Ada County Courthouse Corridor. Under the provisions of these agreements, the developer has provided a guarantee of tax increment revenue from certain parcels in the project. Per the agreement, if the actual annual tax increment revenue received from the County on these parcels is less than the annual amount of tax increment revenue anticipated per the schedules in the agreements, the developer is responsible for payment of the difference, or some portion thereof,

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to the Agency. Once the Agency receives the tax increment guarantee revenue, the Funds Flow calculation specified in the agreements is prepared. If sufficient funding is available, the Agency may be required to make certain payments to the developer as specified in the Funds Flow. Accordingly, the Agency has recorded a receivable for the amount due to it for the annual tax increment guarantee. The Agency has recorded a contingent liability for the amount it estimates will be due to the developer upon receipt of the tax increment guarantee funds. The Agency and the developer have not reached final resolution on the interpretation of the provisions of the various agreements. On November 26, 2008 the Agency filed a complaint in Ada County District Court to enforce its rights to certain tax increment guarantees under one of the agreements with one of the involved parties. The estimated amount for both the receivable and the liability may change when final resolution is reached.

NOTE 15 – PLEDGED REVENUES

The Agency has certain long-term debt obligations for which revenues have been pledged. The Agency issued the 1995A bonds for construction of the Boulevard garage, the 1995B bonds for construction of the Capitol Terrace garage, the 1999 bonds for construction of the Eastman garage and the 1998 bonds for the construction of the City Centre garage. Parking revenues from the Central Parking system and revenue allocation from the Central District are pledged to support this debt. The 1999 bonds mature in 2014 and the 1995 A and 1995 B and the 1998 bonds mature in 2015. The revenues are pledged until the bonds mature. For the year ended September 30, 2009 the total debt service on these bonds was $1,643,278 while gross parking revenues and revenue allocation from Central totaled $6,063,900.

The Agency issued the 2002C bonds to construct the Avenue A East garage and the 2004 bonds for the Myrtle Street garage and related infrastructure. Revenues from the River Myrtle Parking system and revenue allocation from the River Myrtle District are pledged to support this debt. In addition, the 2002 C and the 2004 bonds have a subordinate claim on revenues from the Central Parking system. For the year ended September 30, 2009 the total debt service on these bonds was $957,303 while gross parking revenues and revenue allocation from River Myrtle totaled $6,454,683.

CAPITAL CITY DEVELOPMENT CORPORATION

REQUIRED SUPPLEMENTARY INFORMATION

CAPITAL CITY DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL REVENUE ALLOCATION FUND
YEAR ENDED SEPTEMBER 30, 2009

	Central District RA Fund			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Lease	$ 2,600	$ 3,000	$ -	$ (3,000)
Interest	32,000	9,000	7,714	(1,286)
Other	23,550	40,533	44,976	4,443
Revenue allocation funds	2,252,000	2,332,400	2,426,682	94,282
Total revenues	2,310,150	2,384,933	2,479,372	94,439
EXPENDITURES				
Operating expenses	264,100	352,687	279,198	73,489
Capital outlay and related expenses	79,000	30,500	32,172	(1,672)
Total expenditures	343,100	383,187	311,370	71,817
EXCESS OF REVENUES OVER EXPENDITURES	1,967,050	2,001,746	2,168,002	166,256
OTHER FINANCING SOURCES (USES)				
Interfund transfers	(1,967,050)	(2,001,746)	(2,199,618)	(197,872)
TOTAL OTHER FINANCING SOURCES (USES)	(1,967,050)	(2,001,746)	(2,199,618)	(197,872)
NET CHANGE IN FUND BALANCES	-	-	(31,616)	(31,616)
FUND BALANCES, BEGINNING OF YEAR	626,380	626,380	626,380	-
FUND BALANCES - END OF YEAR	$ 626,380	$ 626,380	$ 594,764	$ (31,616)

CAPITAL CITY DEVELOPMENT CORPORATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL REVENUE ALLOCATION FUND
YEAR ENDED SEPTEMBER 30, 2009

	River Myrtle District RA Fund			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Lease	$ 8,000	$ 1,900	$ -	$ (1,900)
Interest	15,000	188	79,521	79,333
Other	597,000	521,459	534,675	13,216
Revenue allocation funds	4,055,000	4,192,100	4,879,796	687,696
Total revenues	4,675,000	4,715,647	5,493,992	778,345
EXPENDITURES				
Operating expenses	897,700	560,000	1,720,403	(1,160,403)
Capital outlay and related expenses	1,030,354	995,600	1,163,051	(167,451)
Debt service - principal	194,000	1,474,000	1,507,950	(33,950)
Debt service -interest	290,349	213,325	182,546	30,779
Total expenditures	2,412,403	3,242,925	4,573,950	(1,331,025)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,262,597	1,472,722	920,042	(552,680)
OTHER FINANCING SOURCES (USES)				
Interfund transfers	(2,324,373)	(2,171,925)	(2,268,431)	(96,506)
Proceeds from line of credit	50,000	800,000	400,000	(400,000)
TOTAL OTHER FINANCING SOURCES (USES)	(2,274,373)	(1,371,925)	(1,868,431)	(496,506)
NET CHANGE IN FUND BALANCES	(11,776)	100,797	(948,389)	(1,049,186)
FUND BALANCES, BEGINNING OF YEAR	4,395,400	4,395,400	4,395,400	-
FUND BALANCES, END OF YEAR	$ 4,383,624	$ 4,496,197	$ 3,447,011	$ (1,049,186)

CAPITAL CITY DEVELOPMENT CORPORATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL REVENUE ALLOCATION FUND

YEAR ENDED SEPTEMBER 30, 2009

	Westside District RA Fund			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Lease	$ 42,900	$ 3,160	$ -	$ (3,160)
Interest	35,000	24,750	20,782	(3,968)
Other	2,760	2,760	2,829	69
Revenue allocation funds	1,759,000	1,811,600	1,901,793	90,193
Total revenues	1,839,660	1,842,270	1,925,404	83,134
EXPENDITURES				
Operating expenses	155,500	94,333	86,194	8,139
Capital outlay and related expenses	843,627	136,510	84,974	51,536
Total expenditures	999,127	230,843	171,168	59,675
EXCESS OF REVENUES OVER EXPENDITURES	840,533	1,611,427	1,754,236	142,809
OTHER FINANCING SOURCES (USES)				
Interfund transfers	(165,967)	(601,666)	(517,328)	84,338
TOTAL OTHER FINANCING SOURCES (USES)	(165,967)	(601,666)	(517,328)	84,338
NET CHANGE IN FUND BALANCES	674,566	1,009,761	1,236,908	227,147
FUND BALANCES, BEGINNING OF YEAR	3,089,616	3,089,616	3,089,616	-
FUND BALANCES, END OF YEAR	$ 3,764,182	$ 4,099,377	$ 4,326,524	$ 227,147

See Notes to Required Supplementary Information

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The Agency follows these procedures in establishing the budget:

1. Prior to August, the preliminary budget is reviewed by the Agency's Executive Committee.
2. The preliminary budget is presented to the Board of Directors at either the July or August meeting.
3. The preliminary budget is revised, if necessary, prior to final approval.
4. The proposed budget is approved by the Board of Directors at the August meeting.
5. The proposed budget is published for public review.
6. The Board of Directors holds a public hearing on the budget.
7. The proposed budget is adopted by the Board of Directors prior to September.
8. The adopted budget is filed with the City of Boise.
9. October 1 begins the Agency’s fiscal year.
10. Formal budget amendments, if any, require approval of the Agency’s Board of Directors.

NOTE 2 – AMENDED BUDGET

The fiscal 2009 budget was amended once during the year to reflect reduced line of credit borrowing needs and restatement of appropriations in the adopted and amended budget.

NOTE 3 - ALLOWANCE AGAINST RECEIVABLE

In the operating expense line, the actual column in the River Myrtle District fund includes $1,394,951 in expense for the allowance that was recorded against the tax increment guarantee receivable (see Note 14 – Significant Contractual Agreements). This expense is a non-cash transaction and was not budgeted; it therefore presents as a large unfavorable variance against budget. Actual expenditures excluding this transaction for the River Myrtle District were $3,178,999. The favorable variance against budget excluding this transaction is $63,926.

CAPITAL CITY DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION

CPAs & BUSINESS ADVISORS

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*

To the Board of Directors
Capital City Development Corporation
Boise, Idaho

We have audited the financial statements of Capital City Development Corporation, a component unit of Boise City, Idaho, as of and for the year ended September 30, 2009, and have issued our report thereon dated January 06, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Capital City Development Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Capital City Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Capital City Development Corporation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Capital City Development Corporation's financial statements are free of 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 determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the board of directors, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Boise, Idaho
January 06, 2010