



Financial Statements  
September 30, 2019

# Capital City Development Corporation

# CAPITAL CITY DEVELOPMENT CORPORATION

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## 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), as of and for the year ended September 30, 2019 and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 respective financial position of the governmental activities and each major fund of Capital City Development Corporation, as of September 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 March 2, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



Boise, Idaho  
March 2, 2020

**CAPITAL CITY DEVELOPMENT CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2019**

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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, 2019. 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 2019 by \$54,494,787. Of this total, \$20,995,763 is invested in capital assets (net of debt).
- At fiscal year close, the Agency's governmental funds reported a combined ending fund balance of \$49,489,830, of which \$48,369,996 is nonspendable, restricted, committed or assigned.
- During fiscal year 2019 the Agency's expenses were \$20,769,255 compared to the \$19,648,000 reported in 2018. The change was primarily due to the increase in community development expenses.
- Total revenues decreased by \$1,515,457. The decrease is mainly due to the fact that Central District terminated at the end of fiscal year 2018 and no more revenues were received in 2019 and beyond.
- Interest and fees expense on long-term debt in governmental activities decreased by \$142,895 compared with fiscal year 2018. In fiscal year 2019, no refunding or early redemption occurred.
- The Agency's key revenues are parking revenues and revenue allocation district revenues (tax increment revenue). Parking revenues increased \$787,361 primarily due to: 1) increased parking activity and 2) the first full year 11<sup>th</sup> & Front parking garage was open for business. Revenue allocation funds decreased about 16.1% or \$2,896,113 in fiscal year 2019 as compared to the prior year due to the termination of Central District at the end of fiscal year 2018.

**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 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.

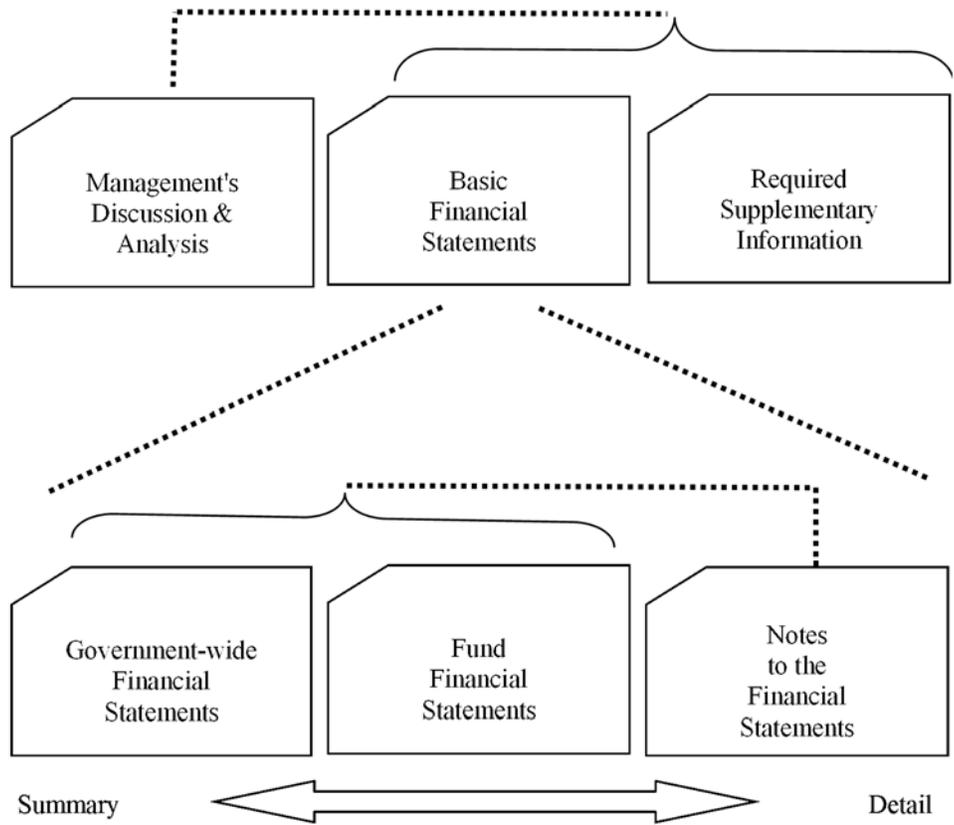
**CAPITAL CITY DEVELOPMENT CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed 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.

**Figure A - Required Components of CCDC Annual Financial Report**



**CAPITAL CITY DEVELOPMENT CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2019**

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Figure B identifies the presentation of the Agency's financial statements.

**Figure B - 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.

**CAPITAL CITY DEVELOPMENT CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2019**

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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 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 2019. 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 nine Governmental funds: Debt Service Fund (Ada County Courthouse Ground Lease Agreements), Central District Revenue Allocation Fund (urban renewal activities), River-Myrtle/Old Boise District Revenue Allocation Fund (urban renewal activities), Westside District Revenue Allocation Fund (urban renewal activities), 30<sup>th</sup> Street District Revenue Allocation Fund (urban renewal activities), Shoreline District Revenue Allocation Fund (urban renewal activities), Gateway East 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.

**Entity-Wide Financial Analysis**

Table 1 reflects the condensed fiscal year 2019 and fiscal year 2018 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 \$3,985,702 compared to fiscal year 2018.

**CAPITAL CITY DEVELOPMENT CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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Table 1  
Statement of Net Position  
As of September 30, 2019 and 2018

	<b>2018</b>	<b>2019</b>	<b>Percent Change 2018-2019</b>
Current & Other Assets	\$ 59,085,670	\$ 67,081,591	13.5%
Capital Assets	31,132,031	24,636,940	(20.9%)
<b>Total Assets</b>	<b>90,217,701</b>	<b>91,718,531</b>	<b>1.7%</b>
Deferred Outflows of Resources	<b>293,796</b>	<b>222,751</b>	<b>(24.2%)</b>
Long-term Debt Outstanding	22,983,223	19,422,159	(15.5%)
Other Liabilities	2,879,800	1,934,570	(32.8%)
<b>Total Liabilities</b>	<b>25,863,023</b>	<b>21,356,729</b>	<b>(17.4%)</b>
Deferred Inflows of Resources	<b>14,139,390</b>	<b>16,089,766</b>	<b>13.8%</b>
Net Position			
Net Investment in			
Capital Assets	26,833,654	20,995,763	-21.8%
Restricted	22,554,986	32,379,190	43.6%
Unrestricted	1,120,444	1,119,834	(0.1%)
<b>Total Net Position</b>	<b>\$ 50,509,084</b>	<b>\$ 54,494,787</b>	<b>7.9%</b>

39% of the Agency's net position is invested in Capital Assets (i.e. land, buildings, equipment, parking facilities, and other, net of long term liabilities) with the remaining balance of net position to provide for ongoing obligations and subsequent year activities.

Table 2 provides a summary of the Agency's operations for the fiscal year ended September 30, 2019. Prior year data is presented for comparison purposes.

**CAPITAL CITY DEVELOPMENT CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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Table 2  
Statement of Activities  
For Years Ended September 30, 2019 and 2018

	<u>2018</u>	<u>2019</u>	<u>Percent Change 2018-2019</u>
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services	\$ 373,095	\$ 704,031	88.7%
Operating Grants & Contributions	655,117	672,433	2.6%
Parking	7,837,852	8,625,213	10.0%
<b>Total Program Revenue</b>	<b>8,866,064</b>	<b>10,001,677</b>	<b>12.8%</b>
<b>General Revenue</b>			
Property Tax Increment	17,994,160	15,098,047	-16.1%
Unrestricted Investment Earnings	71,570	316,613	342.4%
<b>Total Revenues</b>	<b>26,931,794</b>	<b>25,416,337</b>	<b>-5.6%</b>
<b>Expenses</b>			
<b>Program Expenses</b>			
Community Development	14,974,021	16,101,774	7.5%
Interest on Long-Term Debt	961,936	819,041	-14.9%
Parking Facilities	3,712,043	3,848,440	3.7%
<b>Total Program Expenses</b>	<b>19,648,000</b>	<b>20,769,255</b>	<b>5.7%</b>
<b>Special Item</b>			
District Termination - fund balance return to Ada County	-	(661,379)	100.0%
<b>Increase in Net Position</b>	<b>7,283,794</b>	<b>3,985,703</b>	
<b>Net Position - Beginning</b>	<b>43,225,290</b>	<b>50,509,084</b>	<b>16.9%</b>
<b>Net Position - Ending</b>	<b>\$ 50,509,084</b>	<b>\$ 54,494,787</b>	<b>7.9%</b>

Revenues: *Charges for Services* include lease revenues from the Ada County Courthouse Corridor Project. *Operating Grants & Contributions* include various reimbursements. *Parking* includes proceeds generated from operating the public parking garages. *General Revenues* include earnings on investments. Overall, total Agency revenues decreased \$1,515,457 compared with the prior year. Tax increment revenues decreased \$2,896,113 compared to fiscal year 2018, due to the termination of Central District at the end of fiscal year 2018. Parking revenues increased \$787,361 reflecting strong parking demands and the first full year of operating of the 11<sup>th</sup> & Front garage.

**CAPITAL CITY DEVELOPMENT CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2019**

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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 public parking system. Overall, total Agency expenses in fiscal year 2019 increased \$1,121,255. The change was primarily due to the major community development projects.

**Budgetary Highlights**

The fiscal year 2019 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 or for capital improvement projects that were added, deleted or modified during the fiscal year.

**Capital Assets**

Tables 3 and 4 present the Agency's Capital Assets. During fiscal year 2019, the Agency conveyed The Grove Plaza and two segments of 8<sup>th</sup> Street, from Bannock to Idaho to Main Streets to the City of Boise. These non-monetary conveyances were part of the Central District termination plan. As a result of the conveyances, the Agency has transferred a net \$6,153,358 in the net buildings, improvements and equipment category. (See Note 4 – Capital Assets)

Table 3  
 Capital Assets Net of Depreciation

	<u>2018</u>	<u>2019</u>	<u>Total Dollar Change 2018-2019</u>
Land	\$ 3,943,660	\$ 3,943,660	\$ -
Construction in Progress	203,337	181,755	(21,582)
Building, Improvements and Equipment, net	26,985,034	20,511,525	(6,473,509)
<b>Total Capital Assets</b>	<b><u>\$ 31,132,031</u></b>	<b><u>\$ 24,636,940</u></b>	<b><u>\$ (6,495,091)</u></b>

**CAPITAL CITY DEVELOPMENT CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2019**

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Table 4  
Major Capital Additions during Fiscal 2019

<b>Beginning Balance</b>	<u>\$ 31,132,031</u>
Capital Additions:	
Construction in Progress	178,860
Buildings, Improvement and Equipment	858,796
Total Capital Additions	<u>1,037,656</u>
Capital Deletions:	
Improvements other than Buildings	(6,856,395)
Equipment	(94,114)
Accumulated Depreciation for deletions	734,410
Total Capital Deletions	<u>(6,216,099)</u>
Current Year Transfers of	
Construction in Progress to Equipment	(200,442)
Current Year Depreciation	<u>(1,116,206)</u>
<b>Ending Balance</b>	<u><u>\$ 24,636,940</u></u>

**Debt Amortization**

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

Table 5  
Long-Term Debt

<b>Activity</b>	<b>Type</b>	<b>2018</b>	<b>2019</b>	<b>Total Dollar Change 2018-2019</b>
2011 B	Note	\$ 7,070,000	\$ 6,025,000	\$ (1,045,000)
2017 A	Bond	10,935,000	9,215,000	(1,720,000)
2017 B	Bond	4,380,000	3,700,000	(680,000)
<b>Total</b>		<u><u>\$ 22,385,000</u></u>	<u><u>\$ 18,940,000</u></u>	<u><u>\$ (3,445,000)</u></u>

**CAPITAL CITY DEVELOPMENT CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2019**

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**Economic Factors**

As the city's redevelopment agency, CCDC fulfills a unique, vital, supporting role in bringing to life Boise's aspiration of being the 'most livable city in the country.' Fiscal year 2019 was another exceptional year of growth, reinvestment and investment. Two now-familiar dynamics continue to fuel this special era in the city's history. One is the continued, and historically long, nationwide economic expansion cycle, now in its tenth year. Another is Idaho's nation-leading population growth centered in the Treasure Valley. CCDC's tax increment revenue from five urban renewal districts and parking revenue from seven public parking garages, guided by its Board of Commissioners, continues to be a difference maker for many of the projects that have recently sprouted in the Agency's districts.

The final years of an urban renewal district's term is theoretically when the sum of previous investments attain critical mass that ignites increased development activity and investment through the end of the district. The River-Myrtle/Old Boise (RMOB) and Westside districts terminate at the end of fiscal years 2025 and 2026, respectively. Ignition is evident in RMOB and the fuse is lit in Westside. Catalysts include Boise's continued recognition as being as desirable as anywhere in the country and the resulting influx of both people and money, the fortuitous timing with a continued hot real estate market and proximity / adjacency to the transformed urban center. These two districts are expanding the size what is recognized as downtown Boise – which was previously delineated by the 10-block, now terminated Central District – and are bringing desirable but missing elements such as housing and a broader mix of commercial activity.

Westside is surging with a nine-story office tower under construction at 11th & Idaho streets next to the El Korah Shrine Temple. The developers are the owners of the Boise Plaza building on the adjacent block. It is scheduled for completion in late 2020. Two-thirds of the north half of that block, bounded on the north by Bannock Street, will become the Westside Downtown Urban Park, a public park made possible by land donated by Eleven Eleven West Jefferson LLC. CCDC will contribute \$2.0 million and the city will contribute \$1.4 million for park construction. Upon completion the city will assume ownership, operation and maintenance responsibilities. Park construction is scheduled to start in summer 2020. The remaining one-third of the block will remain as surface parking.

In the past two years the 112-room Inn at 500, the 186-room Residence Inn by Marriott and more recently a 136-room Hilton Garden Inn opened for business in the RMOB District with construction underway on a 130-room hotel and parking garage (from which CCDC will acquire 200 spaces) at 6th and Front streets. In the Westside District the 146-room Hyatt Place hotel is now open in the Pioneer Crossing development which includes the Agency's 11th & Front parking garage.

Three major developments in the 30th Street District have and will continue to result in a significant reduction of long-vacant land in the western Fairview Avenue area. New Path Community Housing now provides 40 permanent supportive housing units. Adare Manor now provides 134 market rate to affordable housing units including some retail space. St Luke's Regional Medical Center is also constructing a multi-story imaging center on that stretch of Fairview Avenue.

Activity continued on two major, city-led projects: the new \$85 million main Library on the site of the current main Library in the RMOB District, and a \$50 million sports park and associated \$60 million mixed use development in the 30th Street District. CCDC has been involved in these exciting city-building projects from the outset and looks forward to playing an important part in bringing them to life as the details coalesce.

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The Board of Commissioners established two new urban renewal districts – Shoreline and Gateway East – in FY2019. The Agency will begin receiving and budgeting tax increment revenue for those two districts in FY2020. These districts have twenty year terms. The Shoreline District extends roughly from Capitol Boulevard west to the I-84 Connector, bounded by River Street on the north and encompasses select areas on the south side of the Boise River along Ann Morrison including the Lusk Street area. The Lusk Street area has seen substantial recent construction and private redevelopment activity that has provided several new, large apartment buildings targeting BSU students and smaller craft-type food and beverage establishments. Most recent construction there occurred prior to the creation of the Shoreline District so the assessed value of those developments will be base value rather than increment value producing reinvestment-eligible revenue for the Agency.

The Agency's first industrial-focused, non-urban district, Gateway East, is generally bounded by I-84 and Micron on the east and the airport on the west. The abundant, multi-modal transportation options available there and the planned URD infrastructure improvements are already attracting developers experienced in large-scale projects to ultimately produce a transportation and manufacturing hub.

Another two, new Urban Renewal Districts are in the works. In May 2019 the City Council accepted an Eligibility Report from CCDC and designated the Central Bench Study Area eligible to receive Urban Renewal assistance. The next step is developing an Urban Renewal Plan and determining the Plan's feasibility. The city and CCDC reached out to leadership of all Central Bench Study Area neighborhood associations in fall 2019 for input on the design of the public outreach process. The public engagement itself will likely begin early winter 2019. While no completion date is set, formation could be complete in 2021 based on current work plan forecasts. The second proposed URD is the State Street Corridor District: This district supports redevelopment of mixed use activity centers and a future bus rapid transit (BRT) route along the State Street corridor between 27th Street and Horseshoe Bend Road. The Eligibility Report was adopted by the CCDC Board at its May 2019 meeting and the City Council on June 4, 2019. Consultants have been engaged to conduct an economic feasibility study and develop a public engagement strategy.

Providing convenient and affordable structured parking in the urban core is an important part of what CCDC can do to promote the city's success and is thus an Agency priority. A corresponding priority that is receiving increased Agency financial resources is providing mobility alternatives. The Agency is actively partnering with the city and university on various incentives including a shuttle to lessen the number of single occupancy vehicles downtown. The Agency is also a key partner in a new transportation management association (TMA) for downtown Boise branded City Go. It consists of public and private partnerships that bring businesses, developers, property managers and owners, and government entities together to address local transportation issues and shape the future of mobility.

Worthy of note one final time was the termination of CCDC's (and the state's) first Urban Renewal District and Revenue Allocation Area, the Central District, after a 30 year term at the end of fiscal year 2018 on September 30, 2018. Some related administrative action occurred in FY2019. As statutorily required, any Central District tax increment revenue remaining at the end of FY 2018 was returned to the Ada County Treasurer who then redistributed it to the seven affected taxing districts (Ada County, Boise City, Boise School District, Ada County Highway District, College of Western Idaho, Emergency Medical Services District, Mosquito Abatement District) pro rata based on FY 2017 levies. All work on Central District projects ceased on or before September 30, 2018. The final Central District fund balance was determined once FY 2018 was formally closed. That took place with the Agency's FY2018 audit. On December 21, 2018 the Agency delivered \$661,378.41 to Ada County for pro rata redistribution. CCDC-owned assets in the Central District – two segments of 8th Street, from Bannock to Idaho

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2019**

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and Idaho to Main streets, and The Grove Plaza – were conveyed (transferred, not sold) by the Agency to the city of Boise. These non-monetary conveyances were intended to be completed prior to September 30, 2018. Final action by the Boise City Council did not occur until October 9, 2018. The Agency retained ownership of its four parking garages located in the Central District. Those garages will continue to be operated as part of the Agency's now seven garage, 2,796 space, downtown public parking system.

The Agency remains actively engaged with private developers and public agencies to make judicious use of its highly sought-after, catalytic, but limited, resources. CCDC has established a distinguished record and will continue to play a supporting yet indispensable role in the viability of many of the projects that have made this the city's premier era of growth and development.

**Further Information Available**

This financial report provides citizens, its governing board, appointing and confirming authorities, public and private partners, investors, creditors and legislators with an independent review of Agency finances. Contact Capital City Development Corporation at 121 N. 9th Street, Suite 501, Boise, ID 83702, 208-384-4264 (Voice), 208-384-4267 (Fax), [www.ccdcboise.com](http://www.ccdcboise.com) with questions, comments or for additional information.

**CAPITAL CITY DEVELOPMENT CORPORATION**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 41,584,027
Receivables	
Accounts receivable	249,453
Interest receivable	38,632
Taxes receivable	15,864,808
Prepays and deposits	15,883
Restricted cash	2,144,908
Property held for resale or development	7,183,880
Capital assets	
Land, non-depreciable	3,943,660
Construction in progress, non-depreciable	181,755
Buildings, improvements, and equipment, net of accumulated depreciation	20,511,525
<b>TOTAL ASSETS</b>	<b>91,718,531</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on debt refunding	58,823
Deferred outflows related to pensions	163,928
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>222,751</b>
<b>LIABILITIES</b>	
Accounts payable	1,499,127
Accrued liabilities	125,618
Advanced revenues	90,682
Advanced lease payments	157,257
Interest payable	50,360
Refundable deposits	11,526
Long-term debt	
Current portion	3,555,000
Long-term	15,385,000
Net pension liability	482,159
<b>TOTAL LIABILITIES</b>	<b>21,356,729</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - property tax	15,864,808
Deferred inflows related to pensions	224,958
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>16,089,766</b>
<b>NET POSITION</b>	
Net investment in capital assets	20,995,763
Restricted	32,379,190
Unrestricted	1,119,834
<b>TOTAL NET POSITION</b>	<b>\$ 54,494,787</b>

**CAPITAL CITY DEVELOPMENT CORPORATION**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED SEPTEMBER 30, 2019**

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
					<u>Governmental</u>
					<u>Activities</u>
Governmental activities					
Community development	\$ 16,101,774	\$ 704,031	\$ 672,433	\$ -	\$ (14,725,310)
Interest on long-term debt	819,041	-	-	-	(819,041)
Parking facilities	3,848,440	8,625,213	-	-	4,776,773
Total	<u>\$ 20,769,255</u>	<u>\$ 9,329,244</u>	<u>\$ 672,433</u>	<u>\$ -</u>	<u>(10,767,578)</u>

General revenues:

Property tax increment	15,098,047
Unrestricted investment earnings	316,613

Special Item:

District Termination - fund balance return to Ada County	(661,379)
Total general revenues and special item	<u>14,753,281</u>

Change in net position 3,985,703

Net position, Beginning of Year	50,509,084
Net position, End of Year	<u>\$ 54,494,787</u>

**CAPITAL CITY DEVELOPMENT CORPORATION**

**BALANCE SHEET – GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2019**

	General Fund	Debt Service Fund	Central District RA Fund	River Myrtle District RA Fund
<b>ASSETS</b>				
Cash and investments	\$ 1,250,000	\$ -	\$ -	\$23,813,437
Accounts receivable	13,562	-	-	81,577
Interest receivable	38,632	-	-	-
Taxes receivable	-	-	-	10,433,661
Prepays	5,091	-	-	10,792
Restricted cash	-	-	-	232,117
Property held for resale or development	-	-	-	54,490
	<u>\$ 1,307,285</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$34,626,074</u>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 56,742	\$ -	\$ -	\$ 535,803
Accrued liabilities	125,618	-	-	-
Advanced revenues	-	-	-	-
Refundable deposits	-	-	-	-
Total liabilities	<u>182,360</u>	<u>-</u>	<u>-</u>	<u>535,803</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable- property tax	-	-	-	10,433,661
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,433,661</u>
<b>FUND BALANCES</b>				
Nonspendable	5,091	-	-	65,282
Restricted	-	-	-	23,591,328
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	1,119,834	-	-	-
Total fund balances	<u>1,124,925</u>	<u>-</u>	<u>-</u>	<u>23,656,610</u>
	<u>\$ 1,307,285</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$34,626,074</u>

**CAPITAL CITY DEVELOPMENT CORPORATION**

**BALANCE SHEET – GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2019**

Westside District RA Fund	30th Street District RA Fund	Shoreline District RA Fund	Gateway East District RA Fund	Parking Fund	Total Governmental Funds
\$ 5,073,377	\$ 1,784,350	\$ -	\$ -	\$ 9,662,863	\$ 41,584,027
65,105	-	-	-	89,209	249,453
-	-	-	-	-	38,632
3,872,302	770,209	111,505	677,131	-	15,864,808
-	-	-	-	-	15,883
-	-	-	-	1,912,791	2,144,908
7,129,390	-	-	-	-	7,183,880
<u>\$ 16,140,174</u>	<u>\$ 2,554,559</u>	<u>\$ 111,505</u>	<u>\$ 677,131</u>	<u>\$ 11,664,863</u>	<u>\$ 67,081,591</u>
\$ 30,317	\$ 540,856	\$ -	\$ -	\$ 335,409	\$ 1,499,127
-	-	-	-	-	125,618
-	-	-	-	90,682	90,682
11,526	-	-	-	-	11,526
41,843	540,856	-	-	426,091	1,726,953
3,872,302	770,209	111,505	677,131	-	15,864,808
3,872,302	770,209	111,505	677,131	-	15,864,808
7,129,390	-	-	-	-	7,199,763
5,096,639	1,243,494	-	-	1,412,787	31,344,248
-	-	-	-	500,000	500,000
-	-	-	-	9,325,985	9,325,985
-	-	-	-	-	1,119,834
12,226,029	1,243,494	-	-	11,238,772	49,489,830
<u>\$ 16,140,174</u>	<u>\$ 2,554,559</u>	<u>\$ 111,505</u>	<u>\$ 677,131</u>	<u>\$ 11,664,863</u>	<u>\$ 67,081,591</u>

**CAPITAL CITY DEVELOPMENT CORPORATION**  
**RECONCILIATION OF NET POSITION IN THE STATEMENT OF NET POSITION TO THE FUND BALANCE IN THE**  
**BALANCE SHEET**  
**SEPTEMBER 30, 2019**

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

Total fund balance		\$49,489,830
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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	181,755	
Cost of buildings, improvements, equipment and artwork	37,031,293	
Accumulated depreciation	<u>(16,519,768)</u>	24,636,940

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.	(50,360)
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Proceeds from the theater 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.

Theater validation proceeds	(1,741,920)	
Revenue amortized to date	<u>1,584,663</u>	(157,257)

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	(482,159)	
Bonds payable - current	(3,555,000)	
Bonds payable - long-term	<u>(15,385,000)</u>	(19,422,159)

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:

Changes of assumptions	26,820	
Contributions made subsequent to measurement date	39,466	
Changes in proportionate share	52,833	
Differences between expected and actual experience	<u>44,809</u>	163,928

**CAPITAL CITY DEVELOPMENT CORPORATION**

**RECONCILIATION OF NET POSITION IN THE STATEMENT OF NET POSITION TO THE FUND BALANCE IN THE BALANCE SHEET**

**SEPTEMBER 30, 2019**

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Deferred inflows of resources related to pensions:		
Net difference between projected and actual investment earnings on pension plan investments	(164,258)	
Changes in proportionate share	(3,875)	
Differences between expected and actual experience	<u>(56,825)</u>	(224,958)
Deferred charge on debt refunding		
Deferred economic loss on 2017 B Bonds	<u>58,823</u>	<u>58,823</u>
Net position for governmental activities		<u><u>\$54,494,787</u></u>

**CAPITAL CITY DEVELOPMENT CORPORATION**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2019**

	General Fund	Debt Service Fund	Central District RA Fund	River Myrtle District RA Fund
<b>REVENUES</b>				
Lease	\$ -	\$ 92,267	\$ -	\$ -
Interest	28,688	-	-	176,232
Other	163,461	-	-	491,125
Parking	-	-	-	-
Revenue allocation funds	-	-	-	10,728,896
<b>Total revenues</b>	<b>192,149</b>	<b>92,267</b>	<b>-</b>	<b>11,396,253</b>
<b>EXPENDITURES</b>				
Administrative expenses	2,607,925	-	-	-
Operating expenses	577,193	-	-	414,641
Capital outlay and related expenses	101,982	-	-	4,031,476
Debt service - principal	-	-	-	2,400,000
Debt service - interest	-	92,267	-	377,208
<b>Total expenditures</b>	<b>3,287,100</b>	<b>92,267</b>	<b>-</b>	<b>7,223,325</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,094,951)</b>	<b>-</b>	<b>-</b>	<b>4,172,928</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	3,084,243	-	-	(893,475)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>3,084,243</b>	<b>-</b>	<b>-</b>	<b>(893,475)</b>
<b>SPECIAL ITEMS</b>				
District Termination - fund balance return to Ada County	-	-	(661,379)	-
<b>TOTAL SPECIAL ITEMS</b>	<b>-</b>	<b>-</b>	<b>(661,379)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(10,708)</b>	<b>-</b>	<b>(661,379)</b>	<b>3,279,453</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>1,135,633</b>	<b>-</b>	<b>661,379</b>	<b>20,377,157</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 1,124,925</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,656,610</b>

Westside District RA Fund	30th District RA Fund	Shoreline District RA Fund	Gateway East District RA Fund	Parking Fund	Total Governmental Funds
\$ 364,961	\$ -	\$ -	\$ -	\$ 246,803	\$ 704,031
34,036	10,999	-	-	66,658	316,613
9,387	-	-	-	8,460	672,433
38,146	-	-	-	8,441,907	8,480,053
3,723,464	645,687	-	-	-	15,098,047
<u>4,169,994</u>	<u>656,686</u>	<u>-</u>	<u>-</u>	<u>8,763,828</u>	<u>25,271,177</u>
-	-	-	-	-	2,607,925
232,084	13,278	-	-	2,544,219	3,781,415
1,174,751	707,174	-	-	1,010,821	7,026,204
-	-	-	-	1,045,000	3,445,000
-	-	-	-	335,825	805,300
<u>1,406,835</u>	<u>720,452</u>	<u>-</u>	<u>-</u>	<u>4,935,865</u>	<u>17,665,844</u>
<u>2,763,159</u>	<u>(63,766)</u>	<u>-</u>	<u>-</u>	<u>3,827,963</u>	<u>7,605,333</u>
<u>(662,700)</u>	<u>(65,615)</u>	<u>-</u>	<u>-</u>	<u>(1,462,453)</u>	<u>-</u>
<u>(662,700)</u>	<u>(65,615)</u>	<u>-</u>	<u>-</u>	<u>(1,462,453)</u>	<u>-</u>
-	-	-	-	-	(661,379)
-	-	-	-	-	(661,379)
2,100,459	(129,381)	-	-	2,365,510	6,943,954
10,125,570	1,372,875	-	-	8,873,262	42,545,876
<u>\$ 12,226,029</u>	<u>\$ 1,243,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,238,772</u>	<u>\$ 49,489,830</u>

**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, 2019**

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

Net change in fund balances - total governmental funds		\$ 6,943,954
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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	837,215	
Loss on disposal of fixed assets	(6,216,099)	
Depreciation	<u>(1,116,206)</u>	(6,495,090)

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
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Amortize deferred economic gain (loss) on refunded debt		
Current year loss - 2017 B Refunding	<u>(22,800)</u>	(22,800)

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	3,445,000	
Interest expense	<u>9,059</u>	3,454,059

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.

Adjustments to pension contribution	165,983	
Pension expense related to net pension liability	<u>(205,563)</u>	<u>(39,580)</u>

Changes in net position of governmental activities		<u>\$ 3,985,703</u>
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**CAPITAL CITY DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

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**Note 1 - Summary of Significant Accounting Policies**

**Financial Reporting Entity**

Capital City Development Corporation (the Agency) is an urban renewal agency created by the City of Boise (the City) 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 and its citizens but is not a component unit of the City. The commissioners are appointed by the Mayor and approved by City Council. These statements present only the funds and account groups of the Agency in conformity with generally accepted accounting principles.

**Urban Renewal Districts**

The Agency had five urban renewal districts in fiscal year 2019: River Myrtle-Old Boise District, Westside District, 30<sup>th</sup> Street District, Shoreline District, and Gateway East District.

River Myrtle-Old Boise District – the City’s largest district, was established in 1996 and will end in fiscal year 2025.

Westside District – was established in 2003 and will end in fiscal year 2026.

30<sup>th</sup> Street District –was established in 2014 and will end in fiscal year 2033.

Shoreline District –was established in 2019 and will end in fiscal year 2039.

Gateway East District –was established in 2019 and will end in fiscal year 2039.

**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.

# CAPITAL CITY DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

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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 ground lease transactions.

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. With the Central District sunset at the end of fiscal year 2018, the remaining fund balance of \$661,379 was returned to the Ada County Treasurer in first quarter of fiscal year 2019. This one-time adjustment to the fund balance is recorded as a special item in the financial statements for the year ended September 30, 2019.

River Myrtle Old Boise District Revenue Allocation Fund – The River Old Boise Myrtle District accounts for the revenues derived from the revenue allocation area within the River Myrtle Old Boise District and was established as a funding mechanism to provide public infrastructure improvements. The revenues are first pledged to repay the Series 2017 A Redevelopment Bond, the 2017 B Refunding Redevelopment Bond and the 2011 B Revenue Refunding Note. Revenues may only be expended in accordance with the provisions of the urban renewal statutes.

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 urban renewal statutes.

30<sup>th</sup> Street 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 urban renewal statutes.

Shoreline District Revenue Allocation Fund - The Shoreline District accounts for the revenues derived from the revenue allocation area within the Shoreline 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 urban renewal statutes.

Gateway East District Revenue Allocation Fund - The Gateway East District accounts for the revenues derived from the revenue allocation area within the Gateway East 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 urban renewal statutes.

# CAPITAL CITY DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

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Parking Fund – This fund includes the parking activities of the Agency’s six structure public parking facilities and the 250 parking spaces acquired at the 11<sup>th</sup> & Front garage in fiscal year 2018. The six structure public parking facilities are: Capitol & Front garage (formerly named Boulevard garage), Capitol & Main garage (formerly Capitol Terrace), 9th & Front garage (formerly City Centre), 9th & Main garage (formerly Eastman), 10th & Front garage (formerly Grove Street) and Capitol & Myrtle garage (formerly Myrtle Street). The revenues of the Parking Fund are pledged to support the operations of the Fund. Net parking revenues are otherwise unrestricted and are used for repayment of the Series 2011 B, 2017 A and 2017 B debt, 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 multi-district activities and program delivery.

As mentioned the effect of inter-fund activity has generally 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 Cash Equivalents**

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 and cash equivalents.

### **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’s policy for investment of idle funds is consistent with Section 50-1013, Idaho Code.

Idaho Code limits investments of public funds 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.

# CAPITAL CITY DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

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### **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.

At year end, the carrying amount of the Agency's deposits was \$23,363,806 and the bank balance was \$23,929,599. 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 \$30,000,000 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.

### **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.

### **Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Investment maturities in Local Government Investment Pool is less than one year.

### **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 current fiscal year in the amounts of \$10,728,896 from the River-Myrtle/Old Boise District, \$3,723,464 from the Westside District and \$645,687 from 30th Street District. The first property taxes assessed in the new Shoreline and Gateway East districts will be received in fiscal year 2020.

**CAPITAL CITY DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

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**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, 2019.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities column 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 acquisition value.

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

**Property Held for Resale or Development**

Property held for resale or development includes several properties in the River Myrtle/Old Boise District and Westside District and is reflected in the accompanying financial statements. 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.

**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.

# CAPITAL CITY DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

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### 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 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. See Note 6 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 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. See Note 6 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. 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 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.

**CAPITAL CITY DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

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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, 2019 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, 2019, \$9,325,894 was assigned in the Parking fund for parking reinvestment projects and commitments budgeted in fiscal year 2019.

**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.

**Note 2 - Restricted Assets**

The Agency has four revenue allocation funds, one for each of its four revenue allocation districts. Title 50, Chapter 20 and Chapter 29 of 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.

# CAPITAL CITY DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

Restricted fund balances as of September 30, 2019:

River Myrtle District Revenue Allocation Fund	\$ 23,591,328
Westside District Revenue Allocation Fund	5,096,639
30th Street District Revenue Allocation Fund	1,243,494
Shoreline District Revenue Allocation Fund	-
Gateway East District Revenue Allocation Fund	-
Parking Fund	1,412,787

The restricted balance in the Parking fund is restricted for reserves on the outstanding bonds. 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 3 - Interfund Transfers

Interfund transfers are made for one primary purpose. 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.

### Note 4 - Capital Assets

Capital asset activity for the year ended September 30, 2019, was as follows:

	September 30, 2018	Additions	Deletions	September 30, 2019
<b>Governmental Activities</b>				
<i>Capital assets, not depreciated</i>				
Land	\$ 3,943,660	\$ -	\$ -	\$ 3,943,660
Construction in progress	203,337	178,860	(200,442)	181,755
	<u>4,146,997</u>	<u>178,860</u>	<u>(200,442)</u>	<u>4,125,415</u>
<i>Capital assets, depreciated</i>				
Buildings	32,357,986	509,338	-	32,867,324
Improvements other than buildings	10,355,442	296,326	(6,856,395)	3,795,373
Equipment	409,578	53,132	(94,114)	368,596
Total	<u>43,123,006</u>	<u>858,796</u>	<u>(6,950,509)</u>	<u>37,031,293</u>
<i>Less accumulated depreciation</i>				
Buildings	(13,260,396)	(695,039)	-	(13,955,435)
Improvements other than buildings	(2,643,600)	(354,073)	703,038	(2,294,635)
Equipment	(233,976)	(67,094)	31,372	(269,698)
Total	<u>(16,137,972)</u>	<u>(1,116,206)</u>	<u>734,410</u>	<u>(16,519,768)</u>
<i>Total depreciated capital assets, net</i>	<u>26,985,034</u>	<u>(257,410)</u>	<u>(6,216,099)</u>	<u>20,511,525</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 31,132,031</u>	<u>\$ (78,550)</u>	<u>\$ (6,416,541)</u>	<u>\$ 24,636,940</u>

**CAPITAL CITY DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

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

Governmental Activities	
General Government	\$ 1,116,206

**Note 5 - Long-Term Debt**

At September 30, 2019, long-term debt consists of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Government activities					
2011 B	\$ 7,070,000	\$ -	\$ (1,045,000)	\$ 6,025,000	\$ 1,095,000
2017 A	10,935,000	-	(1,720,000)	9,215,000	1,760,000
2017 B	4,380,000	-	(680,000)	3,700,000	700,000
	<u>\$ 22,385,000</u>	<u>\$ -</u>	<u>\$ (3,445,000)</u>	<u>\$ 18,940,000</u>	<u>\$ 3,555,000</u>

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.

The Series 2017 A Bond are tax exempt fixed rate bonds with a rate of 2.32% that mature on September 1, 2024.

The Series 2017 B Bond are tax exempt fixed rate bonds with a rate of 2.82% that mature 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, 2019 the Agency is in compliance with these requirements.

The annual requirements to retire the debt for the 2011 B notes, 2017 A bond and 2017 B bond as of September 30, 2019 are shown below.

	Governmental Activities	
	Principal	Interest
2020	\$ 3,555,000	\$ 604,316
2021	3,670,000	491,731
2022	3,780,000	375,042
2023	3,905,000	254,486
2024	4,030,000	129,472
Total	<u>\$ 18,940,000</u>	<u>\$ 1,855,047</u>

**CAPITAL CITY DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

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**Note 6 - Pension Plan**

*Plan Description*

The Agency contributes to the Public Employee Retirement System of Idaho (PERSI or System) Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by the PERSI Retirement Board. The Base Plan covers substantially all employees of the State of Idaho and a variety of participating local and special district political subdivisions. As a special purpose unit of local government, the Agency is an eligible public employer and Agency employees are eligible public employees. 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. That report may be obtained at [www.persi.idaho.gov](http://www.persi.idaho.gov).

Responsibility for administration of the Base Plan is assigned to the PERSI Retirement 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, but 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% of the average monthly salary for the highest consecutive 42 months.

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. 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 statute at 60% of the employer rate for general. As of June 30, 2019 it was 6.79% for general employees. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees as of June 30, 2019 and increased to 11.94% as of July 1, 2019. The Agency's contributions were \$166,029 for the year ended September 30, 2019.

**CAPITAL CITY DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

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

At September 30, 2019, the Agency reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2019, 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, 2019, the Agency's proportion was 0.0422401%, compared with 0.0405570% at July 1, 2018.

For the year ended September 30, 2019, the Agency recognized pension expense of \$205,563. At September 30, 2019, 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
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 44,809	\$ 56,825
Changes in assumptions or other inputs	26,820	-
Net difference between projected and actual earnings on pension plan investments	-	164,258
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	52,833	3,875
Agency's contributions subsequent to the measurement date	<u>39,466</u>	<u>-</u>
Total	<u>\$ 163,928</u>	<u>\$ 224,958</u>

The \$39,466 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, 2020.

The average of the expected remaining service lives of all employees that are provided with pensions through the Base Plan (active and inactive employees) determined at July 1, 2018 the beginning of the measurement period ended June 30, 2019 is 4.8 years.

**CAPITAL CITY DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

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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:

Years ended September 30,	
2020	\$ 14,291
2021	(68,494)
2022	(29,008)
2023	(17,285)

*Actuarial Assumptions*

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of normal payroll 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 June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.75 percent
Salary inflation	3.75 percent
Investment rate of return	7.05 percent, net of pension plan investment expenses
Cost of living (COLA) adjustments	1.00 percent

An experience study was performed for the period 2011 through 2017 which reviewed all economic and demographic assumptions other than mortality. The Total Pension Liability as of June 30, 2019 is based on the results of an actuarial valuation date of July 1, 2019.

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.

**CAPITAL CITY DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

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 as of January 1, 2017:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Nominal Rate of Return (Arithmetic)</b>	<b>Long-Term Expected Real Rate of Return (Arithmetic)</b>
Core Fixed Income	30.00%	3.05%	0.80%
Broad US Equities	55.00%	8.30%	6.05%
Developed Foreign Equities	15.00%	8.45%	6.20%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.75%	4.50%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.13%	3.77%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.19%
Portfolio Standard Deviation			14.16%
<b>Valuation Assumptions Chosen by PERSI Board</b>			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
<b>Long-Term Expected Geometric Rate of Return, Net of Investment Expenses</b>			<b>7.05%</b>

*Discount Rate*

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows is 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.

# CAPITAL CITY DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

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### *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 7.05 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 (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	<u>1% Decrease (6.05%)</u>	<u>Current Discount Rate (7.05%)</u>	<u>1% Increase (8.05%)</u>
Employer's proportionate share of the net pension liability (asset)	<u>\$ 1,456,306</u>	<u>\$ 482,159</u>	<u>\$ (323,429)</u>

### *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 at [www.persi.idaho.gov](http://www.persi.idaho.gov).

### *Payables to the Pension Plan*

At September 30, 2019, the Agency reported payables to the defined benefit pension plan of \$3,689 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.

### *Defined Contribution – PERSI Choice 401(k)*

Employees of the Agency participating in the PERSI Base Plan may enroll in the PERSI Choice 401(k) defined contribution retirement savings plan available to active members. Participation is voluntary. The PERSI Choice 401(k) is intended to be a governmental plan within the meaning of Code Section 414 (d) and within the meaning of section 3(32) of the Employee Retirement Income Security Act (ERISA) and as such, is exempt from provisions of Title I ERISA. The Agency will match participants' contributions in the PERSI Choice 401(k) up to 4% of base annual salary. A participant shall be 100% vested in their individual account at all times. The authority of the benefit and contribution terms are established and amended by the PERSI Board. The Agency recognized \$55,100 contributions to the PERSI Choice 401(k) as benefits expense during the year ended September 30, 2019. The Agency recognized \$0 for the employer's liability outstanding for contributions for the period ended September 30, 2019.

**CAPITAL CITY DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

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**Note 7 - Leases**

**Advance Lease Payments**

In 2008, the Agency entered into an agreement with Bodo Development, LLC to provide theater 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 renewed the lease for its office space on October 1, 2018. The lease term expires on September 30, 2021. Monthly rent is \$13,272 for the first year, \$13,621 for the second year and \$13,970 for the third year.

The Agency entered into the lease for Trailhead office space on February 1, 2015. Trailhead is a non-profit entrepreneurial resource center supported by the Agency, City of Boise and private sector partners. 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.

# CAPITAL CITY DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

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### *Lease Other*

In fiscal year 2016, the Agency entered into a Termination Agreement and Mutual Release with Civic Partners Idaho, LLC and Ada County. The Termination Agreement terminates the Sublease Agreements with Civic Partners and all interest that Civic Partners has in and to the subleased properties. In fiscal year 2019, the Agency made a total payment of \$152,621 for rent. These payments and future payments of the rent for the parcels that Civic Partners defaulted on in 2016 allow the Agency to retain full lessee authority concerning the units and parcels under the two ground leases. Total ground lease expense for the year ended September 30, 2019 was \$244,888.

	<u>Master Ground</u>	<u>Office Facility</u>
2020	\$ 272,568	\$ 216,768
2021	276,972	167,640
2022	282,044	-
2023	295,672	-
2024	368,853	-
2025-2029	1,982,853	-
2030-2034	533,110	-
2035-2039	618,029	-
2040-2042	716,460	-
2045-2049	830,572	-
2050-2054	962,851	-
2055-2059	1,116,221	-
2060-2064	1,294,006	-
2065-2069	1,500,105	-
2070-2074	1,739,033	-
2075-2079	2,016,018	-
2080-2084	2,337,120	-
2085-2089	2,709,360	-
2090-2094	3,140,894	-
2095-2098	2,495,736	-
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 25,488,477</u>	<u>\$ 384,408</u>

# CAPITAL CITY DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

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### Note 8 - Commitments and Contingencies

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 over the course of four years after the project is complete. The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. During fiscal year 2019, the final payment of \$134,714 has been made. As of September 30, 2019, a total of \$561,751 has been paid to the developer. Project and payments are now complete.

The Agency entered into an OPA and related agreements with Inn at 500 Capitol, LLC, the developer of the Inn at 500 Capitol Hotel – 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/Old Boise 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 \$471,498 for public improvements over the course of four years after the project is complete. The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. The hotel opened in February 2017. During fiscal year 2017, a payment of \$176,920 has been made for the capital improvement reimbursement (agency participation program Type 4 agreement). For the Type 2 agreement, the second and final payment of \$27,025 was made during fiscal year 2019. As of September 30, 2019, a total of \$432,907 has been paid to the developer. Project and reimbursements are now complete.

The Agency entered into a Memorandum of Understanding (MOU) and related agreements with the City of Boise for the non-profit Trailhead Entrepreneurial Resource Center. 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 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 2019, a total of \$181,008 has been made for rent and maintenances. As of September 30, 2019, a total of \$791,483 has been paid to landlord and other vendors since the MOU was executed.

The Agency entered into an OPA and related agreements with Pennbridge Bodo, LLC, the developer of the Residence Inn by Marriott – a 10-story extended stay hotel of approximately 186 hotel rooms, conference room, fitness area, pool, a third floor patio and bar, and 103 parking spaces in the River-Myrtle/Old Boise District. The project is estimated by the developer to have a total value of \$25 million upon completion. The Agency's financial participation is an anticipated amount not to exceed \$875,897 for public improvements over the course of four years after the project is complete. The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. The project was completed in fall 2017. Payments are expected to be made over four years from fiscal year 2019 to 2022. As of September 30, 2019, total payments of \$284,285 have been made.

## **CAPITAL CITY DEVELOPMENT CORPORATION**

### **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2019**

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The Agency entered into an OPA and related agreements with Boise Hotel Investors, LLC, the developer of the Hyatt Place – a 5-story hotel of approximately 150 hotel rooms, conference rooms, fitness area, spa, and eating area in the Westside district. The project is estimated by the developer to have a total value of \$20 million upon completion. The Agency's financial participation is an anticipated amount not to exceed \$452,463 for public improvements over the course of four years after the project is complete. The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. The project completed in summer 2017. Payments are expected to be made over four years from fiscal year 2019 to 2022. As of September 30, 2019, total payments of \$90,919 have been made.

The Agency entered into an OPA and related agreements with 5th and Idaho Development, LLC, the developer of the 5th and Idaho Apartments, a mixed-use, 5-story project consisting of approximately 81 studio one and two bedroom apartments, 82 underground parking stalls, 3,000 square feet of retail space, and a 3,600 square foot public park facing Idaho Street in the River-Myrtle/Old Boise District. The project is estimated by the developer to have a total value of \$13 million upon completion. The Agency's financial participation is an anticipated amount not to exceed \$1,155,000 for public improvements over the course of four years after the project is complete. The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. The project started construction in the fall of 2017 and completed in 2019. As of September 30, 2019, total payments of \$743,616 have been made.

The Agency entered into an OPA and related agreements with BVGC Parcel B, LLC, the developer of Pioneer Crossing (previously known as Parcel B), a completed mixed-use development consisting of retail space, office space, other commercial uses and a 839-space parking garage in the River-Myrtle/Old Boise District. The project is estimated by the developer to have a total value of \$46 million upon completion. The Agency's financial participation is an anticipated amount not to exceed \$9,688,625 for public improvements (\$4,288,625) and purchase of 250 parking spaces (\$5,400,000) to be available to the public in the 11th and Front parking garage. The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. During fiscal year 2019, a payment of \$429,371 was made for the public improvements reimbursement. As of September 30, 2019, total payments of \$5,676,420 have been made.

The Agency entered into an OPA and related agreements with JRS properties III, LP, the developer of JUMP building and JR Simplot Company Offices –a mixed-use development consisting of multiple buildings and facilities to be known as "Jack's Urban Meeting Place" and the JR Simplot Corporate Headquarters in the River-Myrtle/Old Boise District. The project is estimated by the developer to have a total value of \$215 million (JUMP \$70 million tax exempt and JR Simplot Company Offices \$145 million) upon completion. The Agency's financial participation is an anticipated amount not to exceed \$875,000 for public improvements over the course of four years after the project is complete. The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. The project completed in 2018. Payments are expected to be made over four years from fiscal year 2020 to 2023. As of September 30, 2019, no payments have been made.

## **CAPITAL CITY DEVELOPMENT CORPORATION**

### **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2019**

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The Agency entered into a Type 4 Capital Improvements Reimbursement Agreement with Northwest Integrity Housing Co., an Idaho nonprofit corporation (NIHC) and a Type 2 General Assistance Participation Agreement with Adare Manor, LLC, an Idaho Limited Liability Company. NIHC is Managing Member for the Adare Manor Apartments, a mixed-use project including retail space along Fairview and 25th Street and 134 units affordable housing in the 30th Street District. The project is estimated by the developer to have a total value of \$20.5 million upon completion. The Agency's financial participation is an anticipated amount not to exceed \$758,402 for public improvements (\$480,000) over the course of four years after the project is complete and for undergrounding utilities improvement (\$278,402). The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. The project is expected to complete in late 2019. As of September 30, 2019, no payments have been made.

The Agency entered into a Type 3 Transformative Assistance Agreement and a parking permits purchase agreement with Front Street Investors, LLC, the developer of 6th and Front project, a mixed-use development consisting of a 7-story hotel with 138 rooms and a parking garage with 540 parking spaces in the River-Myrtle/Old Boise District. The project is estimated by the developer to have a total value of \$43 million upon completion. The Agency's financial participation is an anticipated amount not to exceed \$3,998,439 for public improvements (\$1,478,439) over the course of four years after the project is complete and purchase of 200 monthly parking permits for seven years for public parking (\$2,520,000). The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. The project is expected to complete in 2020. As of September 30, 2019, no payments have been made.

The Agency entered into a Type 4 Capital Improvements Reimbursement Agreement with Boise School District, the owner of Whittier Elementary Project – in the 30th Street District. The Agency's financial participation is an anticipated amount not to exceed \$540,000 of public improvements after the project is complete. The OPA sets out conditions of performance the developer must meet to become eligible for Agency financial participation. The project completed in 2019. As of September 30, 2019, total payments of \$540,000 have been made. Project and reimbursement are now complete.

The Agency entered into an OPA and related agreements in fiscal year 2019 with The Cartee Project, LLC, the developer of The Cartee – a 163-unit, 8-floor residential apartment project in the River-Myrtle/Old Boise District and the city's Central Addition area. The project is estimated by the developer to have a total value of \$48 million upon completion. The Agency's financial participation is an anticipated amount not to exceed \$1,394,035 for public improvements over the course of three years after the project is complete. The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. The project started construction in July 2019 and is expected to complete in 2021. Payments are expected to be made over three years from fiscal year 2023 to 2025. As of September 30, 2019, no payments have been made.

The Agency entered into an OPA and related agreements in fiscal year 2019 with Boise Caddis, LLC, the developer of Boise Caddis – a 173-unit residential apartment project with 394 structured parking spaces and 4,000 square feet of ground floor retail space in the River-Myrtle/Old Boise District and in Boise's Central Addition district. The project is estimated by the developer to have a total value of \$31 million upon completion. The Agency's financial participation is an anticipated amount not to exceed \$1,122,334 for public improvements over the course of four years after the project is complete. The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. The project is expected to start construction in fall 2019 and is expected to complete in summer 2021. Payments are expected to be made over four years from fiscal year 2022 to 2025. As of September 30, 2019, no payments have been made.

# CAPITAL CITY DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2019

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The Agency entered into an OPA and related agreements in fiscal year 2019 with 11th & Idaho Partners, LLC, the developer of 11th & Idaho Office Building – a 9-story, approximately 10,000 square feet of lobby, retail and office space on the ground floor, approximately 170,000 square feet of floor 2 to 9 being Class A office space in the Westside district. The project is estimated by the developer to have a total value of \$40 million upon completion. The Agency's financial participation is an anticipated amount not to exceed \$740,690 for public improvements over the course of three years after the project is complete. The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. The project started construction in August 2019 and is expected to complete in October 2020. Payments are expected to be made over three years from fiscal year 2022 to 2024. As of September 30, 2019, no payments have been made.

### **Note 9 - 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 2019, the tax increment guarantee and supplemental rent obligations in the amounts of \$48,368 and \$134,162 were received in full.

As part of the Ada County Courthouse Corridor 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. 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 Partners. Civic Partners 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. On May 10, 2016, the Agency, Civic Partners, and Ada County entered into a Termination Agreement and Mutual Release (Termination Agreement). The Termination Agreement terminates the Sublease Agreements with Civic Partners and all interest that Civic Partners has in and to the subleased properties.

**CAPITAL CITY DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2019**

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**Note 10 - Pledged Revenues**

The Agency has certain long-term debt obligations for which revenues have been pledged.

The Agency issued the Series 2011 B Revenue Refunding Note to refund the 2002 B bonds. Amounts in the Series 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 allocations from the River-Myrtle/Old Boise District and net 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, 2019, the total debt service on this note was \$1,380,825.

The Agency issued the Series 2017 A Redevelopment Bond in fiscal year 2017. Amounts in the Series 2017 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 River-Myrtle/Old Boise District and net parking revenues from the parking system. The Series 2017 A bond matures in 2024. The bond fund is pledged until the bond matures. For the year ended September 30, 2019, the total debt service on this bond was \$1,973,692.

The Agency issued the Series 2017 B bond to refund the 2010 B bond. Amounts in the Series 2017 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-Old Boise District and net parking revenues from the parking system. For the year ended September 30, 2019, the total debt service on these bonds was \$803,516.

**Note 11 - Conduit Debt**

On April 29, 2016, the Agency authorized the issuance of its Lease Revenue Bonds, Series 2016 (Greater Boise Auditorium District Expansion Project), in the aggregate principal amount of \$23,085,000. The proceeds of the bonds were used to expand and improve the "Boise Centre", an existing convention center and public event facility in downtown Boise operated by the Greater Boise Auditorium District (the District), to pay bond issuance costs, to fund capitalized interest and to fund a reserve fund.

The Series 2016 bonds were issued at a fixed rate range from 3.00% to 5.00%. The issuance is a conduit financing arrangement for the District, and the Agency receives no benefit from the issuance of these Bonds and has no liability. Therefore, the Agency has not recorded any benefit or liability. The first bond principal payment was scheduled to be made on December 15, 2017. As of September 30, 2019, the unpaid principal balance of the Bonds is \$21,585,000.

**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, 2019**

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
REVENUES				
Interest	\$ -	\$ 20,000	\$ 28,688	\$ 8,688
Other	155,100	253,100	163,461	(89,639)
Total revenues	155,100	273,100	192,149	(80,951)
EXPENDITURES				
Operating and administrative expenses	4,306,540	3,857,900	3,185,118	672,782
Capital outlay and related expenses	124,000	118,000	101,982	16,018
Total expenditures	4,430,540	3,975,900	3,287,100	688,800
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,275,440)	(3,702,800)	(3,094,951)	607,849
OTHER FINANCING SOURCES (USES)				
Interfund transfers	4,475,440	3,902,800	3,084,243	(818,557)
NET CHANGE IN FUND BALANCES	200,000	200,000	(10,708)	(210,708)
FUND BALANCES, BEGINNING OF YEAR	1,135,633	1,135,633	1,135,633	-
FUND BALANCES, END OF YEAR	\$ 1,335,633	\$ 1,335,633	\$ 1,124,925	\$ (210,708)

**CAPITAL CITY DEVELOPMENT CORPORATION**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2019**

	River Myrtle District RA Fund			Variance Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
<b>REVENUES</b>				
Interest	\$ -	\$ 80,000	\$ 176,232	\$ 96,232
Other	5,735,700	432,500	491,125	58,625
Revenue allocation funds	10,150,000	10,150,000	10,728,896	578,896
<b>Total revenues</b>	<b>15,885,700</b>	<b>10,662,500</b>	<b>11,396,253</b>	<b>733,753</b>
<b>EXPENDITURES</b>				
Operating expenses	711,121	622,121	414,641	207,480
Capital outlay and related expenses	23,338,100	4,266,240	4,031,476	234,764
Debt service - principal	2,717,000	2,717,000	2,400,000	317,000
Debt service -interest	377,208	377,208	377,208	-
<b>Total expenditures</b>	<b>27,143,429</b>	<b>7,982,569</b>	<b>7,223,325</b>	<b>759,244</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(11,257,729)</b>	<b>2,679,931</b>	<b>4,172,928</b>	<b>1,492,997</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	(1,173,223)	(1,246,695)	(893,475)	353,220
<b>Total other financing sources (uses)</b>	<b>(1,173,223)</b>	<b>(1,246,695)</b>	<b>(893,475)</b>	<b>353,220</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(12,430,952)</b>	<b>1,433,236</b>	<b>3,279,453</b>	<b>1,846,217</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>20,377,157</b>	<b>20,377,157</b>	<b>20,377,157</b>	<b>-</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 7,946,205</b>	<b>\$ 21,810,393</b>	<b>\$ 23,656,610</b>	<b>\$ 1,846,217</b>

**CAPITAL CITY DEVELOPMENT CORPORATION**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2019**

	Westside District RA Fund			Variance Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
<b>REVENUES</b>				
Lease	\$ 360,000	\$ 360,000	\$ 364,961	\$ 4,961
Interest	-	15,000	34,036	19,036
Other	1,000,000	-	9,387	9,387
Parking revenues	20,000	20,000	38,146	18,146
Revenue allocation funds	3,700,000	3,700,000	3,723,464	23,464
<b>Total revenues</b>	<b>5,080,000</b>	<b>4,095,000</b>	<b>4,169,994</b>	<b>74,994</b>
<b>EXPENDITURES</b>				
Operating expenses	278,500	383,500	232,084	151,416
Capital outlay and related expenses	17,434,400	1,153,100	1,174,751	(21,651)
<b>Total expenditures</b>	<b>17,712,900</b>	<b>1,536,600</b>	<b>1,406,835</b>	<b>129,765</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(12,632,900)</b>	<b>2,558,400</b>	<b>2,763,159</b>	<b>204,759</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	(848,740)	(1,699,784)	(662,700)	1,037,084
<b>Total other financing sources (uses)</b>	<b>(848,740)</b>	<b>(1,699,784)</b>	<b>(662,700)</b>	<b>1,037,084</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(13,481,640)</b>	<b>858,616</b>	<b>2,100,459</b>	<b>1,241,843</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>10,125,570</b>	<b>10,125,570</b>	<b>10,125,570</b>	<b>-</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ (3,356,070)</b>	<b>\$ 10,984,186</b>	<b>\$ 12,226,029</b>	<b>\$ 1,241,843</b>

**CAPITAL CITY DEVELOPMENT CORPORATION****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2019**

	30th Street District RA Fund			Variance Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
REVENUES				
Interest	\$ -	\$ -	\$ 10,999	\$ 10,999
Revenue allocation funds	700,000	700,000	645,687	(54,313)
Total revenues	700,000	700,000	656,686	(43,314)
EXPENDITURES				
Operating expenses	55,000	73,000	13,278	59,722
Capital outlay and related expenses	1,187,000	707,000	707,174	(174)
Total expenditures	1,242,000	780,000	720,452	59,548
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(542,000)	(80,000)	(63,766)	16,234
OTHER FINANCING SOURCES (USES)				
Interfund transfers	(402,610)	(78,056)	(65,615)	12,441
NET CHANGE IN FUND BALANCES	(944,610)	(158,056)	(129,381)	28,675
FUND BALANCES, BEGINNING OF YEAR	1,372,875	1,372,875	1,372,875	-
FUND BALANCES, END OF YEAR	\$ 428,265	\$ 1,214,819	\$ 1,243,494	\$ 28,675

**CAPITAL CITY DEVELOPMENT CORPORATION**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2019**

	Parking Fund			Variance Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
REVENUES				
Lease	\$ 70,000	\$ 240,000	\$ 246,803	\$ 6,803
Interest	-	30,000	66,658	36,658
Other	15,000	6,000	8,460	2,460
Parking revenues	8,381,835	8,498,561	8,441,907	(56,654)
Total revenues	8,466,835	8,774,561	8,763,828	(10,733)
EXPENDITURES				
Operating expenses	3,178,168	2,898,926	2,544,219	354,707
Capital outlay and related expenses	3,088,500	2,462,717	1,010,821	1,451,896
Debt service - principal	1,045,000	1,045,000	1,045,000	-
Debt service - interest and fees	335,825	335,825	335,825	-
Total expenditures	7,647,493	6,742,468	4,935,865	1,806,603
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	819,342	2,032,093	3,827,963	1,795,870
OTHER FINANCING SOURCES (USES)				
Interfund transfers	(1,870,347)	(1,823,533)	(1,462,453)	361,080
NET CHANGE IN FUND BALANCES	(1,051,005)	208,560	2,365,510	2,156,950
FUND BALANCES, BEGINNING OF YEAR	8,873,262	8,873,262	8,873,262	-
FUND BALANCES, END OF YEAR	\$ 7,822,257	\$ 9,081,822	\$ 11,238,772	\$ 2,156,950

**CAPITAL CITY DEVELOPMENT CORPORATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**YEAR ENDED SEPTEMBER 30, 2019**

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of net of the pension liability	0.0422401%	0.0405570%	0.0397908%	0.0403932%	0.0361820%
Employer's proportionate share of the net pension liability	\$ 482,159	\$ 598,223	\$ 625,443	\$ 818,832	\$ 476,459
Employer's covered payroll	\$ 1,426,600	\$ 1,309,034	\$ 1,277,551	\$ 1,194,427	\$ 1,035,703
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	33.80%	45.70%	48.96%	68.55%	46.00%
Plan fiduciary net position as a percentage of the total pension liability	93.79%	91.69%	90.68%	87.26%	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 June 30 of each year.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 166,029	\$ 153,809	\$ 140,234	\$ 135,975	\$ 124,326
Contributions in relation to the statutorily required contribution	\$ (167,556)	\$ (152,231)	\$ (140,418)	\$ (133,983)	\$ (123,145)
Contribution deficiency (excess)	\$ (1,527)	\$ 1,578	\$ (184)	\$ 1,992	\$ 1,181
Employer's covered payroll	\$ 1,446,855	\$ 1,346,870	\$ 1,222,892	\$ 1,202,851	\$ 1,096,499
Contributions as a percentage of covered payroll	11.58%	11.30%	11.48%	11.14%	11.23%

\* 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 of each year.

**CAPITAL CITY DEVELOPMENT CORPORATION**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2019**

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**Note 1 - Summary of Significant Accounting Policies**

**Financial Reporting Entity**

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 revised, if necessary, prior to Board consideration.
3. The proposed budget is approved by the Board of Commissioners at its regular August meeting.
4. The proposed budget is published for public review.
5. The Board of Commissioners holds a special meeting including a public hearing on the budget in August.
6. The proposed budget is adopted by the Board of Commissioners prior to September.
7. The adopted budget is filed with the City of Boise.
8. October 1 begins the Agency's fiscal year.
9. Budget amendments, if any, require formal approval of the Agency's Board of Commissioners.

**Note 2 - Summary of Significant Accounting Policies**

The fiscal year 2019 budget was amended once during the year to reflect a restatement of appropriations in the adopted and amended budget.

**Note 3 - Actuary Assumptions**

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.75 percent
Salary inflation	3.75 percent
Investment rate of return	7.05 percent, net of pension plan investment expenses
Cost of living (COLA) adjustments	1.00 percent

An experience study was performed for the period 2011 through 2017 which reviewed all economic and demographic assumptions other than mortality. The Total Pension Liability as of June 30, 2019 is based on the results of an actuarial valuation date of July 1, 2019. The District's proportionate share of changes in assumptions as of the measurement date totaled \$26,820.



**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), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements, and have issued our report thereon dated March 2, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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*.

**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.



Boise, Idaho  
March 2, 2020