Financial Statements
September 30, 2015

Capital City Development Corporation

CAPITAL CITY DEVELOPMENT CORPORATION

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities and each major fund of Capital City Development Corporation (the Agency), a component unit of Boise City, Idaho, as of and for the year ended September 30, 2015 and the related notes to the financial statements, which collectively comprise Agency's basic financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital City Development Corporation as of September 30, 2015, and the results of its operations for the year ended in conformity with accounting principles generally accepted in the United States of America.

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Emphasis of Matter
As discussed in Notes 1 and 12 to the financial statements, the Agency has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of October 1, 2014. Our opinions are not modified with respect to this matter.

Other Matters

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued a report dated January 04, 2016 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 reports is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Eide Bailly LLP

Boise, Idaho
January 04, 2016

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, 2015. 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 and deferred outflows of resources exceeded its liabilities and deferred inflow of resources at the close of the fiscal year 2015 by $29,198,942. Of this total, $16,051,747 is invested in capital assets (net of debt).

- At fiscal year close, the Agency's governmental funds reported a combined ending fund balance of $26,046,810, of which $24,958,559 is nonspendable, restricted, committed or assigned.

- During fiscal year 2015 the Agency's expenses were $15,288,248 compared to the $12,043,394 reported in 2014. The change was primarily due to increased community development, capital outlay and related expenditures.

- Total revenues increased by $2,699,326. The majority of the increase was a result of increased property tax increment revenue.

- Interest and fees expense on long-term debt in governmental activities decreased by $85,679 compared with fiscal year 2014, consistent with the Agency's debt service schedule on outstanding bonds.

- The Agency's key revenues are parking revenues and revenue allocation district revenues (tax increment revenue). Parking revenues increased $475,579 primarily due to increased parking activity and continued parking revenue collection efficiency due to installation of new PARCS automated parking control equipment in 2014. Revenue allocation increased about 28.9% or $2,654,838 in fiscal year 2015 as compared to the prior year due to the increased property valuations and new constructions in Agency urban renewal districts.

- The Agency and its employees are statutorily required to be members of the Public Employee Retirement System of Idaho (PERSI), a cost-sharing multiple-employer pension plan. During 2015, the Agency, as a cost-sharing employer, implemented GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The Agency also implemented GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. GASB 68 and 71 improve the way state and local governments report pension liabilities and expenses in order to have a more realistic representation of the complete impact of pension obligations, to improve the decision-usefulness of the reported information, and to increase transparency, consistency and comparability of pension information across governmental units.

GASB 68 and 71 require all state and local governmental employers to recognize and report their proportionate share of the net pension liability, deferred outflows and inflows of resources related to pensions on their financial statements. As a result, net pension liability and related deferred outflows and inflows of resources were recorded on the Agency's Statement of Net Position for fiscal year 2015. Due to the change in the accounting principle, a total adjustment of negative $458,435 has been made to the ending net position for the year ended September 30, 2014. The restated ending net position for fiscal year 2014 is $25,074,280.

Financial statements will see more volatility related to pension expense with significant fluctuation between fiscal years 2014 to 2015 due to the implementation of GASB 68 and 71. The fluctuation is due to financial reporting changes and not operational activity. PERSI general employer and general employee contributions rates – 11.32% and 6.79% of salary respectively – did not change in fiscal year 2015. Ongoing potential volatility related to pension expense due to market fluctuations may occur.

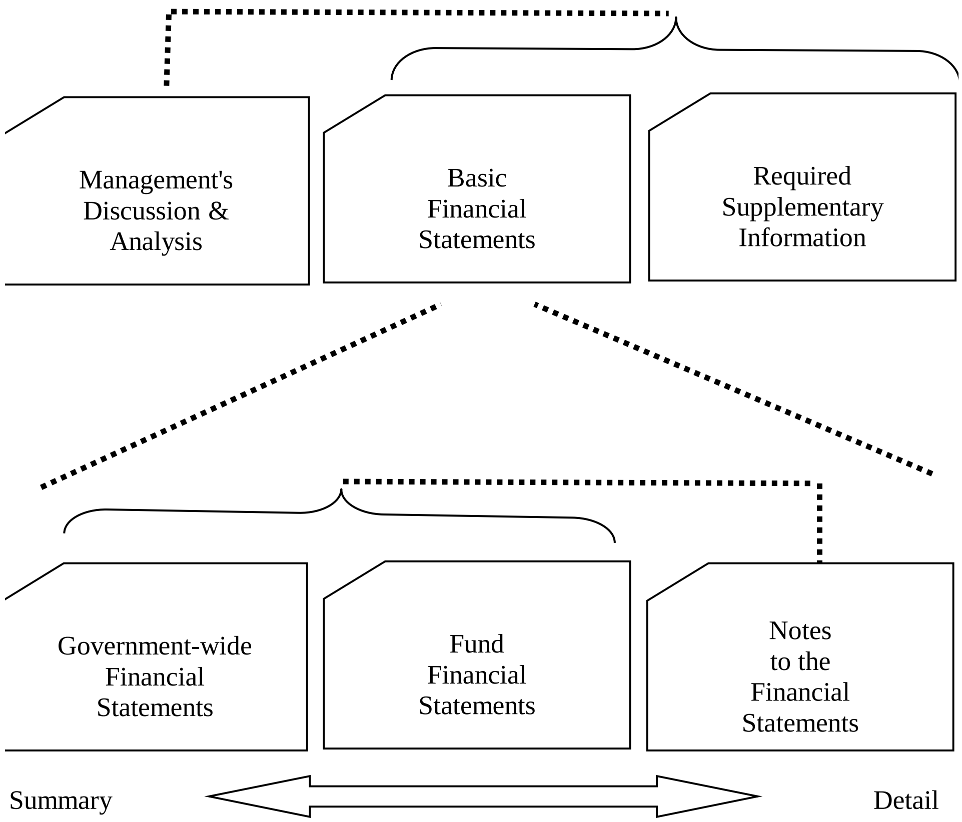
Overview of the Financial Statements

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) 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: Government-wide Financial Statements provide both long-term and short-term information about the Agency's overall financial status. Fund Financial Statements focus on individual parts of the Agency activities and 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 and parking were financed in the short-term as well as what remains for future spending.

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 the 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
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
Required financial statements	Statements of: Net Position Activities	Balance sheet Statement of revenues, expenditures and changes in fund balances
Accounting basis/ measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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
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

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

Government-wide financial statements for the Agency are designed to parallel more closely the reporting used in private-sector businesses, in that all governmental 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 Position provides information on all of the Agency's assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as net position. Historical trending of the net position 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 position during fiscal year 2015. 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. The Agency's program operation, urban renewal activities and parking system operation are included in the governmental activities. The individual district activities are tracked separately and combined for reporting purposes.

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. All of the Agency's funds are Governmental funds.

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 seven Governmental funds: 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), 30th Street District Revenue Allocation Fund (urban renewal activities), Parking Fund (parking system activities), and the General Fund.

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 fiscal year 2015 and fiscal year 2014 Statement of Net Position. Increases or decreases in Net Position 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. The Agency's total Net Position increased $4,124,662 compared to fiscal year 2014. The increase is the result of planned capital projects deferred to future budget years and continued increase of property tax increment revenues.

Prior year data is presented for comparison purposes and has been restated to conform to the implementation of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 67* (GASB 68) and GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*

Table 1
Statement of Net Position
As of September 30, 2014 and 2015

	2014* As Restated	2015	Percentage Change 2014-2015
Current & Other Assets	$ 73,699,574	$ 40,240,182	(45.4%)
Capital Assets	22,289,241	22,222,029	(0.3%)
Total Assets	**95,988,815**	**62,462,211**	**(34.9%)**
Deferred Outflows of Resources	**193,694**	**444,730**	**129.6%**
Long-term Debt Outstanding	56,227,103	18,396,459	(67.3%)
Other Liabilities	2,682,129	1,546,518	(42.3%)
Total Liabilities	**58,909,232**	**19,942,977**	**(66.1%)**
Deferred Inflows of Resources	**12,198,997**	**13,765,022**	**12.8%**
Net Position			
Net Investment in Capital Assets	14,399,834	16,051,747	11.5%
Restricted & Unrestricted	10,674,446	13,147,195	23.2%
Total Net Position	**$ 25,074,280**	**$ 29,198,942**	**16.4%**

* The 2014 net position, liabilities, deferred outflows and deferred inflows are restated in the table above to report the effect of the implementation of GASB 68/71 on the prior year.

Total Assets decreased $33,526,604. The change in total assets is primarily related to the decrease in Due from Other Governmental Units due to the payoff of Ada County Courthouse Project Bond in 2015.

Approximately 55% of the Agency's net position is invested in Capital Assets (i.e. land, buildings, equipment, parking facilities, and other) with the balance remaining in other net assets to provide for ongoing obligations and subsequent year activities.

Table 2 provides a summary of the Agency's operation for the fiscal year ended September 30, 2015. Prior year data is presented for comparison purposes and has been restated to conform to GASB 68 and 71.

Table 2
Statement of Activities
For Years Ended September 30, 2014 and 2015

	2014* As Restated	2015	Percentage Change 2014-2015
Revenues			
Program Revenues			
Charges for Services	$ 2,037,729	$ 1,621,402	(20.4%)
Operating Grants & Contributions	580,212	562,718	(3.0%)
Parking	4,915,693	5,391,272	9.7%
Total Program Revenue	**7,533,634**	**7,575,392**	**0.6%**
General Revenue			
Property Tax Increment	9,171,331	11,826,169	28.9%
Unrestricted Investment Earnings	8,619	11,349	31.7%
Total Revenues	**16,713,584**	**19,412,910**	**16.2%**
Expenses			
Program Expenses			
Community Development	5,512,888	8,782,209	59.3%
Interest on Long-Term Debt	3,076,447	2,990,768	(2.8%)
Parking Facilities	3,454,059	3,515,271	1.8%
Total Program Expenses	**12,043,394**	**15,288,248**	**26.9%**
Increase in Net Position	**4,670,190**	**4,124,662**	

* The 2014 expenses are restated in the table above to report the effect of the implementation of GASB 68/71 on the prior year. Not all information is available to restate 2014 numbers however expenses were reduced by $27,998, the amount that would have been reflected as deferred outflows of resources in the prior year report had the standard been implemented.

Revenues: *Charges for Services* include lease revenues from the Ada County Corridor Project. *Operating Grants & Contributions* include various reimbursements. *Parking* revenues include proceeds generated from operating the parking garages. *General Revenues* include earnings on investments. Overall, total Agency revenues increased $2,699,326 compared with the prior year. Additionally, tax increment revenues increased $2,654,838 compared to fiscal year 2014, reflecting improving economic conditions and higher property values.

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 year 2015 increased $3,244,854. The change in expenses was primarily associated with increased investment in community development, capital outlay and related expenses.

Budgetary Highlights

The fiscal year 2015 budget was amended once during the year. The budget was decreased for amounts related to the timing of capital improvement projects that were continued into the next fiscal year.

Capital Assets

Tables 3 and 4 present the Agency's Capital Assets. During fiscal year 2015, the Agency's parking access and revenue control systems (PARCS) came to its final completion. As a result, a total of $1,871,912 is added to equipment, of which $1,189,513 is transferred from construction in process.

Table 3
Capital Assets Net of Depreciation

	2014	2015	Total Percentage Change 2014-2015
Land	$ 3,943,660	$ 3,943,660	0.0%
Construction in Progress	1,189,513	35,364	(97.0%)
Buildings, Improvements and Equipment	17,156,068	18,243,005	6.3%
Total Assets	**$ 22,289,241**	**$ 22,222,029**	**(0.3%)**

Table 4

Major Capital Additions during Fiscal 2015

Beginning Balance	$ 22,289,241
Capital Additions	
Construction in Progress	35,364
Equipment	1,890,142
Total Capital Additions	1,925,506
Current Year Transfers of	
Construction in Process to Equipment	(1,189,513)
Current Year Depreciation	(803,205)
Ending Balance	$ 22,222,029

Debt Amortization

Table 5 summarizes the principal amounts of the Agency's Long Term Debt (See also Note 6 – Long-Term Debt). The changes in Long-Term Debt represent the scheduled principal payments on that debt.

Table 5
Long-Term Debt

Activity	**Type**	**2014**	**2015**	**Total Dollar Change 2014-2015**
2005 Series	Bond	$ 35,350,000	$ -	$ (35,350,000)
2010 A-1 Series	Bond	1,160,000	-	(1,160,000)
2010 B-1	Bond	6,720,000	6,165,000	(555,000)
2010 C	Note	1,980,000	1,820,000	(160,000)
2011 B	Note	10,805,000	9,935,000	(870,000)
Total		**$ 56,015,000**	**$ 17,920,000**	**$ (38,095,000)**

Economic Factors

With Downtown Boise is in the middle of an unprecedented period of growth and sustained investment, fiscal year 2015 was more about construction projects commencing or continuing than being completed. The Agency is a key participant in many of the developments that comprise multiple use types. Increased property values and new construction on various scales being added to the roll resulted in a 28.9% overall increase in property tax increment revenue for fiscal year 2015.

In the Agency's original urban renewal district, the Central District, the multi-building City Centre Plaza being constructed concurrently with and above Valley Regional Transit's subterranean multi-modal center ("Main Street

Station") is transforming the northeast quadrant of the Grove Plaza superblock. That development will also house the Greater Boise Auditorium District's long-sought expansion. An elevated concourse will connect the two facilities via the interposed Century Link Arena. Those developments are in turn prompting the Agency to renovate its thirty-year-old Grove Plaza, one of the city's premier community spaces. These projects will be completed in 2016, just prior to the termination of the Central District Revenue Allocation Area in Fiscal Year 2018.

The River-Myrtle / Old Boise District is quickly maturing and benefiting from its proximity to the city center and the Boise River. The combined JUMP (Jack's Urban Meeting Place) and Simplot Corporate headquarters development is well on its way to completion. Across 11th Street immediately to the west of the JUMP / Simplot Corporate HQ block, plans are being finalized for a two hotel / office building / parking garage development on Parcel B. The Afton condominium development recently broke ground at 620 S 9th Street in October 2015. The property and the recently-razed derelict warehouse that came with it had been acquired by the Agency a number of years ago in anticipation of attracting just this type of project. The Agency and city are collaborating in substantial public improvements in and around the city's first LIV (Lasting, Innovative, Vibrant) District-designated area – Broad Street from 2nd Street to Capitol Boulevard – that will soon be the home of a new hotel and apartment building with structured parking. Further to the west at 13th and River streets Payette Brewing will renovate an existing building into a brewhouse and corporate offices.

Fiscal Year 2015 was also a good year for the Westside District. Athlos Academies, a charter school service provider, purchased and is in the process of completely renovating the historic CC Anderson / Macy's department store building that has sat empty at 10th and Idaho streets for several years. Using a competitive process, the Agency selected a developer to construct apartments at 14th and Idaho streets. That property is currently owned by the Agency and has been occupied by The WaterCooler small business incubator for the past six years. The Westside District could also soon be home to a new hotel.

The fast-growing, Nampa-based College of Western Idaho's is on the verge of acquiring the long-vacant, former Bob Rice Ford lot at Main Street and Whitewater Boulevard for an Ada County campus will stimulate interest in the young 30th Street District.

Addressing concomitant parking demand with structure parking is an important part of several of the projects.

The Agency is actively engaged with private developers and public agencies to make judicious use of its highly sought-after, catalytic, limited resources.

Further Information Available

This financial report is designed to provide the Agency's citizens, customers, investors and creditors with a general overview of its finances. Contact the Agency at: Capital City Development Corporation, 121 N. 9th Street, Suite 501, Boise, ID 83702, 208-384-4264 (Telephone), 208-384-4267 (Fax), www.ccdcboise.com (Website) with questions about this report or for additional information.

CAPITAL CITY DEVELOPMENT CORPORATION
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Governmental Activities
ASSETS	
Cash and investments	$ 19,095,619
Receivables	
Accounts receivable	315,620
Interest receivable	523
Taxes receivable	13,457,700
Prepaids and deposits	217,190
Restricted cash	3,002,884
Investment in partnership	130,000
Investment in property held for resale or development	4,020,646
Capital assets	
Land, non-depreciable	3,943,660
Construction in progress, non-depreciable	35,364
Buildings, improvements, and equipment, net of accumulated depreciation	18,243,005
TOTAL ASSETS	62,462,211
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on debt refunding	113,404
Deferred outflows related to pensions	331,326
LIABILITIES	
Accounts payable	601,555
Accrued liabilities	88,187
Advanced revenues	15,930
Interest payable	67,667
Capital lease payable	5,282
Refundable deposits	30,000
Advanced lease payments	737,897
Long-term debt	
Current portion	1,660,000
Long-term	16,260,000
Net pension liabilities	476,459
TOTAL LIABILITIES	19,942,977
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property tax	13,457,700
Deferred inflows related to pensions	307,322
NET POSITION	
Net investment in capital assets	16,051,747
Restricted	12,058,944
Unrestricted	1,088,251
TOTAL NET POSITION	$ 29,198,942

CAPITAL CITY DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015

		Program Revenues		
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Community development	$ 8,782,209	$ 1,621,402	$ 562,718	$ -
Interest on long-term debt	2,990,768	-	-	-
Parking facilities	3,515,271	5,391,272	-	-
Total	$ 15,288,248	$ 7,012,674	$ 562,718	$ -

General revenues:
Property tax increment
Unrestricted investment earnings
Total general revenues and transfers

Change in net position

Net position, beginning of year, as restated
Net position, end of year

Net (Expense) Revenue and Changes in Net Position
Governmental Activities
$ (6,598,089)
(2,990,768)
1,876,001
(7,712,856)
11,826,169
11,349
11,837,518
4,124,662
25,074,280
$ 29,198,942

CAPITAL CITY DEVELOPMENT CORPORATION
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General Fund	Debt Service Fund	Central District RA Fund	River Myrtle District RA Fund
ASSETS				
Cash and investments	$ 1,200,000	$ (60,033)	$ 2,404,968	$ 6,262,481
Accounts receivable	24,758	60,033	24,230	51,669
Interest receivable	523	-	-	-
Taxes receivable	-	-	4,350,644	6,489,183
Prepaids	5,798	-	200,000	10,792
Restricted cash	-	-	-	351,626
Investment in partnership	-	-	-	130,000
Investment in property held for resale or development	-	-	-	2,982,287
	$ 1,231,079	$ -	$ 6,979,842	$ 16,278,038
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 44,548	$ -	$ 211,594	$ 37,364
Accrued liabilities	88,187	-	-	-
Advanced revenues	-	-	15,930	-
Refundable deposits	-	-	-	15,000
Total liabilities	132,735	-	227,524	52,364
DEFERRED INFLOWS OF RESOURCES				
Unavailable- property tax	-	-	4,350,644	6,489,183
Total deferred inflows	-	-	4,350,644	6,489,183
FUND BALANCES				
Nonspendable	5,798	-	200,000	2,993,079
Restricted	4,295	-	2,201,674	6,743,412
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	1,088,251	-	-	-
Total fund balances	1,098,344	-	2,401,674	9,736,491
	$ 1,231,079	$ -	$ 6,979,842	$ 16,278,038

Westside District RA Fund	30th Street District RA Fund	Parking Fund	Total Governmental Funds
$ 5,113,716	$ 355,706	$ 3,818,781	$ 19,095,619
3,815	-	151,115	315,620
-	-	-	523
2,278,866	339,007	-	13,457,700
-	600	-	217,190
-	-	2,651,258	3,002,884
-	-	-	130,000
1,038,359	-	-	4,020,646
$ 8,434,756	$ 695,313	$ 6,621,154	$ 40,240,182
$ 81,375	$ 1,062	$ 225,612	$ 601,555
-	-	-	88,187
-	-	-	15,930
15,000	-	-	30,000
96,375	1,062	225,612	735,672
2,278,866	339,007	-	13,457,700
2,278,866	339,007	-	13,457,700
1,038,359	600	-	4,237,836
5,021,156	92,410	2,151,254	16,214,201
-	-	500,000	500,000
-	262,234	3,744,288	4,006,522
-	-	-	1,088,251
6,059,515	355,244	6,395,542	26,046,810
$ 8,434,756	$ 695,313	$ 6,621,154	$ 40,240,182

CAPITAL CITY DEVELOPMENT CORPORATION
RECONCILIATION OF NET POSITION IN THE STATEMENT OF NET POSITION TO THE FUND BALANCE IN THE BALANCE SHEET
SEPTEMBER 30, 2015

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

Total fund balance		$ 26,046,810
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of land	3,943,660	
Cost of construction in progress	35,364	
Cost of buildings, improvements, equipment and artwork	31,970,972	
Accumulated depreciation	(13,727,967)	22,222,029
Capital leases are recorded as liabilities on the Statement of Net Position, but are recorded as expenses as cash payments are made on the Governmental Fund Statements.		(5,282)
Interest is expensed when paid on the Statement of Revenues, Expenditures and Changes in Fund Balances but is accrued as a payable on the Statement of Net Position.		(67,667)
Proceeds from the theatre parking validation agreement were recorded as revenue when received and available on the governmental fund statements however were amortized over the life of the agreement as advanced lease payments on the Statement of Net Position		
Theatre validation proceeds	(1,741,920)	
Revenue amortized to date	1,004,023	(737,897)
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 Position.		
Net pension liability	(476,459)	
Bonds payable - current	(1,660,000)	
Bonds payable - long-term	(16,260,000)	(18,396,459)

CAPITAL CITY DEVELOPMENT CORPORATION
RECONCILIATION OF NET POSITION IN THE STATEMENT OF NET POSITION TO THE FUND BALANCE IN THE BALANCE SHEET
SEPTEMBER 30, 2015

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions:		
Differences between expected and actual experience	175,350	
Changes of assumptions	17,352	
Contributions made subsequent to measurement date	36,421	
Changes in proportionate share	102,203	331,326
Deferred inflows of resources related to pensions:		
Net difference between projected and actual investment earnings on pension plan investments	(250,205)	
Differences between expected and actual experience	(57,117)	(307,322)
Deferred charge on debt refunding		
Deferred economic loss on 2010 B Bonds	51,807	
Deferred economic loss on 2010 C Bonds	61,597	113,404
Net position for governmental activities		$29,198,942

CAPITAL CITY DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Debt Service Fund	Central District RA Fund	River Myrtle District RA Fund
REVENUES				
Lease	$ -	$ 37,082,663	$ 30,150	$ -
Interest	5,844	-	789	1,739
Other	59,260	-	86,752	409,099
Parking	-	-	7,008	-
Revenue allocation funds	-	-	4,009,084	5,597,804
Total revenues	65,104	37,082,663	4,133,783	6,008,642
EXPENDITURES				
Administrative expenses	1,935,963	-	-	-
Operating expenses	439,811	2,100	348,723	330,794
Capital outlay and related expenses	49,237	-	3,375,223	1,706,935
Debt service - principal	-	35,350,000	-	260,850
Debt service - interest	-	1,732,663	84,504	134,085
Total expenditures	2,425,011	37,084,763	3,808,450	2,432,664
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,359,907)	(2,100)	325,333	3,575,978
OTHER FINANCING SOURCES (USES)				
Interfund transfers	2,595,306	2,100	(555,128)	(2,657,974)
NET CHANGE IN FUND BALANCES	235,399	-	(229,795)	918,004
FUND BALANCES, BEGINNING OF YEAR	862,945	-	2,631,469	8,818,487
FUND BALANCES, END OF YEAR	$ 1,098,344	$ -	$ 2,401,674	$ 9,736,491

Westside District RA Fund	30th District RA Fund	Parking Fund	Total Governmental Funds
$ -	$ -	$ 68,164	$ 37,180,977
1,262	60	1,655	11,349
6,632	-	975	562,718
-	-	5,246,112	5,253,120
2,071,072	148,209	-	11,826,169
2,078,966	148,269	5,316,906	54,834,333
-	-	-	1,935,963
56,034	55,859	2,373,194	3,606,515
491,635	-	1,074,865	6,697,895
-	-	2,484,150	38,095,000
-	-	781,537	2,732,789
547,669	55,859	6,713,746	53,068,162
1,531,297	92,410	(1,396,840)	1,766,171
(413,727)	135,996	893,427	-
1,117,570	228,406	(503,413)	1,766,171
4,941,945	126,838	6,898,955	24,280,639
$ 6,059,515	$ 355,244	$ 6,395,542	$ 26,046,810

CAPITAL CITY DEVELOPMENT CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015

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

Net change in fund balances - total governmental funds		$ 1,766,171
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	735,993	
Depreciation	(803,205)	(67,212)
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 Position.		(35,566,583)
Capital leases are recorded as liabilities on the Statement of Net Position, but are recorded as expenses as cash payments are made on the Governmental Fund Statements.		4,124
Proceeds from the prepaid theatre validations were recorded as revenue when received on the Governmental Fund Statements but amortized over the life of the theatre validation agreement for the Statement of Activities and recorded as unavailable revenue on the Statement of Net Position.		145,160
Amortize deferred economic gain (loss) on refunded debt		
Current year loss - 2010 A Refunding	(12,119)	
Current year loss - 2010 B Refunding	(10,350)	
Current year loss - 2010 C Refunding	(12,167)	(34,636)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but a reduction of long-term liabilities in the statement of net position. 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	38,095,000	
Amortization of 2005 premium	734,966	
Amortization of 2005 prepaid interest	(1,183,590)	
Interest expense	225,281	37,871,657

In the Governmental funds, pension contributions are considered an expense, while on the Statement of Activities the contributions are considered a deferred outflow because they are made subsequent to the measurement date. The cost of pension benefits earned net of employee contribution is reported as pension expense.		
Changes in proportionate share - amortization	(22,218)	
Pension expense related to net pension liability	(8,222)	
Pension contributions made subsequent to measurement date	36,421	5,981
Changes in net position of governmental activities		$ 4,124,662

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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. The Agency provides urban renewal services to the City of Boise, (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 the Boise City, Idaho in conformity with generally accepted accounting principles.

The Agency is a component unit of Boise City and its financial activities are discretely presented in the City's basic financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position) 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.

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. Major individual governmental 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. 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.

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 2010 A-1 Refunding Redevelopment Bonds. Any excess revenues may be expended in accordance with the provisions of the Revenue Allocation Law.

River Myrtle District 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 2010 B-1 Refunding Redevelopment Bonds, the 2010 C Revenue Refunding Note and the 2011 B Revenue Refunding Note. Revenues may only be expended in accordance with the provisions of the Revenue Allocation Law.

Westside Revenue District 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.

30th District Revenue Allocation Fund - The 30th Street District accounts for the revenues derived from the revenue allocation area within the 30th Street 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.

Parking Fund – This fund includes the parking activities of the Agency's six parking facilities: Boulevard garage, Capitol Terrace garage, City Centre garage, Eastman garage, Grove Street garage and Myrtle Street garage. The revenues of the Parking Fund are pledged to support the operations of the Fund and the repayment of the Series 2010 A, 2010 B, 2010 C and 2011 B debt. Net parking revenues are otherwise unrestricted and are used for parking system operations and maintenance and are also available for general Agency use.

General Fund – This fund includes the personnel costs for Agency staff, general office operations as well as downtown-wide activities and program delivery.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include: 1) charges for services, or privileges provided, 2) operating grants and contributions (which includes various reimbursements), and 3) capital grants and contributions (which includes reimbursement from Ada County for the courthouse corridor development project). 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.

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.

As of September 30, 2015, Debt Service Fund has a negative balance of $60,033 in Cash and Investments. Civic Partners (Civic), a sub-lessee in the Ada County Courthouse Corridor Project, did not remit the required April 1 and July 1, 2015 Master and Surplus Ground Lease payments totaling $60,033 to the Agency. In July 2015, the Agency transferred $60,033 to Ada County on the assumption that Civic would soon deliver the late payments. However Civic did not cure its default within the allowed time period (nor has it to-date). The Agency was subsequently advised by counsel that it was not liable to Ada County for Civic's lease payments. The Agency recorded a receivable of $60,033 in the Debt Service Fund and a negative cash balance of the same amount as of September 30, 2015. Ada County reimbursed the Agency $60,033 in October 2015. See Note 10 for details on Civic Partners' default.

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.

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 its investments to rated investments. As of September 30, 2015, none of the Agency's investments were rated.

Property Taxes (Tax Increment Revenue) Receivable

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

Available tax proceeds include property tax receivables expected to be collected within sixty days after year end. Property taxes attach as liens on properties on January 1, and are levied in September of each year. Tax notices are sent to taxpayers during November, with tax payments scheduled to be collected on or before December 20. Taxpayers may pay all or one half of their tax liability on or before December 20, and if one half of the amount is paid, they may pay the remaining balance by the following June 20. 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 unearned 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 of $4,009,084, $5,597,804, $2,071,072 and $148,209 from Central District, River Myrtle District, and Westside District, and 30th Street 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. Based on management's review of accounts receivable, no allowance was deemed necessary as of September 30, 2015.

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. In furtherance of the Agency's purpose of redeveloping downtown Boise, these properties may be disposed of for consideration that is substantially less than carrying value.

Deferred Outflows/Inflows of Resources and Unavailable Revenue

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency has two items that qualify for reporting in this category. The first item is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is the deferred inflows related to pensions reported in the government-wide Statement of Net Position. This item is newly added in fiscal year 2015 to report the effect of the implementation of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27* (GASB 68). See Note 7 for details of deferred inflows related to pensions.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods, so will not be recognized as an inflow of resources (revenue) until that time. The Agency has two items that qualify for reporting in this category. The first item, unavailable revenue, is reported in the governmental funds and government-wide Balance Sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is the deferred inflows related to pensions reported in the government-wide Statement of Net Position. This item is newly added in fiscal year 2015 to report the effect of the implementation of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27* (GASB 68). See Note 7 for details of deferred inflows related to pensions.

Fund Equity

The Agency established accounting policies related to GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement redefines the elements of fund balance in governmental funds and more clearly describes the different types of governmental funds to make the nature and extent of the constraints placed on a government's fund balance more transparent. Accordingly, the beginning fund balance of certain governmental funds have been restated. The governmental fund types classify fund balances as follows:

Fund balance is reported as nonspendable when the resources cannot be spent because they are either legally or contractually required to be maintained intact, or are in a nonspendable form such as inventories, prepaid accounts, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments: or (b) imposed by law through constitutional provisions or enabling legislation.

Fund Balance is reported as committed when the Agency Board of Commissioners passes an ordinance or resolution that places specific constraints on how the resources may be used. The Board of Commissioners can modify or rescind the ordinance or resolution at any time through passage of an additional ordinance or resolution, respectively.

Fund Balance is reported as assigned when it is intended for a specific purpose and the authority to "assign" is delegated to the Agency's Executive Director.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

The Board of Commissioners is the Agency's highest level of decision making authority. The Board adopted the Fund Balance Policy that recommends a spending order of restricted, committed, assigned and then unassigned unless the Board approves otherwise.

Per the guidance in the policy, the Board established that an emergency repair reserve in the minimum amount of $500,000 shall be on hand as of September 30th of each fiscal year in the Parking fund. Funds within this reserve may be used intra-fiscal year for unforeseen, non-routine repair and maintenance expenditures in the garages when failure to do such repair and maintenance could adversely affect life safety or the ability to operate the garage(s) normally in the immediate future. The Board will evaluate the emergency repair reserve amount as part of each fiscal year's budget process and may amend the amount by resolution as it deems appropriate. The balance in the Parking Emergency Repair Reserve fund as of September 30, 2015 was $500,000.

The Board further determined that it may be appropriate to set aside funds apart from working capital for a future project or initiative pursuant generally to the budget and related documents such as the capital improvement plan and parking reinvestment program. The Board delegated its authority to assign funds in this manner to the Executive Director. As of September 30, 2015, $3,744,288 and $262,234 was assigned in the Parking fund and 30th Street District Fund, respectively, for parking reinvestment projects and commitments budgeted in fiscal year 2016. Assigned funds in the 30th street district were a result of a cash transfer from parking revenue to help stimulate the new district.

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 net pension liability. It is reasonably possible that the significant estimates used will change within the next year.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Impact of Recently Issued Accounting Principles

During 2015, the Agency implemented GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27.* GASB 68 improves the way state and local governments report pension liabilities and expenses in order to have a more realistic representation of the complete impact of pension obligations, to improve the decision-usefulness of the reported information and to increase transparency, consistency and comparability of pension information across governmental units. This statement requires that state and local governmental employers place their proportion of the net pension liability as well as deferred outflows and deferred inflows of resources related to pensions on their financial statements. See Note 7 and Note 12 for the effect of the implementation GASB 68 had on the Agency's financial statements.

During 2015, the Agency also implemented GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement 68.* GASB 71 modifies guidance in GASB 68, eliminating a potential source of understatement of beginning net position and expense in the first year of implementation. The potential understatement relates to contributions made by a state or local government employer to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The statement requires that, at transition, an employer must recognize a deferred outflow of resources for contributions made to a pension plan subsequent to the measurement date of the net pension liability and before the end of the prior reporting period. See Note 7 and Note 12 for the effect of the implementation GASB 71 had on the Agency's financial statements.

NOTE 2 – INVESTMENTS

Funds in the Local Government Investment Pool are invested in accordance with Section 67-1210 and Section 67-1210a of the Idaho code with safety of principal as the foremost objective of the investment program. The LGIP is a low risk investment pool with high liquidity and is regulated by Idaho Code under the oversight of the Treasurer of the State of Idaho. The LGIP was unrated as of September 30, 2015.

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 its investments. As of September 30, 2015, 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	$ 3,015,356	$ 3,015,356	$ -	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 Agency's total investments.

At year end, the carrying amount of the Agency's deposits was $19,083,147 and the bank balance was $19,597,086. Of the bank balance $250,000 was covered by federal depository insurance; in addition Federal Home Loan Bank of Cincinnati issued a letter of credit that would allow the Agency to draw up to $25,000,000 or the amount of the deposit balance, in the event of bank default. All cash is held in national financial institutions located in Ada County.

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. The Agency has recorded the investment on a 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

The Agency has four revenue allocation funds, one for each of its four revenue allocation districts. Title 50, Chapter 20 of the Idaho code delineates the purposes for which revenue allocation funds may be spent by urban renewal agencies, along with the purposes set forth in the Agency's several urban renewal plans. Since the use of funds is proscribed in statute, the fund balance of the revenue allocation funds is considered restricted under the definitions provided in GASB Statement 54. Therefore, fund balance in its entirety is reported as restricted on the fund financial statements. Restricted fund balances as of September 30, 2015 for Central, River Myrtle, Westside and 30th Street are $2,201,674, $6,743,412, $5,021,156, and $92,410, respectively. The restricted balance in the Parking fund is $2,151,254 and is restricted for reserves on the outstanding bonds. The restricted balance in the General Fund is $4,295 and is restricted for a grant designated for a specific purpose.

Restricted assets consist of cash and investments 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.

NOTE 4 – INTERFUND TRANSFERS

Interfund transfers are made for two primary purposes. Transfers are made as a method of allocating the costs of program operations to their respective funds. The program operations costs are shown in the General Fund. Transfers are also made from the revenue allocation funds to the parking fund to cover the debt service payments on the bonds.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows:

	September 30, 2014	Additions	Deletions	September 30, 2015
Governmental Activities				
Capital assets, not depreciated				
Land	$ 3,943,660	$ -	$ -	$ 3,943,660
Construction in progress	1,189,513	35,364	(1,189,513)	35,364
	5,133,173	35,364	(1,189,513)	3,979,024
Capital assets, depreciated				
Buildings	27,110,936	-	-	27,110,936
Improvements other than buildings	2,732,495	1,882,715	-	4,615,210
Equipment	237,399	7,427	-	244,826
Total	30,080,830	1,890,142	-	31,970,972
Less accumulated depreciation				
Buildings	(10,948,992)	(565,705)	-	(11,514,697)
Improvements other than buildings	(1,804,510)	(210,523)	-	(2,015,033)
Equipment	(171,260)	(26,977)	-	(198,237)
Total	(12,924,762)	(803,205)	-	(13,727,967)
Total depreciated capital assets, net	17,156,068	1,086,937	-	18,243,005
Governmental activities capital assets, net	$ 22,289,241	$ 1,122,301	$ (1,189,513)	$ 22,222,029

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

Governmental Activities	
General Government	$ 803,205

NOTE 6 – LONG-TERM DEBT

At September 30, 2015, long-term debt consists of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Government activities					
2005 Series	$ 35,350,000	$ -	$ (35,350,000)	$ -	$ -
2010 A-1	1,160,000	-	(1,160,000)	-	-
2010 B-1	6,720,000	-	(555,000)	6,165,000	580,000
2010 C	1,980,000	-	(160,000)	1,820,000	170,000
2011 B	10,805,000	-	(870,000)	9,935,000	910,000
	$ 56,015,000	$ -	$ (38,095,000)	$ 17,920,000	$ 1,660,000

Parking Revenue and Revenue Allocation Bonds:	
2010 B-1	$ 6,165,000
2010C	1,820,000
2011B	9,935,000
	$ 17,920,000

The 2005 Series bonds bear interest at rates between 4.162% and 5.24%. In fiscal year 2015, the Agency, at the direction of Ada County, exercised its option to redeem on August 15, 2015 all of the Agency's outstanding 2005 Series County Courthouse Corridor Project bonds maturing on and after August 1, 2016 at the redemption price of 100% of the principal amount plus accrued interest to redemption date.

The Series 2010 A-1 are tax exempt fixed rate bonds with a rate of 2.81% that matured on September 1, 2015.

The Series 2010 B-1 are tax exempt fixed rate bonds with a rate of 4.25% that mature on September 1, 2024.

The 2010 C Revenue Refunding Note was issued through the Boise City Housing Authority, is tax exempt, has a fixed rate of 4.29% and matures on September 1, 2024.

The 2011 B Revenue Refunding Note was issued through the Boise City Housing Authority, is tax exempt but subject to the alternative minimum tax and has a fixed rate of 4.75% and matures on September 1, 2024.

There are certain restrictive covenants, coverage requirements and ratios associated with the Agency's bonds and notes. As of September 30, 2015 the Agency is compliance with these requirements.

The annual requirements to retire the debt for the 2010 B-1 bonds and the 2010 C and 2011 B notes as of September 30, 2015 are shown below.

	Governmental Activities	
	Principal	Interest
2016	$ 1,660,000	$ 812,003
2017	1,730,000	736,835
2018	1,810,000	658,465
2019	1,895,000	576,466
2020	1,975,000	490,626
2021-2025	8,850,000	1,024,887
Total	$ 17,920,000	$ 4,299,282

NOTE 7 – PENSION PLAN

Plan Description

The Agency contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.
Amounts in parenthesis represent police/firefighters.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by stature at 60% (72%) of the employer rate. As of June 30, 2015 it was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. The Agency's contributions were $124,326 for the year ended September 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At September 30, 2015, the Agency reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on the Agency's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At July 1, 2015, the Agency's proportion was 0.000361820.

For the year ended September 30, 2015, the Agency recognized pension expense of $117,164. At September 30, 2015, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 175,350	$ 57,117
Changes in assumptions or other inputs	17,352	-
Net difference between projected and actual earnings on pension plan investments	-	250,205
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	102,203	-
Agency's contributions subsequent to the measurement date	36,421	-
Total	$ 331,326	$ 307,322

$36,421 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2013 the beginning of the measurement period ended June 30, 2014 is 5.6 years and determined at July 1, 2014 the beginning of the measurement period ended June 30, 2015 is 5.5 years. The amortization of the net difference projected and actual investment earnings on pension plan investment is amortized over a closed 5 year period inclusive of this fiscal year.

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

2016	$ (26,656)
2017	(26,656)
2018	(26,656)
2019	57,693
2020	9,858

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary increases	4.25 - 10.00 percent
Salary inflation	3.75 percent
Investment rate of return	7.10 percent, net of pension plan investment expenses
Cost-of-living adjustments	1.0 percent

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed in 2012 for the period July 1, 2007 through June 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2015 is based on the results of an actuarial valuation date of July 1, 2015.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System’s asset allocation. The assumptions and the System’s formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System’s assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2014.

Asset Class	Index	Target Allocation	Long-Term Expected Real Rate of Return*
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI ACWI ex USA	15.00%	7.55%

*Arithmetic return

Actuarial Assumptions	
Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	0.40%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	7.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	$ 1,160,479	$ 476,458	$ (92,214)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the Pension Plan

At September 30, 2015, the Agency reported payables to the defined benefit pension plan of $1,524 for legally required employer contributions and $0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 8 – LEASES

Advance Lease Payments

In 2008, the Agency entered into an agreement with Bodo Development, LLC to provide theatre parking validation through November 30, 2020. All funds for this agreement were received by the Agency in the initial year of the agreement. This revenue is being amortized ratably over the life of the agreement on the government-wide financial statements.

Lease Expense

The Agency is a party to the following operating leases:

The Agency entered into the lease for its office space on October 1, 2015. The lease term expires on September 30, 2018. Monthly rent is $9,838 for the first year, $10,132 for the second year and $10,437 for the third year.

The Agency entered into the lease for Trailhead office space on February 1, 2015. The lease term expires on January 31, 2020. Monthly rent is $12,210 for the first year, $12,479 for the second year, $12,754 for the third year, $13,042 for the fourth year and $13,330 for the fifth year.

The Agency entered into the lease for the 30th Street District office space on October 15, 2015. The lease term expires on April 15, 2016. Monthly rent is $600.

The Agency is a party to the following capital lease:

The Agency entered into a lease for its copier in September 2013. The lease has a term of thirty nine months and expires on November 30, 2016. The monthly rent is $398. The lease qualifies as a capital lease. The original amount and accumulated depreciation are as follows:

Copier capital lease agreement	$	13,492
Accumulated depreciation		8,649
	$	4,843

The payout schedule is as follows:

2016	$	4,776
2017		796
Less amount representing interest		(290)
	$	5,282

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 Ada County Courthouse Corridor 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 the Series 2005 bonds. 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. In fiscal year 2015, the Agency, at the direction of Ada County, exercised its option to redeem on August 15, 2015 all of the Agency’s outstanding 2005 Series County Courthouse Project bonds maturing on and after August 1, 2016 at the redemption price of 100% of the principal amount plus accrued interest to redemption date. Upon the redemption of the bonds, Ada County purchased the facilities from the Agency for $1.

	Master Ground Lease	Office Facility
2016	$ 200,155	$ 270,324
2017	232,932	273,527
2018	237,364	280,587
2019	244,888	158,804
2020	272,568	53,318
2021-2025	1,597,666	-
2026-2030	1,709,141	-
2031-2035	549,105	-
2036-2040	636,569	-
2041-2045	737,954	-
2046-2050	855,480	-
2051-2055	991,746	-
2056-2060	1,149,708	-
2061-2065	1,332,826	-
2066-2070	1,545,108	-
2071-2075	1,791,205	-
2076-2080	2,076,498	-
2081-2085	2,407,235	-
2086-2090	2,790,640	-
2091-2095	3,235,120	-
2096-2098	1,809,908	-
Total	$ 26,403,816	$ 1,036,560

Total lease expense for the year ended September 30, 2015 was $37,343,639, of which $37,082,663 was related to the Ada County master ground lease obligations for the bond payoff.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Agency agreed to take responsibility for the local match requirement for the Federal Transit Administration grant for the construction of the multi-modal center (newly named Main Street Station). The grant that is administered through Valley Regional Transit. The local match responsibility was previously the obligation of Boise City. The total local match requirement may be up to $2,392,508. Of this total requirement, $1,820,659 has already been met, leaving a remaining maximum match commitment of $571,849. If the actual match is less than $571,849, the Agency will provide funding up to a total of $571,849 inclusive of the grant match to other projects identified in the Downtown Mobility Study.

The Agency entered into an Owners Participation Agreement (OPA) and related agreements with the Gardner Company, the developer of the completed 8th and Main Building - an 18 floor office building with a developer-estimated value of $50 to $60+ million – in the Central District. The Agency's financial participation is an anticipated amount not to exceed $4 million of public improvements and site remediation. The OPA sets out conditions of performance the developer must meet to become eligible for Agency financial participation. During fiscal year ended September 30 2015, the first payment of $1 million has been made.

The Agency entered into an Owners Participation Agreement (OPA) and related agreements with Owyhee Place, LLC. The now completed project is the renovation of two existing historical structures in the Westside District with a completion value estimated by the developer at $12 million. The Agency's financial participation is an anticipated amount not to exceed $700,000 for public improvements and site remediation. The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. During fiscal year ended September 30 2015, no payments have been made.

The Agency entered into a sponsorship agreement with Valley Regional Transit (VRT) for Boise Bike Share. VRT owns and operates Boise Bike Share, which includes fee-operated bike share stations forming an urban alternative transportation network in the greater downtown Boise area. The total sponsorship fee is $30,000 with $10,000 payable each year from 2015 to 2017. During fiscal year ended September 30, 2015, the first payment of $10,000 has been made.

The Agency entered into an Owners Participation Agreement (OPA) and related agreements with City of Boise. The project is the extension and improvement of the geothermal system in the River Myrtle District. The Agency's financial participation is an anticipated amount not to exceed $500,000 for public infrastructure improvements. The OPA sets out conditions the City must meet to become eligible for Agency financial participation. During fiscal year ended September 30, 2015, a total of $20,102 has been made.

The Agency entered into an Owners Participation Agreement (OPA) and related agreements with Gardner Company, the developer of the City Center Plaza – a multi-building development currently under construction between the existing Gardner-owned, 19-story US Bank Plaza and the Agency-owned Grove Plaza with a developer-estimated value of $74 million – in the Central District. The Agency's financial participation is an anticipated amount not to exceed $770,000 of public improvements, site remediation and tree replacements. The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. During fiscal year ended September 30, 2015, a total of $506,434 has been made.

The Agency entered into an Owners Participation Agreement (OPA) and related agreements with Inn at 500 Capitol, LLC, the developer of the Inn at 500 Capitol Hotel – currently under construction a 6-story boutique hotel of approximately 110 hotel rooms, conference and meeting rooms, wellness center, 26 space first floor parking garage and a 100 seat restaurant in the River Myrtle District. The project is estimated by the developer to have a total value of $24 million upon completion. The Agency's financial participation is an anticipated amount not to exceed $467,435 for public improvements. The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. During fiscal year ended September 30, 2015, no payments have been made.

The Agency entered into a Memorandum of Understanding (MOU) and related agreements with the City of Boise for the Trailhead Business Accelerator project. The Agency and the City have been working together to encourage private investment within the city by facilitating business education, connecting entrepreneurs to resources, and working to increase the interaction between entrepreneurs and local businesses located in downtown Boise. Trailhead Business Accelerator was established in February 2015 by the Agency and the City to accomplish this goal. The Agency agreed to take responsibility for the rent and maintenance of the office space occupied by Trailhead at 500 South 8th Street. See Note 8 for details of the lease for Trailhead office space. During the fiscal year ended September 30, 2015, a total of $88,769 has been made for rent and maintenances.

NOTE 10 – SIGNIFICANT CONTRACTUAL AGREEMENTS

The Agency is party to numerous agreements related to the development of the parcels in the Ada County Courthouse Corridor. In 2011, the various agreements were amended to facilitate the refunding of the 2002 B bonds with the 2011 B Revenue Refunding Note. The Business Terms Sheet/Funds Flow calculation was one of the agreements amended. Under the terms of the amended agreement, the tax increment guarantee for the Idaho Place parcels was restated as $245,000 for fiscal year 2011, increasing 3% each year thereafter through fiscal year 2024. The developer will receive credit against the guarantee amount for any actual increment received from the subject parcels. The supplemental rent obligation on the apartment parcels in the Courthouse Corridor is stated in the Business Terms Sheet as $289,865 for fiscal year 2011, increasing 3% each year thereafter through fiscal year 2024. The developer will receive credit against the supplemental rent amount for any actual increment received from the apartment parcels. During fiscal year 2015, the tax increment guarantee and supplemental rent obligations in the amounts of $24,058 and $167,890 were received in full.

As part of the Ada County Courthouse Corridor project ("Courthouse Project") and under the terms of the associated Second Amended and Restated Master Sublease, the Agency subleased two parcels (parcels 4 and 5) to Civic Partners Idaho, LLC ("Civic"). Similarly, under the terms of the Amended and Restated Parcel 1 Sublease, the Agency subleased two Courthouse Project condominium units (units 401 and 102) to Civic. Civic failed to make the April 1, 2015 and July 1, 2015 quarterly lease payments as required by the agreements and failed to timely cure the defaults. The Agency declared the leases terminated on October 2, 2015 and initiated action to take possession of the properties as permitted under the leases.

NOTE 11 – PLEDGED REVENUES

The Agency has certain long-term debt obligations for which revenues have been pledged. The Agency issued the Series 2010 A bonds to refund the 1995A, 1995 B, 1998 and 1999 bonds. Amounts in the 2010 A bond fund are pledged to support this debt. One twelfth of the annual debt service is to be deposited into the bond fund each month. The source revenues for the deposits into the bond fund are revenue allocation from the Central District and parking revenues from the parking system. The 2010 A bonds matured in 2015. The bond fund was pledged until the bonds matured. For the year ended September 30, 2015 the total debt service on these bonds was $1,192,155.

The Agency issued the Series 2010 B bonds to refund the 2004 A and 2004 B bonds. Amounts in the 2010 B bond fund are pledged to support this debt. One twelfth of the annual debt service is to be deposited into the bond fund each month. The source revenues for the deposits into the bond fund are revenue allocation from the River Myrtle District and parking revenues from the parking system. The 2010 B bonds mature in 2024. The bond fund is pledged until the bonds mature. For the year ended September 30, 2015, the total debt service on these bonds was $840,287.
The Agency issued the Series 2010 C Revenue Refunding Note to refund the 2002 C bonds. Amounts in the 2010 C note fund are pledged to support this debt. One twelfth of the annual debt service is to be deposited into the note fund each month. The source revenues for the deposits into the note fund are revenue allocation from the River Myrtle District and parking revenues from the parking system. The 2010 B Revenue Refunding Note matures in 2024. The bond fund is pledged until the bonds mature. For the year ended September 30, 2015, the total debt service on this note was $244,942.

The Agency issued the Series 2011 B Revenue Refunding Note to refund the 2002 B bonds. Amounts in the 2011 B note fund are pledged to support this debt. One twelfth of the annual debt service is to be deposited into the note fund each month. The source revenues for the deposits into the note fund are revenue allocation from the River Myrtle

District and parking revenues from the parking system. The 2011 B Revenue Refunding Note matures in 2024. The bond fund is pledged until the bonds mature. For the year ended September 30, 2015, the total debt service on this note was $1,383,238.

NOTE 12 – ADOPTION OF NEW ACCOUNTING STANDARD

During the year ended September 30, 2015 the Agency implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statements No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement 68.* As a result, net pension liability, related deferred outflows and deferred inflows of resources were recorded on the Statement of Net Position. As a result of the change in the accounting principle, beginning net position, the change in net position, and ending net position for the year ended September 30, 2014 have been restated as follows:

Net Position, End of Year - As Previously Stated	$ 25,532,715
Prior period adjustment - Implementation GASB 68/71:	
Net pension liability	(212,103)
Deferred Outflows of Resources - Contributions	27,998
Deferred Outflows of Resources - Changes of Assumptions	17,656
Deferred Inflows of Resources - Net Difference Between Projected and Actual	(265,657)
Deferred Inflows of Resources - Differences Between Expected and Actual Experience	(26,329)
Total adjustments as of September 30, 2014	(458,435)
Net Position, End of Year - As Restated	$ 25,074,280

NOTE 13 – SUBSEQUENT EVENTS

Subsequent to September 30, 2015, the following events occurred:

On October 1, 2015, the Agency issued a $5 million Redevelopment Bond, Series 2015, to provide funds (i) to make a grant to Valley Regional Transit (VRT) to enable VRT to pay a portion of the costs of the acquisition and construction of the Main Street Station, a multi modal below ground public transit center, (ii) for improvements to and the renovation of the Grove Plaza, a public plaza owned by the Agency and (iii) for improvements to and the renovation of the Boise City Hall Plaza with a parking garage located beneath such Plaza. All three projects are in the Agency's Central Urban Renewal District.

On October 7, 2015, the Agency transferred ownership of the 611 S. 8th Street property to 620 S. 9th Street LLC, developer of The Afton at the sales price of $765,000. The Afton Project is an approximately 166,610 square foot mixed-use condominium project located in the Agency's River Myrtle Urban Renewal District. The overall Afton Project is proposed to be disposed of and developed in two phases with each phase containing a 6-story building. This ownership transfer on October 7th was for Phase I which is scheduled to begin construction in the fall of 2015 and is expected to be completed in the fall of 2016. At the completion of construction of each Phase and the issuance of a certificate of completion by the Agency, the adjusted parcel sales price shall be one dollar for each Phase as per the reuse appraisal. The difference between the original sales price and the adjusted sales price will be remitted to the Developer, as set forth in the Disposition & Development Agreement.

CAPITAL CITY DEVELOPMENT CORPORATION

REQUIRED SUPPLEMENTARY INFORMATION

CAPITAL CITY DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015

	General Fund			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Interest	$ -	$ -	$ 5,844	$ 5,844
Other	30,700	30,700	59,260	28,560
Total revenues	30,700	30,700	65,104	34,404
EXPENDITURES				
Operating and administrative expenses	2,655,904	2,608,993	2,375,774	233,219
Capital outlay and related expenses	46,300	58,800	49,237	9,563
Total expenditures	2,702,204	2,667,793	2,425,011	242,782
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,671,504)	(2,637,093)	(2,359,907)	277,186
OTHER FINANCING SOURCES				
Interfund transfers	2,965,300	2,837,093	2,595,306	(241,787)
NET CHANGE IN FUND BALANCES	293,796	200,000	235,399	35,399
FUND BALANCES, BEGINNING OF YEAR	862,945	862,945	862,945	-
FUND BALANCES, END OF YEAR	$ 1,156,741	$ 1,062,945	$ 1,098,344	$ 35,399

CAPITAL CITY DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015

	Central District RA Fund			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Lease	$ 3,000	$ 30,000	$ 30,150	$ 150
Interest	-	-	789	789
Other	22,500	94,700	86,752	(7,948)
Parking revenues	10,000	10,000	7,008	(2,992)
Revenue allocation funds	3,800,000	3,800,000	4,009,084	209,084
Total revenues	3,835,500	3,934,700	4,133,783	199,083
EXPENDITURES				
Operating expenses	670,100	558,370	348,723	209,647
Capital outlay and related expenses	6,139,000	3,600,333	3,375,223	225,110
Debt service - principal	-	-	-	-
Debt service - interest & fees	-	-	84,504	(84,504)
Total expenditures	6,809,100	4,158,703	3,808,450	350,253
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,973,600)	(224,003)	325,333	549,336
OTHER FINANCING USES				
Interfund transfers	(749,840)	(606,274)	(555,128)	51,146
Net proceeds and payoffs, refunded debt	3,000,000	-	-	-
TOTAL OTHER FINANCING USES	2,250,160	(606,274)	(555,128)	51,146
NET CHANGE IN FUND BALANCES	(723,440)	(830,277)	(229,795)	600,482
FUND BALANCES, BEGINNING OF YEAR	2,631,469	2,631,469	2,631,469	-
FUND BALANCES, END OF YEAR	$ 1,908,029	$ 1,801,192	$ 2,401,674	$ 600,482

CAPITAL CITY DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015

	River Myrtle District RA Fund			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Interest	$ -	$ -	$ 1,739	$ 1,739
Other	359,500	403,028	409,099	6,071
Revenue allocation funds	5,200,000	5,292,000	5,597,804	305,804
Total revenues	5,559,500	5,695,028	6,008,642	313,614
EXPENDITURES				
Operating expenses	330,800	418,114	330,794	87,320
Capital outlay and related expenses	6,140,500	1,785,000	1,706,935	78,065
Debt service - principal	261,829	260,850	260,850	-
Debt service -interest	450,308	451,232	134,085	317,147
Total expenditures	7,183,437	2,915,196	2,432,664	482,532
EXCESS OF REVENUES OVER EXPENDITURES	(1,623,937)	2,779,832	3,575,978	796,146
OTHER FINANCING SOURCES (USES)				
Interfund transfers	(2,635,430)	(2,713,610)	(2,657,974)	55,636
Net proceeds and payoffs, refunded debt	2,000,000	-	-	-
TOTAL OTHER FINANCING USES	(635,430)	(2,713,610)	(2,657,974)	55,636
NET CHANGE IN FUND BALANCES	(2,259,367)	66,222	918,004	851,782
FUND BALANCES, BEGINNING OF YEAR	8,818,487	8,818,487	8,818,487	-
FUND BALANCES, END OF YEAR	$ 6,559,120	$ 8,884,709	$ 9,736,491	$ 851,782

See Notes to Required Supplementary Information

CAPITAL CITY DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015

	Westside District RA Fund			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Interest	$ -	$ -	$ 1,262	$ 1,262
Other	4,500	4,500	6,632	2,132
Revenue allocation funds	1,900,000	1,900,000	2,071,072	171,072
Total revenues	1,904,500	1,904,500	2,078,966	174,466
EXPENDITURES				
Operating expenses	164,350	171,610	56,034	115,576
Capital outlay and related expenses	5,185,800	972,400	491,635	480,765
Total expenditures	5,350,150	1,144,010	547,669	596,341
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,445,650)	760,490	1,531,297	770,807
OTHER FINANCING SOURCES (USES)				
Interfund transfers	(605,640)	(440,927)	(413,727)	27,200
Net proceeds and payoffs, refunded debt	2,000,000	-	-	-
TOTAL OTHER FINANCING USES	1,394,360	(440,927)	(413,727)	27,200
NET CHANGE IN FUND BALANCES	(2,051,290)	319,563	1,117,570	798,007
FUND BALANCES, BEGINNING OF YEAR	4,941,945	4,941,945	4,941,945	-
FUND BALANCES, END OF YEAR	$ 2,890,655	$ 5,261,508	$ 6,059,515	$ 798,007

CAPITAL CITY DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015

	30th Street District RA Fund			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Interest	$ -	$ -	$ 60	$ 60
Revenue allocation funds	140,000	140,000	148,209	8,209
Total revenues	140,000	140,000	148,269	8,269
EXPENDITURES				
Operating expenses	51,000	64,200	55,859	8,341
Capital outlay and related expenses	190,000	90,000	-	90,000
Total expenditures	241,000	154,200	55,859	98,341
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(101,000)	(14,200)	92,410	106,610
OTHER FINANCING SOURCES (USES)				
Interfund transfers	163,480	112,210	135,996	23,786
NET CHANGE IN FUND BALANCES	62,480	98,010	228,406	130,396
FUND BALANCES, BEGINNING OF YEAR	126,838	126,838	126,838	-
FUND BALANCES, END OF YEAR	$ 189,318	$ 224,848	$ 355,244	$ 130,396

See Notes to Required Supplementary Information

CAPITAL CITY DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015

	Parking Fund			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Lease	$ 68,000	$ 70,000	$ 68,164	$ (1,836)
Interest	-	-	1,655	1,655
Other	-	-	975	975
Parking revenues	5,047,255	5,077,574	5,246,112	168,538
Total revenues	5,115,255	5,147,574	5,316,906	169,332
EXPENDITURES				
Operating expenses	2,452,065	2,472,141	2,373,194	98,947
Capital outlay and related expenses	1,662,000	1,249,000	1,074,865	174,135
Debt service - principal	2,392,754	2,484,150	2,484,150	-
Debt service - interest and fees	872,270	864,428	781,537	82,891
Total expenditures	7,379,089	7,069,719	6,713,746	355,973
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,263,834)	(1,922,145)	(1,396,840)	525,305
OTHER FINANCING SOURCES (USES)				
Interfund transfers	860,030	809,408	893,427	84,019
NET CHANGE IN FUND BALANCES	(1,403,804)	(1,112,737)	(503,413)	609,324
FUND BALANCES, BEGINNING OF YEAR	6,898,955	6,898,955	6,898,955	-
FUND BALANCES, END OF YEAR	$ 5,495,151	$ 5,786,218	$ 6,395,542	$ 609,324

Schedule of Employer's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years*

		2015
Employer's portion of net of the pension liability		0.0361820%
Employer's proportionate share of the net pension liability	$	476,459
Employer's covered-employee payroll	$	1,035,703
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll		46.00%
Plan fiduciary net position as a percentage of the total pension liability		91.38%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Agency will present information for those use for which information is available.

Data reported is measured as of July 1, 2015 (measurement date).

Schedule of Employer Contributions
PERSI - Base Plan
Last 10 - Fiscal Years*

		2015
Statutorily required contribution	$	118,352
Contributions in relation to the statutorily required contribution	$	(116,231)
Contribution (deficiency) excess	$	2,121
Employer's covered-employee payroll	$	1,096,499
Contributions as a percentage of covered-employee payroll		10.60%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Agency will present information for those use for which information is available.

Data reported is measured as of September 30, 2015.

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 Commissioners 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 Commissioners at the August meeting.
5. The proposed budget is published for public review.
6. The Board of Commissioners holds a public hearing on the budget.
7. The proposed budget is adopted by the Board of Commissioners 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 Commissioners.

NOTE 2 – AMENDED BUDGET

The fiscal year 2015 budget was amended once during the year to reflect a restatement of appropriations in the adopted and amended budget.

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of Capital City Development Corporation (the Agency), a component unit of Boise City, Idaho, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated January 04, 2016. An explanatory paragraph was included in the auditor's report to emphasize the implementation of GASB No. 68 and GASB No. 71.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Agency's internal control.

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

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

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

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

Eide Bailly LLP

Boise, Idaho
January 04, 2016