

**CITY OF COEUR D'ALENE,  
IDAHO**

**FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**City of Coeur d'Alene, Idaho**  
**September 30, 2011**

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**September 30, 2011**

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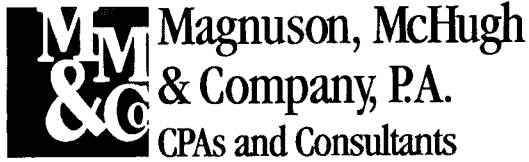
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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council  
Coeur d'Alene, Idaho 83814

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Coeur d'Alene, Idaho as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Coeur d'Alene, Idaho's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Coeur d'Alene, ID, as of September 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2012, on our consideration of the City of Coeur d'Alene, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 62, the Police Retirement Trust Fund information on pages 63 and 64 and the Schedule of Funding Progress for Postemployment Benefit Plan on page 65 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.

- 1 -

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## INDEPENDENT AUDITORS' REPORT (CONTINUED)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coeur d'Alene, Idaho's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Magnuson, McHugh & Company, P.A.*

MAGNUSON, MCHUGH, & Co.

Coeur d'Alene, Idaho  
March 2, 2012

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF COEUR D'ALENE**  
Kootenai County, Idaho

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2011

As management of the City of Coeur d'Alene, Idaho (the "City"), we have provided readers of the City's financial statements with this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2011.

**FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$283,360,863 (net assets). Of this amount, \$22,474,852 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased \$1,621,270. This decrease is made up of a 0.32% decrease in the business activities and a decrease of 0.68% in the governmental activities.
- At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$13,376,980 a decrease of \$267,277 in comparison with the prior year. A prior period adjustment was made which decreased beginning fund balance by \$460,807, see note 15.
- Also, at the end of the fiscal year, unassigned fund balance for the general fund was \$4,815,782, or 15% of the amended 2011 budget of general fund expenditures.
- The City's total debt increased by \$5,811,586 during fiscal year 2010-2011.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements** – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private sector businesses.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned, but unused, vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation and interest on long-term debt. The business-type activities of the City include water, wastewater, sanitation, storm water, street lighting and public parking.

The government-wide financial statements include not only the City itself (known as the primary government), but a legally separate urban renewal district, Lake City Development Corporation (LCDC), for which the City is financially accountable. LCDC has been reported as a discreetly presented component unit and does prepare separate financial statements.



**CITY OF COEUR D'ALENE**  
**Kootenai County, Idaho**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2011**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Fund Financial Statement** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

*Governmental Funds* – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund Balance Sheet and governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 30 individual governmental funds. Information is presented separately in the governmental Fund Balance sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the General Obligation Bonds Debt Service which are considered to be major funds. Data from the other 28 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements or schedules elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

*Proprietary Funds* – The City maintains one type of proprietary fund which is an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water, wastewater, storm water, solid waste, public parking and street lighting operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds which are considered to be major funds of the City.

*Fiduciary Funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the Financial Statements** – The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information** – Combining and individual fund statements and schedules for nonmajor funds are presented immediately following the notes to basic financial statements.

**CITY OF COEUR D'ALENE**  
Kootenai County, Idaho

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2011

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Net Assets** – The City has 91% of its total net assets invested in capital assets (land, buildings, infrastructure, machinery and equipment, and vehicles) less any related debt to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional 1% of the City's net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, 8%, may be used to meet the City's ongoing obligations to citizens and creditors.

A summary of the City's net assets follows:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>ASSETS</b>						
Current and other assets	\$ 16,321,739	\$ 17,411,704	\$ 16,119,175	\$ 17,186,716	\$ 32,440,914	\$ 34,598,420
Capital assets	123,546,057	124,395,769	166,159,732	159,457,048	289,705,789	283,852,817
Total assets	139,867,796	141,807,473	182,278,907	176,643,764	322,146,703	318,451,237
<b>LIABILITIES</b>						
Other liabilities	2,933,291	3,156,513	808,731	1,089,236	3,742,022	4,245,749
Long-term liabilities	9,258,059	9,877,596	25,785,759	19,345,388	35,043,818	29,222,984
Total liabilities	12,191,350	13,034,109	26,594,490	20,434,624	38,785,840	33,468,733
<b>NET ASSETS</b>						
Investment in capital assets, net of related debt	117,044,092	116,393,772	140,876,596	140,548,466	257,920,688	256,942,238
Restricted	2,965,323	7,580,231	-	-	2,965,323	7,580,231
Unrestricted	7,667,031	4,798,990	14,807,821	15,660,674	22,474,852	20,459,664
Total net assets	\$ 127,676,446	\$ 128,772,993	\$ 155,684,417	\$ 156,209,140	\$ 283,360,863	\$ 284,982,133

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

**CITY OF COEUR D'ALENE**  
Kootenai County, Idaho

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2011

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

A summary of the City's changes in net assets follows:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 2,370,781	\$ 1,897,104	\$ 15,230,471	\$ 14,895,859	\$ 17,601,252	\$ 16,792,963
Operating grants and contributions	1,395,476	1,301,638	-	-	1,395,476	1,301,638
Capital grants and contributions	1,402,047	338,423	3,133,626.00	2,818,962	4,535,673	3,157,385
					-	-
General revenues:						
Property taxes	17,737,486	16,349,764	-	-	17,737,486	16,349,764
Sales tax	592,381	1,018,176	-	-	592,381	1,018,176
Franchise fees	3,043,199	3,176,212	-	-	3,043,199	3,176,212
Motor fuel taxes	1,461,339	1,467,474	-	-	1,461,339	1,467,474
Alcoholic beverage taxes	979,423	937,602	-	-	979,423	937,602
Grants and contributions not restricted to specific purposes	4,636,623	5,653,772	-	-	4,636,623	5,653,772
Interest and investment earnings	151,644	210,123	46,924	52,446	198,568	262,569
Miscellaneous	454,861	680,115	-	-	454,861	680,115
Donated assets	18,985	-	-	-	18,985	-
Total revenues	<u>34,244,245</u>	<u>33,030,403</u>	<u>18,411,021</u>	<u>17,767,267</u>	<u>52,655,266</u>	<u>50,797,670</u>
<b>EXPENSES</b>						
General government	6,626,360	6,694,318	-	-	6,626,360	6,694,318
Public safety	17,755,253	16,809,135	-	-	17,755,253	16,809,135
Public works	7,473,608	7,367,318	-	-	7,473,608	7,367,318
Culture and recreation	4,361,063	4,365,902	-	-	4,361,063	4,365,902
Administrative expense	608,860	129,909	-	-	608,860	129,909
Interest on long-term debt	298,576	364,845	-	-	298,576	364,845
Change in OPEB obligation	182,876	409,317	-	-	182,876	409,317
Water services	-	-	4,843,074	4,625,603	4,843,074	4,625,603
Wastewater	-	-	7,796,621	6,931,138	7,796,621	6,931,138
Sanitation	-	-	2,737,465	2,737,044	2,737,465	2,737,044
Other enterprise	-	-	1,590,380	1,495,957	1,590,380	1,495,957
Loss on asset disposal	2,400	17,780	-	-	2,400	17,780
Total expenses	<u>37,308,996</u>	<u>36,158,524</u>	<u>16,967,540</u>	<u>15,789,742</u>	<u>54,276,536</u>	<u>51,948,266</u>
Increase in net assets before special items and transfers	(3,064,751)	(3,128,121)	1,443,481	1,977,525	(1,621,270)	(1,150,596)
Transfers	1,968,204	1,880,846	(1,968,204)	(1,880,846)	-	-
Change in net assets	<u>\$ (1,096,547)</u>	<u>\$ (1,247,275)</u>	<u>\$ (524,723)</u>	<u>\$ 96,679</u>	<u>\$ (1,621,270)</u>	<u>\$ (1,150,596)</u>

**CITY OF COEUR D'ALENE**  
Kootenai County, Idaho

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2011

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

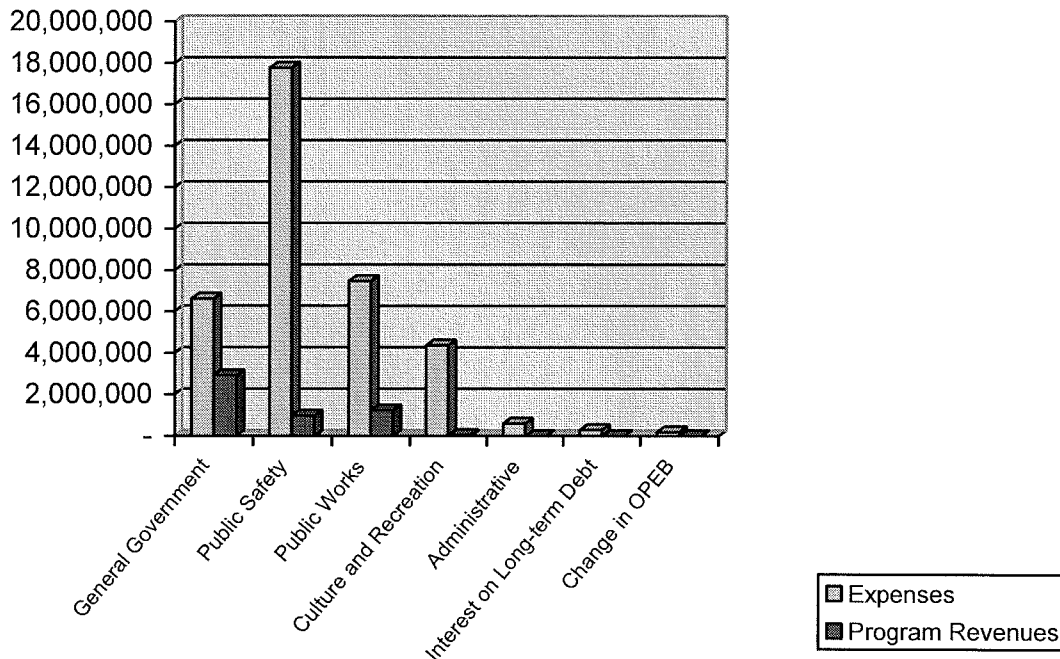
Major changes in governmental activities were as follows:

- Capital grants increased due to an increase in grant revenue from the Idaho Transportation Department for the purchase of right of way for improvements to Government Way.
- Governmental activities decreased the City's net assets by \$1,096,547, which impacted the City's governmental net assets by approximately 0.70%. This decrease is primarily the result of an increase in spending for public safety.
- General Fund cash balance was reduced by \$501,429 due to the purchase of property at 102 and 106 Homestead. This one acre of property has a 7 unit apartment building and an additional lot for the development of a low-income housing project. The City will be reimbursed for this purchase through Housing and Urban Development Funds and rent collected. The City acquired water front property on Sander's Beach and settled a lawsuit with property owner's there at a cost of \$276,492. Also, the City received a grant for \$190,000 and rebates of \$109,000 to help cover the cost of making energy efficiency improvements to City Hall, the Police Station, traffic signals and the City Street shop. The total cost of these improvements was \$760,524 causing a net reduction in cash of \$461,524 in fiscal year 2010-11. This reduction in cash will be recovered in future years through a decrease in energy costs.

Governmental Activities:

The following graph depicts various governmental activities and shows the expenses and program revenues directly related to those activities.

**Expenses and Program Revenues - Government Activities**

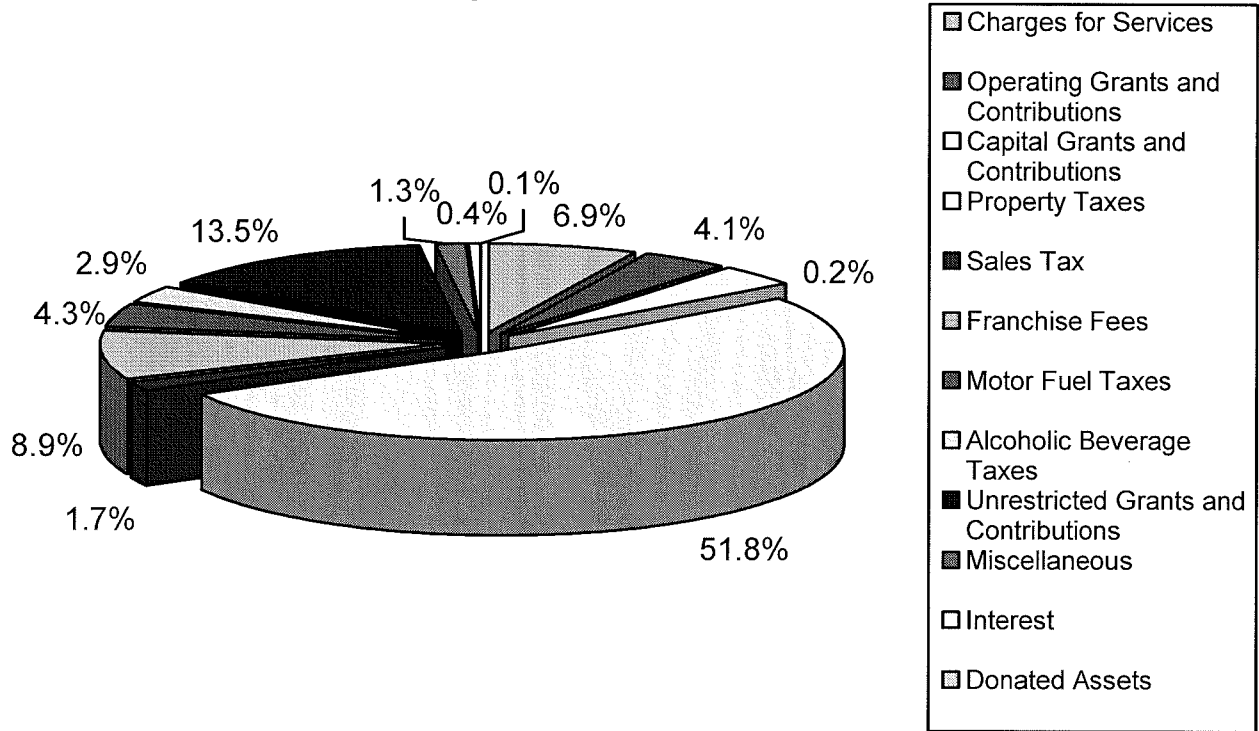


**CITY OF COEUR D'ALENE**  
Kootenai County, Idaho

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2011

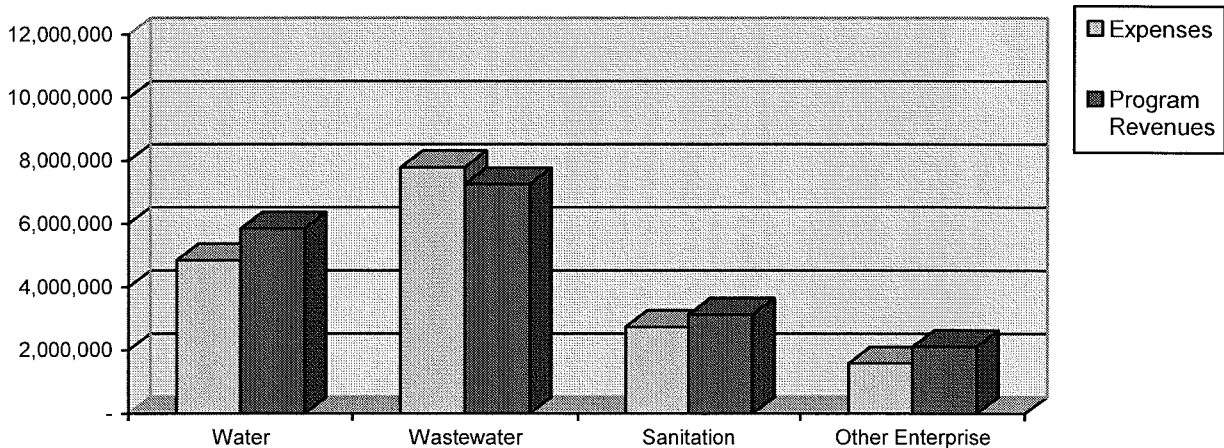
**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Revenues by Source - Governmental Activities**



**Business-Type Activities** – Business-type activities decreased the City's net assets by \$524,723, which impacted the City's business-type net assets by 0.32%. This decrease was primarily the result of an increase in operating expenses in the Wastewater Fund.

**Expenses and Program Revenues - Business-Type Activities**

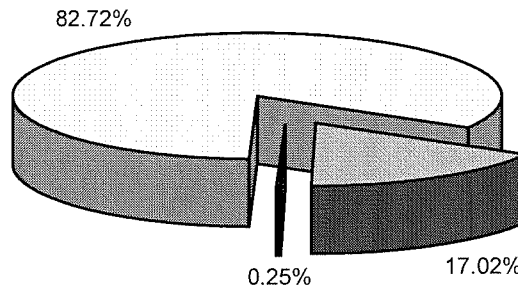


**CITY OF COEUR D'ALENE**  
Kootenai County, Idaho

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2011

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Revenues by Source - Business-type Activities**



■ Capital Grants and Contributions	■ Interest & Investment Earnings	□ Charges for Services
------------------------------------	----------------------------------	------------------------

**Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$13,376,980 a decrease of \$267,277 in comparison with the prior year. Of the \$13,376,980 fund balance \$4,550,829 is unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted, committed or assigned to indicate that it is not available for new spending because it has already been committed to pay debt service, insurance claims, future park, fire, police and street projects, and perpetual care of cemeteries.

**CITY OF COEUR D'ALENE**  
Kootenai County, Idaho

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2011

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

The general fund is the chief operating fund of the City. At the end of the current year, the fund balance of the general fund was \$5,744,034. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total budgeted expenditures. Fund balance represents 19% of 2011 budgeted expenditures and the unassigned fund balance of \$4,815,782 represents 15% of 2011 budgeted expenditures. Although the general fund balance appears to be adequate, it must be stressed that the balance is needed to support operations until funds are received in January 2012 from the first current-year property tax settlement.

The fund balance of the City's general fund increased \$42,989. This increase can be attributed to reductions in spending in general government and culture and recreation.

The general obligation bonds debt service fund has a total fund balance of \$574,190 all of which is designated to pay future debt service payments on the City's general obligation bonds.

**Proprietary Funds** – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the enterprise funds at the end of the year amounted to \$14,807,821. The total decrease in net assets for the funds was \$524,723. This decrease was primarily the result of a decrease in Wastewater reserves that are being used to fund the expansion of the Wastewater Treatment Plant.

**GENERAL FUND BUDGET HIGHLIGHTS**

The City's general fund budget was amended once during the fiscal year. The amendments increased the general fund budget before transfers out by \$2,323,451. The larger amendments were as follows: \$702,573 for a grant from the U.S. Department of Energy for energy improvements to various City owned buildings \$300,000 from FEMA for self-contained breathing apparatus for the fire department, \$451,500 for the purchase of properties for low income housing and \$310,721 for City street overlay that was budgeted but not spent in fiscal year 2009-10.

The budget amendment included the possible use of \$1,913,001 of general fund, fund balance but in actuality the fund balance grew by \$42,989 but was also decreased by a prior period adjustment in the amount of \$460,807. Actual revenues were 5.27% higher than the City's original budget and actual expenditures were 3.83% higher than the City's original budget.

Overall expenditures before transfers were \$1,198,783 under the final amended budget and \$1,124,668 over the original budget. Overall revenues before transfers were \$760,591 over the final amended budget of \$28,364,978 and \$1,459,113 over the original budget of \$27,666,456.

**CAPITAL ASSETS**

The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of September 30, 2011, amounts to \$289,705,789. This investment in capital assets includes land, buildings, infrastructure, machinery and equipment and vehicles. This balance represents a net increase of \$5,852,972 from the prior year. Additional details of capital asset activity for the year can be found in Note 5 of the notes to basic financial statements.

The majority of the increase in the capital assets can be attributed to the expansion of the wastewater treatment plant.

**CITY OF COEUR D'ALENE**  
Kootenai County, Idaho

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2011

**LONG-TERM DEBT**

The City's long-term bonded debt decreased by \$2,068,131 in 2011; leaving a balance of \$20,677,817 at year-end. Additional details of long-term debt activity for the year can be found in Note 6 in the notes to basic financial statements.

In 2006 Moody's Investor Service assigned a rating of A1 to the City of Coeur d'Alene, general obligation funding and refunding bonds, Series 2006 in the amount of \$9.5 million. At that time, Moody's also assigned an A1 rating to the City's outstanding general obligation debt in the approximate amount of \$3.2 million. The bonds are secured by the full faith, credit and unlimited tax pledge of the City. The A1 rating primarily reflected the City's moderately sized but rapidly growing tax base, favorable wealth levels, healthy financial position, strong management and modest debt burden.

State statutes limit the amount of general obligation debt a government entity may issue to 2% of assessed market value. The current debt limitation for the City is \$61,511,083 which is significantly higher than the City's net outstanding general obligation debt of \$5,574,103.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Nation is in a recession which is impacting private sector businesses as well as government. The Federal Government is economically stimulating the situation with hundreds of billions of dollars. The City of Coeur d'Alene has received some of this stimulus money for special projects: expansion and upgrades to the wastewater treatment plant and the energy efficiency upgrades to city buildings and traffic signals partially funded by a Department of Energy grant and rebates from electric utilities. These projects will be completed in fiscal year 2011-2012.

The State of Idaho is seeing decreased revenues in sales tax, gas tax and corporate as well as personal income tax. The City will continue to be impacted by the sales tax and gas tax revenue and has decreased its anticipated income from these sources by 11.72% as compared to the 2008 actual collections.

Next year's City budget will be very restricted due to the dramatic decrease in residential and commercial construction. The fee income from these two sources could be down over 66% from the 2007 actual income. Fiscal year 2007 had the highest collections in recent years. The City relies on new construction revenue to maintain employee wage and benefit contracts. These fees are also critical to adding any new staff. New hires will only occur with new dedicated fund sources or through Federal allocations.

Any increases to fees greater than 5% will be carefully studied and brought forward to the Mayor and Council at a public hearing. The only fee increases being looked at this year will be for services that cost more to provide than the fee generated.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Coeur d'Alene, Finance Director, 710 Mullan Avenue, Coeur d'Alene, Idaho 83814.



FINANCIAL SECTION  
BASIC FINANCIAL STATEMENTS

City of Coeur d'Alene, Idaho

STATEMENT OF NET ASSETS  
September 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Lake City Development Corporation
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,866,823	\$ 13,683,581	\$ 24,550,404	\$ 8,207,196
Investments	1,915,937	-	1,915,937	-
Receivables:				
Taxes delinquent	696,317	-	696,317	339,292
Accounts receivable	593,511	2,583,915	3,177,426	14,275
Special assessments	382,829	13,032	395,861	-
Notes receivable	-	-	-	3,060,265
Due from other funds	186,000	(186,000)	-	-
Due from other governments	1,680,322	-	1,680,322	-
Prepaid insurance	-	-	-	2,882
Loan costs	-	-	-	85,895
Deposits	-	-	-	-
Capital assets:				
Land	10,402,825	2,031,210	12,434,035	2,946,918
Construction in Progress	-	-	-	-
Other capital assets, net of accumulated depreciation	113,143,232	164,128,522	277,271,754	1,793,992
Unamortized issue costs, net of amortization	-	24,647	24,647	-
Total assets	<u>139,867,796</u>	<u>182,278,907</u>	<u>322,146,703</u>	<u>16,450,715</u>
<b>LIABILITIES</b>				
Accounts payable	1,869,644	639,146	2,508,790	982,289
Accrued payroll and related costs	1,036,330	-	1,036,330	3,296
Due to other funds	-	-	-	-
Due to other governments	-	-	-	883
Deposit	198	-	198	13,621
Accrued interest payable	27,119	169,585	196,704	26,979
Long-term liabilities:				
Due within one year	1,379,177	974,899	2,354,076	5,397,673
Due in more than one year	7,878,882	24,810,860	32,689,742	2,183,802
Total liabilities	<u>12,191,350</u>	<u>26,594,490</u>	<u>38,785,840</u>	<u>8,608,543</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	117,044,092	140,876,596	257,920,688	1,912,779
Restricted	2,965,323	-	2,965,323	5,929,393
Unrestricted	7,667,031	14,807,821	22,474,852	-
Total net assets	<u>\$ 127,676,446</u>	<u>\$ 155,684,417</u>	<u>\$ 283,360,863</u>	<u>\$ 7,842,172</u>

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

**City of Coeur d'Alene, Idaho**

**STATEMENT OF ACTIVITIES**  
**For the year ended September 30, 2011**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 6,626,360	\$ 2,370,781	\$ 248,741	\$ 298,694
Public safety	17,755,253	-	616,108	356,002
Public works	7,473,608	-	484,377	747,351
Culture and recreation	4,361,063	-	46,250	-
Administrative expense	608,860	-	-	-
Interest on long-term debt	298,576	-	-	-
Change in OPEB obligation	182,876	-	-	-
Total governmental activities	<u>37,306,596</u>	<u>2,370,781</u>	<u>1,395,476</u>	<u>1,402,047</u>
Business-type activities:				
Water	4,843,074	3,899,833	-	1,949,682
Wastewater	7,796,621	6,082,555	-	1,183,944
Sanitation	2,737,465	3,130,653	-	-
Other Enterprise	1,590,380	2,117,430	-	-
Total business-type activities	<u>16,967,540</u>	<u>15,230,471</u>	<u>-</u>	<u>3,133,626</u>
Total primary government	<u>\$ 54,274,136</u>	<u>\$ 17,601,252</u>	<u>\$ 1,395,476</u>	<u>\$ 4,535,673</u>
<b>Component unit:</b>				
Lake City Development Corporation	\$ 5,119,231	\$ 171,410	\$ -	\$ -
Total component unit	<u>\$ 5,119,231</u>	<u>\$ 171,410</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:  
Property taxes, levied for general purposes  
Sales tax  
Franchise fees  
Motor fuel taxes  
Alcoholic beverage taxes  
Grants and contributions not restricted to specific purposes:  
Interest and investment earnings  
Miscellaneous  
Donated assets  
Loss on disposal of assets  
Transfers  
Total general revenues and transfers  
Change in net assets  
Net assets - beginning  
Prior Period Adjustment  
Net assets - ending

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

**Net (Expense) Revenue  
and Changes in Net Assets**

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Lake City Development Corporation
\$ (3,708,144)	\$ -	\$ (3,708,144)	\$ -
(16,783,143)	-	(16,783,143)	-
(6,241,880)	-	(6,241,880)	-
(4,314,813)	-	(4,314,813)	-
(608,860)	-	(608,860)	-
(298,576)	-	(298,576)	-
(182,876)	-	(182,876)	-
<u>(32,138,292)</u>	<u>-</u>	<u>(32,138,292)</u>	<u>-</u>
-	1,006,441	1,006,441	-
-	(530,122)	(530,122)	-
-	393,188	393,188	-
-	527,050	527,050	-
	<u>1,396,557</u>	<u>1,396,557</u>	<u>-</u>
<u>(32,138,292)</u>	<u>1,396,557</u>	<u>(30,741,735)</u>	<u>-</u>
-	-	-	(4,947,821)
-	-	-	<u>(4,947,821)</u>
17,737,486	-	17,737,486	5,710,991
592,381	-	592,381	-
3,043,199	-	3,043,199	-
1,461,339	-	1,461,339	-
979,423	-	979,423	-
4,636,623	-	4,636,623	-
151,644	46,924	198,568	93,518
454,861	-	454,861	-
18,985	-	18,985	-
(2,400)	-	(2,400)	-
1,968,204	(1,968,204)	-	-
<u>31,041,745</u>	<u>(1,921,280)</u>	<u>29,120,465</u>	<u>5,804,509</u>
(1,096,547)	(524,723)	(1,621,270)	856,688
128,715,712	156,209,140	284,924,852	6,985,484
57,281	-	57,281	-
<u>\$ 127,676,446</u>	<u>\$ 155,684,417</u>	<u>\$ 283,360,863</u>	<u>\$ 7,842,172</u>

**City of Coeur d'Alene, Idaho**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2011**

	<b>General</b>	<b>General Obligation Bonds Debt Service</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,842,649	\$ 404,288	\$ 5,619,886	\$ 10,866,823
Investments	-	163,915	1,752,022	1,915,937
Receivables:				
Taxes delinquent	604,240	45,235	46,842	696,317
Accounts receivable	560,924	-	32,587	593,511
Special assessments	-	-	382,829	382,829
Due from other governments	1,528,109	5,987	146,226	1,680,322
Due from other funds	597,125	-	-	597,125
Total assets	<u>\$ 8,133,047</u>	<u>\$ 619,425</u>	<u>\$ 7,980,392</u>	<u>\$ 16,732,864</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,784,773	\$ -	\$ 84,871	\$ 1,869,644
Due to other funds	-	-	411,125	411,125
Deposits	-	-	198	198
Deferred revenues	604,240	45,235	425,442	1,074,917
Total liabilities	<u>2,389,013</u>	<u>45,235</u>	<u>921,636</u>	<u>3,355,884</u>
Fund balances:				
Restricted	89,525	574,190	2,301,608	2,965,323
Committed	507,850	-	4,869,476	5,377,326
Assigned	330,877	-	152,625	483,502
Unassigned	4,815,782	-	(264,953)	4,550,829
Total fund balances	<u>5,744,034</u>	<u>574,190</u>	<u>7,058,756</u>	<u>13,376,980</u>
Total liabilities and fund balances	<u>\$ 8,133,047</u>	<u>\$ 619,425</u>	<u>\$ 7,980,392</u>	<u>\$ 16,732,864</u>

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

City of Coeur d'Alene, Idaho

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
September 30, 2011

Total fund balances at September 30, 2011 - Governmental Funds		\$ 13,376,980
Cost of capital assets at September 30, 2011	\$ 178,296,745	
Less: Accumulated depreciation as of September 30, 2011		
Buildings	(5,725,906)	
Equipment	(11,707,722)	
Infrastructure	(36,084,144)	
Other improvements	<u>(1,232,916)</u>	123,546,057
Elimination of deferred revenue		1,074,917
Accrued interest		(27,119)
OPEB Obligation		(1,036,330)
Long-term liabilities at September 30, 2011		
Certificates of participation	(155,000)	
Leases	(312,500)	
Special assessments	(325,000)	
General obligation debt	(5,574,104)	
Bond premium net of amortization	(108,242)	
Compensated absences	<u>(2,783,213)</u>	<u>(9,258,059)</u>
Net assets at September 30, 2011		<u>\$ 127,676,446</u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

**City of Coeur d'Alene, Idaho**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2011**

	<u>General Fund</u>	<u>General Obligation Bonds Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 15,781,312	\$ 1,068,075	\$ 1,187,784	\$ 18,037,171
Licenses and permits	3,987,466	-	-	3,987,466
Intergovernmental	8,321,255	-	1,683,951	10,005,206
Charges for services	322,900	-	1,103,615	1,426,515
Fines and forfeits	438,813	-	20,439	459,252
Assessments collected	-	-	135,916	135,916
Investment earnings	66,390	1,879	83,375	151,644
Contributions	-	-	2,830	2,830
Miscellaneous	207,433	-	234,822	442,255
Total revenues	<u>29,125,569</u>	<u>1,069,954</u>	<u>4,452,732</u>	<u>34,648,255</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,375,870	-	1,042,112	6,417,982
Public safety	17,022,584	-	-	17,022,584
Public works	4,341,133	-	-	4,341,133
Culture and recreation	2,270,162	-	1,289,807	3,559,969
Administrative expense	-	-	608,860	608,860
Capital outlay	1,445,995	-	2,206,692	3,652,687
Debt service:				
Principal payments	-	1,160,693	260,000	1,420,693
Interest and fiscal agent fees	-	298,201	24,127	322,328
Total expenditures	<u>30,455,744</u>	<u>1,458,894</u>	<u>5,431,598</u>	<u>37,346,236</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(1,330,175)</u>	<u>(388,940)</u>	<u>(978,866)</u>	<u>(2,697,981)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from capital lease	-	-	462,500	462,500
Operating transfers in	1,839,656	-	1,169,450	3,009,106
Operating transfers out	(466,492)	-	(574,410)	(1,040,902)
Total other financing sources (uses)	<u>1,373,164</u>	<u>-</u>	<u>1,057,540</u>	<u>2,430,704</u>
Net change in fund balances	42,989	(388,940)	78,674	(267,277)
Fund balances - beginning of year	6,161,852	963,130	6,980,082	14,105,064
Prior Period Adjustment	<u>(460,807)</u>	<u>-</u>	<u>-</u>	<u>(460,807)</u>
Fund balances - end of year	<u>\$ 5,744,034</u>	<u>\$ 574,190</u>	<u>\$ 7,058,756</u>	<u>\$ 13,376,980</u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

## City of Coeur d'Alene, Idaho

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended September 30, 2011

Total net changes in fund balances for year ended September 30, 2011	\$ (267,277)
Add: Capital outlay which is considered expenditures	3,652,687
Less: Depreciation expense for the year ended September 30, 2011	(4,518,984)
Less: Loss on asset disposal	(2,400)
Elimination of interfund revenues and expenditures:	
Add: Interfund transfers out	1,040,902
Less: Interfund transfers in	(1,040,902)
Less: Change in compensated absence accrual for the year ended September 30, 2011	(355,632)
Add: Capital lease payments considered as an expenditure	145,000
Add: Debt principal payments considered as an expenditure	1,275,693
Less: Proceeds from capital lease	(462,500)
Add: Donated fixed asset additions	18,985
Add: Change in accrued interest	6,777
Add: Bond premium amortization	16,975
Less: Change in OPEB obligation	(182,876)
Less: Difference between revenue earned on property taxes on modified accrual basis versus revenue on property taxes on accrual basis	(299,685)
Less: Difference between revenue earned on special assessments on modified accrual basis versus revenue on special assessments on accrual basis	<u>(123,310)</u>
Change in net assets for year ended September 30, 2011	<u><u>\$ (1,096,547)</u></u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.



City of Coeur d'Alene, Idaho

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 September 30, 2011

	Business-type Activities - Enterprise Funds				
	Water Fund	Wastewater Fund	Sanitation Fund	Other Enterprise	Total Current Year
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 2,064,920	\$ 10,547,043	\$ 644	\$ 1,070,974	\$ 13,683,581
Receivables:					
Accounts, net of allowance for uncollectible accounts of \$23,353	1,066,366	848,560	294,249	374,740	2,583,915
Special assessments receivable	-	13,032	-	-	13,032
Total current assets	3,131,286	11,408,635	294,893	1,445,714	16,280,528
Non-current assets:					
Bond issuance cost, net of amortization	-	24,647	-	-	24,647
	-	24,647	-	-	24,647
Capital assets:					
Land	380,926	1,528,020	-	122,264	2,031,210
Construction in progress					-
Other capital assets, net of accumulated depreciation	60,147,198	98,719,824	-	5,261,500	164,128,522
Total capital assets, net of accumulated depreciation	60,528,124	100,247,844	-	5,383,764	166,159,732
Total non-current assets	60,528,124	100,272,491	-	5,383,764	166,184,379
Total assets	63,659,410	111,681,126	294,893	6,829,478	182,464,907
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	183,150	398,999	64	56,933	639,146
Due to other funds	-	-	186,000	-	186,000
Accrued interest	-	169,585	-	-	169,585
Current portion of compensated absences	13,108	7,610	-	-	20,718
Current portion of long-term debt	-	954,181	-	-	954,181
Total current liabilities	196,258	1,530,375	186,064	56,933	1,969,630
Non-current liabilities:					
Compensated absences	156,109	256,392	-	69,404	481,905
Bonds payable, net of unamortized discounts	-	24,328,955	-	-	24,328,955
Total non-current liabilities	156,109	24,585,347	-	69,404	24,810,860
Total liabilities	352,367	26,115,722	186,064	126,337	26,780,490
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	60,528,124	74,964,708	-	5,383,764	140,876,596
Unrestricted	2,778,919	10,600,696	108,829	1,319,377	14,807,821
Total net assets	\$ 63,307,043	\$ 85,565,404	\$ 108,829	\$ 6,703,141	\$ 155,684,417

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

**City of Coeur d'Alene, Idaho**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
For the Year Ended September 30, 2011**

	Business-type Activities - Enterprise Funds				Total
	Water Fund	Wastewater Fund	Sanitation Fund	Other Enterprise	
<b>OPERATING REVENUES</b>					
Services	\$ 3,899,833	\$ 6,082,555	\$3,130,653	\$ 2,117,430	\$ 15,230,471
<b>OPERATING EXPENSES</b>					
Administration	1,738,778	867,636	-	445,659	3,052,073
Maintenance	-	-	-	148,515	148,515
Pumping	142,511	-	-	-	142,511
Treatment	640,570	2,116,221	-	-	2,756,791
Collection	-	549,123	-	-	549,123
Transportation and distribution	83,154	-	-	-	83,154
Supplies	40,220	-	-	61,813	102,033
Contracted services	-	-	2,736,837	616,909	3,353,746
Depreciation	2,194,250	3,673,403	-	313,873	6,181,526
Bad debt	3,591	6,576	628	3,611	14,406
Total operating expenses	4,843,074	7,212,959	2,737,465	1,590,380	16,383,878
Operating (loss) income	(943,241)	(1,130,404)	393,188	527,050	(1,153,407)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Capitalization fees	520,027	1,026,172	-	-	1,546,199
Amortization	-	17,432	-	-	17,432
Investment income	5,031	21,779	-	2,682	29,492
Interest expense	-	(583,662)	-	-	(583,662)
Total non-operating revenues (expenses)	525,058	481,721	-	2,682	1,009,461
Income before contributions and transfers	(418,183)	(648,683)	393,188	529,732	(143,946)
Capital contributions - tap fees	1,429,655	157,772	-	-	1,587,427
Operating transfers in	-	-	-	85,000	85,000
Operating transfers out	(509,607)	(763,506)	(418,088)	(362,003)	(2,053,204)
Change in net assets	501,865	(1,254,417)	(24,900)	252,729	(524,723)
Total net assets - beginning	62,805,178	86,819,821	133,729	6,450,412	156,209,140
Total net assets - ending	\$ 63,307,043	\$85,565,404	\$ 108,829	\$ 6,703,141	\$ 155,684,417

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

City of Coeur d'Alene, Idaho

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended September 30, 2011

	Water Fund	Wastewater Fund	Sanitation Fund	Other Proprietary Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 3,799,729	\$ 6,047,058	\$3,101,377	\$2,025,202	\$ 14,973,366
Payments to suppliers	(1,094,068)	(1,724,181)	(2,683,400)	(849,646)	(6,351,295)
Payments to employees	(1,473,282)	(2,107,907)	-	(422,159)	(4,003,348)
Net cash provided by operating activities	<u>1,232,379</u>	<u>2,214,970</u>	<u>417,977</u>	<u>753,397</u>	<u>4,618,723</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating transfers in	-	-	-	85,000	85,000
Operating transfers out	(509,607)	(763,506)	(418,088)	(362,003)	(2,053,205)
Net cash (used) by noncapital financing activities	<u>(509,607)</u>	<u>(763,506)</u>	<u>(418,088)</u>	<u>(277,003)</u>	<u>(1,968,204)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Bond payments	-	(896,510)	-	-	(896,510)
New debt issuance	-	7,294,658	-	-	7,294,658
Interest paid	-	(592,059)	-	-	(592,059)
Capital asset purchases	(1,117,162)	(9,770,833)	-	(408,787)	(11,296,782)
Capitalization Fees	520,027	1,026,172	-	-	1,546,199
Net cash (used) by financing activities	<u>(597,135)</u>	<u>(2,938,572)</u>	<u>-</u>	<u>(408,787)</u>	<u>(3,944,494)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	5,031	21,779	-	2,682	29,492
Net cash provided by investing activities	<u>5,031</u>	<u>21,779</u>	<u>-</u>	<u>2,682</u>	<u>29,492</u>
Net (decrease) increase in cash and cash equivalents	130,668	(1,465,329)	(111)	70,289	(1,264,482)
Cash and cash equivalents, beginning of year	1,934,252	12,012,372	755	1,000,685	14,948,064
Cash and cash equivalents, end of year	<u>\$ 2,064,920</u>	<u>\$10,547,043</u>	<u>\$ 644</u>	<u>\$1,070,974</u>	<u>\$13,683,581</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating (loss) income	\$ (943,241)	\$ (1,130,404)	\$ 393,188	\$ 527,050	\$ (1,153,407)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	2,194,250	3,673,403	-	313,873	6,181,527
(Increase) decrease in accounts receivable	(100,103)	(39,798)	(29,275)	(92,228)	(261,405)
Decrease in due from other funds	-	-	-	-	-
Decrease in due from special assessment receivable	-	4,300	-	-	4,300
Increase (decrease) in accounts payable	56,304	(326,389)	64	(2,087)	(272,108)
(Decrease) in due to other funds	-	-	54,000	-	54,000
(Decrease) increase in compensated absences	25,169	33,858	-	6,789	65,816
Net cash provided by operating activities	<u>\$ 1,232,379</u>	<u>\$ 2,214,970</u>	<u>\$ 417,977</u>	<u>\$ 753,397</u>	<u>\$ 4,618,723</u>

**Non-cash capital and related financing activities:**  
 \$1,429,655 of water lines were donated to the water fund by developers.  
 \$157,772 of sewer lines were donated to the wastewater fund by developers.

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

**City of Coeur d'Alene, Idaho**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
September 30, 2011**

	<b>Police Retirement Pension Trust Funds</b>	<b>Sales Tax Trust Agency Fund</b>	<b>Business Improvement District Agency Fund</b>	<b>Kootenai County Solid Waste Agency Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 109,016	\$ 10	\$ 176,551	\$ 1,045
Investments	1,294,472	-	-	-
Due from other government unit	877	-	-	-
Accounts receivable	18,260	-	5,629	196,525
Total assets	<u>1,422,625</u>	<u>10</u>	<u>182,180</u>	<u>197,570</u>
<b>LIABILITIES</b>				
Deferred revenue	18,260	-	-	-
Deposits held and due to others	-	-	182,180	197,570
Due to other government unit	2,522	10	-	-
Total liabilities	<u>20,782</u>	<u>10</u>	<u>182,180</u>	<u>197,570</u>
<b>NET ASSETS</b>				
Held in trust for pension benefits	<u>\$ 1,401,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

**City of Coeur d'Alene, Idaho**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
For the Year Ended September 30, 2011**

	<b><u>Police Retirement Pension Trust Fund</u></b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 156,501
	<u>156,501</u>
Investment earnings:	
Interest	42,383
Net increase in the fair value of investments	12,333
Total investment earnings	<u>54,716</u>
Total additions	<u>211,217</u>
<b>DEDUCTIONS</b>	
Benefits	193,766
Trust fees	5,696
Total deductions	<u>199,462</u>
Change in net assets	11,755
Net assets, beginning of year	<u>1,390,088</u>
Net assets, end of year	<u>\$ 1,401,843</u>

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2011

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Reporting Entity

The City of Coeur d'Alene (the "City") was incorporated in 1887. The City is governed by a Mayor and a six-member council, elected by the voters of the City. The Mayor and Council serve as the taxing authority, the contracting body, and the chief administrators of public services for the City.

The services provided by the Mayor and Council, their appointed boards, officials, department heads, division heads and each underlying department, comprise the primary government unit of the City.

The accompanying financial statements include all aspects controlled by the City Council of the City of Coeur d'Alene. Criteria for inclusion is determined by Governmental Accounting Standards Board Statement No. 14 (GASB No. 14) which states, in general, that legally separate organizations for which the elected officials of the City are financially accountable must be included in the City's financial statements as a component unit.

Under Idaho Code, in December 1997, the Coeur d'Alene City Council passed an ordinance which created the Coeur d'Alene Urban Renewal Agency, a legally separate entity from the City. The Agency was established to promote urban development and improvement in blighted areas within the Agency's boundaries. The Agency is governed by a maximum board of nine directors, two of which may be City Council members, who are appointed by the City Council. The City Council has the ability to appoint, hire, reassign, or dismiss those persons having responsibility for the day-to-day operations of the Agency. These powers of the City meet the criteria set forth in GASB No. 14 for having financial accountability for the Agency. Based on the above, the Agency has been discretely presented in the accompanying financial statements of the City as a component unit. Separate financial statements of the component unit are issued. The Agency adopted the name Lake City Development Corporation (LCDC) in the fiscal year 2001. LCDC is the only component unit of the City.

Under Idaho Code, the Agency has the authority to issue bonds. Any bonds issued by the Agency are payable solely from the proceeds of tax increment financing (or revenue allocation in Idaho), and are not a debt of the City. The City Council is not responsible for approving the Agency budget or funding any annual deficits. The Agency controls its disbursements independent of the City Council.

The Agency operates on the same fiscal year as the City. Complete financial statements of the Agency can be obtained directly from:

Lake City Development Corporation  
P.O. Box 3450  
Coeur d'Alene, Idaho 83816-1379

##### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

(Continued)

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2011

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

##### Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Property taxes, franchise fees, quarterly payments from the State of Idaho, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

(Continued)

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2011

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

*General obligation bonds debt service fund* accounts for the servicing of general obligation bonds.

The government reports the following major proprietary funds:

The *water utility fund* accounts for the provision of water services to individuals and commercial users. All activities necessary to provide such services are accounted for in this fund, including (but not limited to) administration, operations, maintenance and financing and related debt service.

The *wastewater utility fund* accounts for the provision of wastewater services to individuals and commercial users. All activities necessary to provide such services are accounted for in this fund, including (but not limited to) administration, operations, maintenance and financing and related debt service.

The *sanitation utility fund* accounts for the collection of solid wastes from the residents of the City. All activities necessary to provide such services are accounted for in this fund, including (but not limited to) administration, operations and maintenance.

Additionally, the government reports the following fund types:

*Fiduciary fund* financial statements consist of a statement of fiduciary net assets and a statement of changes in fiduciary net assets. Assets held by the City for other parties (either as a trustee or as an agent) and that cannot be used to finance the City's own operating programs are reported in the fiduciary funds. The City is responsible for ensuring that the activities reported in fiduciary funds are based on their intended purposes.

Fiduciary funds are presented in the fund financial statements but are not reported in the government-wide financial statements.

The City's fiduciary fund financial statements are presented on pages 22 and 23.

The *pension trust fund* is used to account for the payment of benefits to police officers who were hired before April 12, 1967 and to their eligible surviving spouses. Funding for these benefits comes from interest earnings and property taxes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

(Continued)



## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2011

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's water, wastewater and sanitation functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grant contributions, and 3) capital grants and contributions, including special assessments. Internally, dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

*Proprietary funds* distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, wastewater and sanitation funds are charges to customers for sales and services. The water and sewer funds also recognize as operating revenue the portion of cap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

##### Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

##### Budgetary Accounting - Budgetary Basis

All City departments are required to submit their annual budget requests to the Finance Director.

The Finance Director is the budget officer, and as such, it is the Finance Director's duty to compile and prepare a preliminary budget for consideration by the City Council. On or before the first Tuesday in August, the Finance Director submits the proposed budget to the City Council for their review and approval.

In July or August, the City Council convenes to consider the proposed budget in detail and make any alterations allowable by law and which they deem advisable, and agree upon a tentative amount to be allowed and appropriated for the ensuing fiscal year.

After the City Council agrees on tentative appropriations, the Finance Director, not later than the third Wednesday in August, publishes the tentative budget, establishing the amount proposed to be appropriated to each department, service, or activity for the ensuing fiscal year.

(Continued)

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2011

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Budgetary Accounting - Budgetary Basis (Continued)

On the first Tuesday in September, the City Council meets to hold a public hearing, at which time any taxpayer may appear and be heard upon any part or parts of the tentative budget. Upon the conclusion of the hearing, the City Council determines the amount of the budget for each department, service, or activity of the City. The combined final budget may not exceed the total of the tentative budget.

The City Council adopts the final budget by resolution, and enters the resolution on the official minutes of the Council. The adopted final budget is filed in the office of the City Clerk, and a copy, certified by the City Clerk, is filed with the County Auditor by the second Tuesday in September.

The City is required by state law to adopt annual budgets for all governmental funds. All adopted budgets for governmental funds and fiduciary funds, with the exception of the pension trust fund, are prepared in accordance with the modified accrual basis of accounting and are adopted on a basis consistent with generally accepted accounting principles (GAAP). The adopted budgets of enterprise funds, internal service funds, and the pension trust fund are prepared in accordance with the accrual basis of accounting, and are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for all funds.

The annual adopted budget covers a period from October 1 to September 30 annually. The level of budgetary control at which expenditures may not exceed appropriations is the total fund level per Idaho statute. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Administrator. Any changes in the total budget of each fund must be approved by a majority vote of the City Council.

The City Council may only increase the total adopted budget during the year for unanticipated revenues, such as state and federal grants, donations to departments, and other unscheduled revenues. The adopted budget may be increased only by the amount of revenues received. Budget revisions must be advertised, discussed in a public hearing, and adopted through a resolution by the City Council. The budget for the fiscal year ending September 30, 2011 was amended by the amount of unscheduled revenues. The financial statements reflect the amended budget.

All appropriations lapse at the end of the fiscal year. Appropriation accounts remain open until the third Tuesday in October for the payment of claims incurred against such appropriations prior to the close of the fiscal year. After the third Tuesday in October, the appropriations, except for the incomplete improvements, become null and void. Any lawful claim presented after that day against any appropriation will be provided for in the ensuing budget. The City of Coeur d'Alene does not utilize encumbrance accounting.

Debt service for capital leases is budgeted in each of the respective lessee departments on a fiscal year basis. Each capital lease agreement has a non-appropriation clause which generally states that each fiscal year's lease payments are subject to City Council approval. The lease payment appropriations are included in the operating budget.

(Continued)

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2011

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Cash and Cash Equivalents, and Investments

The City pools all individual fund cash balances in bank accounts, the State Investment Pool, and certificates of deposit, except for the investments of the Police Retirement Fund and the Cemetery Perpetual Care Fund which are held separately from those of other City funds.

Cash equivalents are defined as investments with maturities of 90 days or less at the time they are purchased by the City. If maturity is greater than 90 days, some investments are classified as cash equivalents since they are part of the City's cash management activity, and readily convertible to known amounts of cash. Balances in checking accounts, State Pooled Investments, certificates of deposit, and U.S. Government issued investments are stated at fair value.

##### Due To and From Other Funds

Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed.

##### Inventory

The City had no significant inventories on September 30, 2011.

##### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City contracted with an independent appraisal firm to perform a complete inventory of fixed assets in September 2007. Assets were valued at estimated historical costs, when original costs were not available. The City has and will continue to update this inventory. Donated fixed assets are capitalized at fair value on the date donated. Assets valued at \$5,000 or more which have a useful life of more than one year are capitalized.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**City of Coeur d'Alene, Idaho**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

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

Capital Assets (Continued)

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30-35
Equipment	5-25
Infrastructure	20-30
Other improvements	20-30
Reservoir	20
Wells and booster stations	20-100
Distribution system	50
Collections	40-50
Plant	40
Street lights	20

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of applicable bond premium or discount.

Bond Discounts, Bond Premiums and Issuance Costs

In government-wide financial statements and proprietary fund types in the fund financial statements, bond premiums and discounts, as well as issuance costs are deferred and amortized over the term of the bonds.

Amortization is computed on the straight-line method as follows:

	<u>Years</u>
Bond premium, discounts, and issuance costs:	
2004 Sewer Revenue Refunding Bonds	11

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(Continued)

City of Coeur d'Alene, Idaho

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Government Accounting Standards Board Codification section C60 specifies that a liability should be accrued for leave benefits that meet the following conditions:

1. The employer's obligation relating to employees' rights to receive compensation for future absences is attributed to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

For governmental and proprietary funds, the City records a liability for accumulated unused vacation time when earned for all employees with more than 6 months of service. Accumulated unused comp time is recorded as a liability up to 240 hours. Accumulated unpaid sick leave in excess of 720 hours (1,440 for firefighters) is paid out to employees yearly at 33.3%. The only other time accumulated unpaid sick leave is paid by the City is upon retirement. Unpaid sick leave is recorded as a liability at 72% of all employees who have worked for the City for ten years or more.

The liability for vacation, comp time, and sick leave is recorded in the statement of net assets for all governmental activities and business-type activities. In proprietary funds, compensated absences are expensed when earned. The entire amount of compensated absences is reported as a fund liability. The City has implemented GASB Statement No. 16, "Accounting for Compensated Absences" which requires the accrual to include related payroll tax and retirement costs. At September 30, 2011, the total compensated absences payable by the City was \$3,285,836.

Compensated absences are reported as follows in the financial statements:

Governmental activities	\$2,783,213
Business-type activities	<u>502,623</u>
	<u>\$3,285,836</u>

Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned.

When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

(Continued)

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2011

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Contributed Capital

Contributed capital represents donations by developers, grants restricted for capital construction, and assets whose construction was financed by special assessments. Tap-in fees that exceed the cost of physical connection to the system are recorded as cash in the water fund and the wastewater fund until the fees are spent. Capitalization fees may be used only for expansion of the system, storm sewer separation, improvement or expansion of the present plant, or the construction of additional water and wastewater facilities. When the cash received for capitalization fees is spent, the assets purchased are recorded as plant and equipment.

##### Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets (net of related debt) consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

##### Maximum Property Tax Rates

State statute sets maximum property tax rates for the City of Coeur d'Alene. The City cannot certify a budget request to finance the ad valorem portion of its annual budget that has a dollar amount that exceeds 3% of the dollar amount of ad valorem taxes certified for its annual budget during the last year in which a levy was made. The levy rate for the City of Coeur d'Alene for the 2010-11 Fiscal year were as follows: police retirement - .0084, library fund - .0659, general obligation bonds .0632 and general fund -.8625.

##### Property Tax Calendar

Property taxes are levied each November based on the assessed value of property as listed on the previous September tax rolls. Assessed values are an approximation of market value. The County Assessor establishes assessed values. Property tax payments are due in one-half installments in December and June. Property taxes become a lien on the property when it is levied.

##### Deficit Fund Balances

Deficit fund balances as of September 30, 2011 included the capital project fund Government Way Dalton to Hanley for (\$7,358) and debt service funds LID #145 for (\$158,310) and LID #149 for (\$99,285).

##### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

(Continued)

# City of Coeur d'Alene, Idaho

## NOTES TO THE FINANCIAL STATEMENTS September 30, 2011

### NOTE 2: CASH AND INVESTMENTS

#### General:

State statutes authorize the City's investments and deposits. The City is authorized to invest in demand deposits, savings accounts, U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, bonds, debentures or notes of any corporation organized, controlled and operating within the U.S. which have at their purchase an "A" rating or higher, government pool and money market funds consisting of any of these securities listed. No violations of these categories have occurred during the year.

#### Custodial credit risk:

Custodial credit risk is the risk that in the event of a failure of a financial institution, the City's deposits and investments may not be returned to it. The City does not have a deposit policy for custodial credit risk. The carrying amount of the City's deposits and investments is \$28,047,435 and the bank balance is \$29,385,037. As of September 30, 2011, the City's deposits and investments were exposed to custodial credit risk as follows:

#### Deposits and investments without exposure to custodial credit risk:

##### *Deposits:*

Amount insured by FDIC	\$ 3,879,666
Amount collateralized with securities held in trust, but not in the City's name	<u>21,618,817</u>
Total	<u>25,498,483</u>

##### *Investments:*

Amount registered in the name of the City	<u>3,210,409</u>
Total deposits and investments without exposure to custodial credit risk	<u>28,708,892</u>

#### Deposits and investments with exposure to custodial credit risk:

##### *Deposits:*

Amount uninsured / uncollateralized	<u>502,434</u>
-------------------------------------	----------------

##### *Investments:*

Amount registered in the name of the City	<u>173,711</u>
Total deposits and investments with exposure to custodial credit risk	<u>676,145</u>
Total deposits and investments	<u>\$29,385,037</u>

#### Cash and cash equivalents at September 30, 2011 consist of the following:

Deposits (checks in excess of deposits)	\$ (161,052)
Cash on hand	2,175
Short-term certificate of deposit	520,000
Repurchase Agreements	2,857,086
Idaho State Investment Pool	<u>21,618,817</u>
	<u>\$24,837,026</u>

(Continued)

**City of Coeur d'Alene, Idaho**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

**Credit risk:**

Credit risk is the risk that a debtor will not fulfill its obligations. All of the above securities registered in the City's name carry a rating of AAA from Moody's and Standard and Poor's. The Idaho State Investment Pool does not have an established credit rating, but invests in entities with a minimum credit rating of "A" as stipulated by Idaho code

**Interest rate risk and concentration of credit risk:**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Concentration of credit risk as defined by GASB exists when more than 5% of an investment portfolio is allocated to one security. As of September 30, 2011, the City had the following investments (and associated maturities) in its internal investment portfolio:

Investment		Fair Value & Carrying Amount	Less than 1 year	1-2 years	2-5 years	6-10 years
US Treasury Note	2%	\$ 50,155	\$ 50,155	\$ -	\$ -	\$ -
US Treasury Note	1%	43,432	-	-	43,432	-
FNAMMTN	5%	163,317	-	-	163,317	-
FHLMCMTN	3%	106,909	-	-	106,909	-
FNAMMTN	6%	205,098	-	-	205,098	-
FHLMCMTN	2%	52,947	-	-	52,947	-
FNAMMTN	6%	177,678	-	-	-	177,678
US Treasury Note	6%	177,833	-	-	-	177,833
Federal Home Loan Bks	4%	119,308	-	-	-	119,308
US Treasury Note	2%	56,793	-	-	-	56,793
American Express Bk	2%	50,818	50,818	-	-	-
Aurora Bank FSB	3%	90,186	-	90,186	-	-
US Treasury Bond	3%	103,953	-	103,953	-	-
Federal Home Loan Bks	2%	52,946	-	52,946	-	-
Federal Home Loan Bks	3%	108,819	-	108,819	-	-
FHLMCMTN	3%	106,909	-	-	106,909	-
US Treasury Note	4%	112,648	-	-	112,648	-
US Treasury Inflation Protection Security	6%	177,107	-	-	177,107	-
US Treasury Note	4%	115,883	-	-	115,883	-
FNAMMTN	8%	260,594	-	-	-	260,594
US Treasury Note	4%	118,648	-	-	-	118,648
Federal Home Loan Bks	2%	54,680	-	-	-	54,680
Federal Farm Credit Bk	3%	108,381	-	-	-	108,381
FHLMCMTN	4%	119,592	-	-	-	119,592
GE Money Bank	2%	50,850	-	50,850	-	-
Bmw Bk North Amer Ut	2%	50,862	-	50,862	-	-
Bank of America Na CD	1%	30,544	-	30,544	-	-
Ally Bank Gmac Bank Midvale CD	3%	101,139	101,139	-	-	-
Barclays Bank De CD	2%	78,468	-	-	78,468	-
US Treasury State & Local	0%	4,456	-	4,456	-	-
US Treasury State & Local	5%	159,456	-	159,456	-	-
		<b>\$ 3,210,409</b>	<b>\$ 202,112</b>	<b>\$ 652,072</b>	<b>\$ 1,162,718</b>	<b>\$ 1,193,507</b>

(Continued)



**City of Coeur d'Alene, Idaho**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

Investment	Fair Value & Carrying Amount	Less than 1 year	Maturity		
			1-2 years	2 - 5 years	6-10 years
U.S. Treasuries	\$ 1,120,364	\$ 50,155	\$ 267,865	\$ 449,070	\$ 353,274
U.S. Agencies	1,637,178	-	161,765	635,180	840,233
Corporate bonds	452,867	151,957	222,442	78,468	-
	<u>\$ 3,210,409</u>	<u>\$ 202,112</u>	<u>\$ 652,072</u>	<u>\$ 1,162,718</u>	<u>\$ 1,193,507</u>

The City does not have a policy for interest rate risk or concentration of credit risk, but does manage the portfolio to preserve the principal value.

Since all of the City's cash needs cannot be anticipated, the above securities are traded in active secondary or resale markets.

**Fair value:**

The securities registered in the City's name were purchased at a cost of \$2,919,303. The gain of \$291,106 (the difference between cost and fair value) has been recognized in the financial statements as investment income. The current year gain was \$185,706

The City's investments in 2a-7-like pools are valued based upon the value of pool shares. The City invests in one 2a-7-like pool, the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The State Investment Pool is duly chartered and administered by the State Treasurer's office and consists of US Treasury bills and notes, collateralized certificates of deposit and repurchase agreements.

The balances that the City has in the State Investment Pool are carried at its fair market value of \$21,618,817. The City's portion of the State Investment Pool had an unrealized gain of \$60,364 at September 30, 2011, which has been recognized in the financial statements.

The City considers funds held in the State Investment Pool to be cash equivalents, as the average maturity of the underlying securities is less than 90 days, and the City can liquidate the account at any time.

**NOTE 3: ACCOUNTS RECEIVABLE**

Governmental activities:

Accounts receivable consist of the following as of September 30, 2011:

Franchise and utility receivable	\$558,537
Miscellaneous receivables	<u>34,974</u>
	<u>\$593,511</u>

Business-type activities:

Accounts receivable consist of the following as of September 30, 2011:

Amounts due from customers	\$2,605,037
Less allowance for uncollectible accounts	<u>(21,122)</u>
	<u>\$2,583,915</u>

(Continued)

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2011

**NOTE 4: SPECIAL ASSESSMENTS RECEIVABLE**

Special assessments receivable from benefited property owners of public improvements consist of the following as of September 30, 2011 and are recorded in the debt service fund:

Deferred principal amounts not currently due, but due at a future date	<u>\$382,829</u>
---	------------------

Installment payments of principal and interest due from property owners are billed annually.

**NOTE 5: CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2011 is as follows:

Plant and equipment and accumulated depreciation are as follows:

	September 30, 2010	Additions	Deletions	Adjustments	September 30, 2011
Governmental activities:					
Land	\$ 8,800,679	\$ 1,602,146	\$ -	\$ -	\$ 10,402,825
Total capital assets, not being depreciated	8,800,679	1,602,146	-	-	10,402,825
Buildings	18,790,391	308,121	-	-	19,098,512
Other improvements	4,133,190	647,009	-	518,088	5,298,287
Equipment	16,955,411	480,249	138,445	17,815	17,315,030
Infrastructure	125,547,943	634,146	-	-	126,182,089
Total capital assets	165,426,935	2,069,525	138,445	535,903	167,893,918
Less: accumulated depreciation					
Buildings	5,169,489	556,417	-	-	5,725,906
Other improvements	1,064,561	168,354	-	-	1,232,915
Equipment	10,995,294	830,659	136,045	17,815	11,707,723
Infrastructure	33,120,589	2,963,553	-	-	36,084,142
Total accumulated depreciation	50,349,933	4,518,983	136,045	17,815	54,750,686
Total capital assets being Depreciated, net	115,077,002	(2,449,458)	2,400	518,088	113,143,232
Governmental activities capital assets net	\$ 123,877,681	\$ (847,312)	\$ 2,400	\$ 518,088	\$ 123,546,057

(Continued)

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2011

#### NOTE 5: CAPITAL ASSETS (CONTINUED)

Business-type activities:

Capital assets not being

depreciated:

Land	\$ 2,031,209	\$ -	\$ -	\$ -	\$ 2,031,209
Construction in progress	11,321,667	-	-	(11,321,667)	-
Total capital assets, not being depreciated :	<u>13,352,876</u>	<u>-</u>	<u>-</u>	<u>(11,321,667)</u>	<u>2,031,209</u>
 Réservoir	 6,069,282	 -	 -	 -	 6,069,282
Wells and booster stations	7,675,280	-	-	-	7,675,280
Distribution system	72,370,261	2,183,033	-	-	74,553,294
Collection	38,081,205	752,956	-	-	38,834,161
Plant	80,390,778	9,104,386	-	11,321,667	100,816,831
Street lights	790,987	-	-	-	790,987
Equipment	8,616,238	660,736	(5,500)	(17,815)	9,264,659
Improvements	7,174,462	183,098	-	-	7,357,560
Total capital assets	<u>221,168,493</u>	<u>12,884,209</u>	<u>(5,500)</u>	<u>11,303,852</u>	<u>245,351,054</u>
 Less: accumulated depreciation					
Réservoir	2,302,535	263,059	-	-	2,565,594
Wells and booster stations	3,272,071	160,371	-	-	3,432,442
Distribution system	24,775,328	1,542,604	-	-	26,317,932
Collection	7,639,558	653,733	-	-	8,293,291
Plant	30,467,422	2,852,227	-	-	33,319,649
Street lights	467,328	26,915	-	-	494,243
Equipment	3,598,376	487,136	(5,500)	(17,815)	4,062,197
Improvements	2,541,703	195,480	-	-	2,737,183
Total accumulated depreciation	<u>75,064,321</u>	<u>6,181,525</u>	<u>(5,500)</u>	<u>(17,815)</u>	<u>81,222,531</u>
Total capital assets being depreciated, net	<u>146,104,172</u>	<u>6,702,684</u>	<u>-</u>	<u>11,321,667</u>	<u>164,128,523</u>
Business-Type activities capital assets net	<u>\$ 159,457,048</u>	<u>\$ 6,702,684</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,159,732</u>

Depreciation expense was charged to functions/programs for the primary government as follows:

Governmental activities:

General government	\$ 131,526
Public works	3,109,795
Culture and recreations	764,760
Public safety	<u>512,903</u>
Total depreciation expense – governmental activities	<u>\$4,518,984</u>

Business-type activities:

Water	\$2,194,250
Wastewater	3,673,402
Street lighting	26,915
Stormwater	205,993
Public parking	<u>35,965</u>
Total depreciation expense – business-type activities	<u>\$6,181,525</u>

(Continued)

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2011

**NOTE 6: CHANGES IN LONG-TERM DEBT**

Long-term liability activity for the year ended September 30, 2011, was as follows:

	Balance 10/1/2010	Additions	Deletions	Balance 9/30/2011	Due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 6,589,797	\$ -	\$ (1,015,694)	\$ 5,574,103	\$ 899,263
Special assessment bonds payable	435,000	-	(110,000)	325,000	115,000
Deferred amounts:					
For issuance premium	125,217	-	(26,223)	98,994	26,223
Total bonds payable	7,150,014	-	(1,151,917)	5,998,097	1,040,486
Certificates of Participation	300,000		(145,000)	155,000	155,000
Capital leases	-	462,500	(150,000)	312,500	62,500
Compensated absences	2,427,582	355,632		2,783,214	121,191
Governmental activities					
Long-term liabilities	<u>\$ 9,877,596</u>	<u>\$ 818,132</u>	<u>\$ (1,446,917)</u>	<u>\$ 9,248,811</u>	<u>\$ 1,379,177</u>
Business-type activities:					
Revenue bonds payable	\$ 15,474,074	\$ -	\$ (892,620)	\$ 14,581,454	\$ 930,587
Deferred amounts:					
For issuance premium	121,860	-	(23,594)	98,266	23,594
Total bonds payable	15,595,934	-	(916,214)	14,679,720	954,181
State loan payable	3,312,649	7,290,767	-	10,603,416	
Compensated absences	436,806	65,817	-	502,623	20,718
Business-type activities:					
Long-term liabilities	<u>\$ 19,345,389</u>	<u>\$ 7,356,584</u>	<u>\$ (916,214)</u>	<u>\$ 25,785,759</u>	<u>\$ 974,899</u>

(Continued)

**City of Coeur d'Alene, Idaho**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

**NOTE 7: BONDS AND LEASES PAYABLE**

The City's long-term obligations at year-end consist of the following:

Revenue bonds payable from the wastewater fund at September 30, 2011 are composed of the following issues:

In December of 2007, the City of Coeur d'Alene issued \$15,000,000 of sewer revenue bonds. This obligation was issued for the purpose of paying a portion of the cost of construction and installation of additions and betterments to the sewer system of the City. The Series 2007 Bonds were sold to the State of Idaho Department of Environmental Quality at an aggregate price plus accrued interest.

<u>Issue</u>	<u>FY End 30-Sep</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007 Sewer Revenue Refunding Bonds	2012	3.75%	\$ 585,587	\$ 487,522	\$ 1,073,109
	2013	3.75%	609,070	464,039	1,073,109
	2014	3.75%	632,124	440,985	1,073,109
	2015	3.75%	656,051	417,058	1,073,109
	2016	3.75%	679,826	393,283	1,073,109
	2017	3.75%	706,616	366,493	1,073,109
	2018	3.75%	733,363	339,746	1,073,109
	2019	3.75%	761,122	311,987	1,073,109
	2020	3.75%	789,176	283,934	1,073,110
	2021	3.75%	819,803	253,306	1,073,109
	2022	3.75%	850,834	222,275	1,073,109
	2023	3.75%	883,039	190,070	1,073,109
	2024	3.75%	916,058	157,051	1,073,109
	2025	3.75%	951,138	121,971	1,073,109
	2026	3.75%	987,140	85,969	1,073,109
	2027	3.75%	1,024,504	48,605	1,073,109
	2028	3.75%	511,003	9,864	520,867
Total 2007 sewer revenue bonds			<u>\$13,096,454</u>	<u>\$4,594,158</u>	<u>\$17,690,612</u>

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2011

**NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)**

In December of 2004, the City issued \$3,560,000 of revenue bonds for a current refunding of a 1995 Sewer revenue bond in the amount of \$3,679,369. The refunding was undertaken to reduce total future debt service payments. The total debt service cash flow requirements, including interest of the refunding bonds exceeds that of the old bonds in the amount of \$7,727. This would assume that all payments were made as scheduled to maturity. In addition, the "economic gain" resulting from the transaction amounted to \$50,074. The "economic gain" is defined as the difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate of the new debt taking into account amounts of additional cash paid at the time of the refunding.

2004 Sewer Revenue Refunding Bonds

	2012	5.00	\$ 345,000	\$ 74,250	\$ 419,250
	2013	5.00	360,000	57,000	417,000
	2014	5.00	380,000	39,000	419,000
	2015	5.00	400,000	20,000	420,000
Total 2004 sewer revenue bonds			\$1,485,000	\$190,250	\$1,675,250

On December 15, 2009 the City entered into a loan agreement with the State of Idaho, Department of Environmental Quality for an amount not to exceed \$13,000,000 at a .5% interest rate to be repaid in biannual installments over 20 years. The State of Idaho is authorized by Title 39, Chapter 36, Idaho Code, to make loans from the wastewater treatment facility loan account to assist municipalities in the construction of wastewater treatment facilities. The loan to the City of Coeur d'Alene is for a wastewater treatment plant upgrade. The upgrade is being driven by the necessity to meet changing National Pollutant Discharge Elimination System discharge limits. The upgrade will add a new sludge digester, a digester control building, a digester handling building, an administration/lab building and a maintenance shop building. At September 30, 2011 the City had drawn down \$10,603,416 from this loan.

The City pledges income derived on the acquired or constructed assets to pay debt service.

General Obligation Bonds payable for the governmental activities at September 30, 2011 consist of the following issue:

Issue	FY End 9-30	Rate	Principal	Interest	Total
2008 Public Safety Bonds:					
	2012	3.93%	\$119,263	\$19,032	\$138,295
	2013	3.93%	123,428	14,305	137,733
	2014	3.93%	134,374	9,346	143,720
	2015	3.93%	137,038	4,039	141,077
Total 2008 Public Safety Bonds:			\$514,103	\$46,722	\$560,825

(Continued)

**City of Coeur d'Alene, Idaho**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

**NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)**

Issue	FY End		Principal	Interest	Total
	9-30	Rate			
2006 Public Safety and Library	2012	4.25%	\$ 780,000	\$ 220,962	\$1,000,962
Bonds:	2013	4.25%	815,000	187,812	1,002,812
	2014	4.25%	845,000	153,175	998,175
	2015	4.25%	885,000	117,262	1,002,262
	2016	4.50%	140,000	79,650	219,650
	2017	4.5%	145,000	73,350	218,350
	2018	5.00%	155,000	66,825	221,825
	2019	5.00%	160,000	59,075	219,075
	2020	4.50%	170,000	51,075	221,075
	2021	4.50%	175,000	43,425	218,425
	2022-2025	4.50%	790,000	90,675	880,675
Total 2006 Public Safety and Library Bonds:			<u>\$5,060,000</u>	<u>\$1,143,286</u>	<u>\$6,203,286</u>

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 10-year serial bonds with equal amounts of principal maturing each year.

Special assessment bonds payable at September 30, 2011 from benefited property owners and, in the event of default, from the LID Guarantee fund is composed of the following issues:

Issue	FY End		Principal	Interest	Total
	30-Sep	Rate			
#130, 135 & 136	2012	6.10%	\$ 40,000	\$10,370	\$ 50,370
	2013	6.10%	40,000	7,930	47,930
	2014	6.10%	45,000	5,490	50,490
	2015	6.10%	45,000	2,745	47,745
#146	2012	4.60%	75,000	7,210	82,210
	2013	4.70%	80,000	3,760	83,760
Total special assessment bonds payable			<u>\$325,000</u>	<u>\$37,505</u>	<u>\$362,505</u>

(Continued)

**City of Coeur d'Alene, Idaho**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

**NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)**

Certificates of Participation are as follows at September 30, 2011. The Certificates were issued on May 1, 2001 to finance the cost of constructing and equipping a fire station and related improvements.

Issue	FY End		Principal	Interest	Total
	30-Sep	Rate			
2001 Certificates of Participation:	2012	5.75%	\$155,000	\$8,913	\$163,913
Total 2001 Certificates of Participation			\$155,000	\$8,913	\$163,913

Capital leases – The City of Coeur d'Alene entered a real estate purchase and sale agreement with Fernan Lake Preservation, LLC on March 10, 2011 to purchase real estate to be used as parkland. The total purchase price of the real property is \$462,500. The City paid \$150,000 at closing. The balance of the purchase price, \$312,500 is to be paid in five annual payments of \$62,500. The annual payments shall be made by or before October 15, beginning with the first payment on October 15, 2011

The following is a schedule of maturities of bonds, lease and loan obligations for all governmental activities:

Year	General Obligation Bonds	Special Assessment Bonds	Certificates of Participation and Leases	Compensated Absences	Total (Memo Only)
Unknown	\$ -	\$ -	\$ -	\$ 2,783,214	\$ 2,783,214
2012	899,263	115,000	217,500	-	1,231,763
2013	938,428	120,000	62,500	-	1,120,928
2014	979,374	45,000	62,500	-	1,086,874
2015	1,022,038	45,000	62,500	-	1,129,538
2016	140,000	-	62,500	-	202,500
Thereafter	1,595,000	-	-	-	1,595,000
	5,574,103	325,000	467,500	2,783,214	9,149,817
Plus issuance premium- net	-	-	-	-	98,994
	\$ 5,574,103	\$ 325,000	\$ 467,500	\$ 2,783,214	\$ 9,248,811

(Continued)



**City of Coeur d'Alene, Idaho**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

**NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)**

The following is a schedule of maturities of bonds, lease and loan obligations for all business-type activities:

Year	Wastewater 2008 Revenue Bonds	Wastewater 2004 Revenue Bonds	State Loan Payable	Compensated Absences	Total (Memo Only)
Unknown	\$ -	\$ -	\$ 10,603,416	\$ 502,623	\$ 11,106,039
2012	585,587	345,000	-	-	930,587
2013	609,070	360,000	-	-	969,070
2014	632,124	380,000	-	-	1,012,124
2015	656,051	400,000	-	-	1,056,051
2016	679,826	-	-	-	679,826
Thereafter	9,933,796	-	-	-	9,933,796
	13,096,454	1,485,000	10,603,416	502,623	25,687,493
Plus issuance premium- net	-	-	-	-	98,266
	<u>\$ 13,096,454</u>	<u>\$ 1,485,000</u>	<u>\$ 10,603,416</u>	<u>\$ 502,623</u>	<u>\$ 25,785,759</u>

There are a number of covenants, limitations and other requirements contained in the various bond indentures. The City is in substantial compliance with these requirements at September 30, 2011.

**NOTE 8: INTERFUND TRANSACTIONS**

Due to/from other funds as of September 30, 2011:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Debt Service Funds-LID 145	\$158,344
General Fund	Debt Service Funds-LID 149	102,781
General Fund	Sanitation Fund	186,000
General Fund	Capital Projects Fund	<u>150,000</u>
Total All Funds		<u>\$597,125</u>

Interfund transfers as of September 30, 2011:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$1,839,656	\$ 466,492
Debt Service Funds	148,685	73,685
Capital Projects	371,312	174,886
Special Revenue Funds	649,453	325,839
Enterprise Funds	85,000	<u>2,053,204</u>
Total	<u>\$3,094,106</u>	<u>\$3,094,106</u>

The principal purposes for the transfer of funds from the Enterprise funds to the General fund are to cover the administration costs of operating the City's utility division.

(Continued)

**City of Coeur d'Alene, Idaho**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

**NOTE 9: SELF-INSURANCE**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions. During the fiscal year ended September 30, 1988, the City established a self-insurance program. An insurance fund (special revenue fund) has been set up to account for property tax revenues levied for this purpose and to record transfers from other funds to meet the insurance needs of the City. The insurance fund is responsible for paying claim settlements for all funds of the City, except for the enterprise funds. In addition, it pays insurance premiums for certain insurance policies which the City has chosen to continue. Under the program, the City has chosen to self-insure for all potential claims with the exception of auto liability and property insurance. There were no settlements that exceeded insurance coverage in the last three fiscal years. The cash reserves are designated for future catastrophic losses in any governmental fund and are available on a loan basis to any enterprise fund that has a claim against it that it is unable to pay.

The insurance fund's revenues come from, charges to other funds, and interest earned. Expenditures made from the insurance fund include direct costs and related costs for risk management, direct costs and related costs for the preparation, investigation, adjusting, defending, and settling of claims and/or lawsuits filed against the City.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. At September 30, 2011, there were no liabilities in the insurance fund that were probable and could be reasonably estimated.

	<u>September 30</u> <u>2011</u>	<u>September 30</u> <u>2010</u>
Unpaid claims, beginning of fiscal year	\$ -	\$ -
Incurred claims	351,832	21,589
Claim payments	<u>351,832</u>	<u>21,589</u>
Unpaid claims, end of fiscal year	\$ _____	\$ _____

There were no significant reductions in insurance coverage from coverage in the prior year.

Health Insurance

Eligible employees of the City of Coeur d'Alene are insured for health care through Group Health - Options Health Care. The risks associated with employees on the Options Health Care are covered by commercial insurance purchased from independent third parties. The amounts of settlements did not exceed insurance coverage for each of the past three fiscal years.

There were no significant reductions in insurance coverage from coverage in the prior year.

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2011

#### NOTE 10: CONTINGENCIES

Intergovernmental Grants - The City has received several federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.

Litigation - The City is a defendant in various legal proceedings arising in connection with its operations. Numerous matters exist at September 30, 2011, which are in various stages of discovery and proceedings. Certain of these matters involve claimed amounts, which are material to the City's basic financial statements. Claims subject to Idaho law are limited to a statutory maximum of \$500,000. Claims subject to federal law are not limited. The City intends to vigorously defend itself in these pending actions. Management is currently unable to estimate the magnitude of the loss, if any, that would result from an unfavorable outcome from certain of these matters. Accordingly, no liability or loss has been recognized in the accompanying basic financial statements.

The City has chosen to self-insure for most of its risk of loss arising from claims against the City. See Note 9 for a description of the City's self-insurance program.

#### NOTE 11: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The government issued revenue bonds to finance its water and wastewater departments. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment.

#### CONDENSED STATEMENT OF NET ASSETS

	Water Funds	Wastewater Funds
<b>Assets:</b>		
Current assets	\$ 3,131,286	\$11,408,635
Bond issuance cost and bond discounts net of amortization		24,647
Capital assets	60,528,124	100,247,844
Total assets	63,659,410	111,681,126
<b>Liabilities:</b>		
Current liabilities	196,258	1,530,375
Noncurrent liabilities	156,109	24,585,347
Total liabilities	352,367	26,115,722
<b>Net assets:</b>		
Invested in capital assets, net of related debt	60,528,124	74,964,708
Unrestricted	2,778,919	10,600,696
Total net assets	\$63,307,043	\$85,565,404

(Continued)

**City of Coeur d'Alene, Idaho**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

**NOTE 11: SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)**

**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

	<u>Water Funds</u>	<u>Wastewater Funds</u>
Charges for services	\$ 3,899,833	\$ 6,082,555
Depreciation expense	(2,194,250)	(3,673,403)
Other operating expenses	<u>(2,648,824)</u>	<u>(3,539,556)</u>
Operating income	(943,241)	(1,130,404)
Non operating revenues (expenses):		
Capitalization fees	520,027	1,026,172
Investment earnings	5,031	21,779
Interest expense		(583,662)
Amortization		17,432
Capital contributions	1,429,655	157,772
Operating transfer out	<u>(509,607)</u>	<u>(763,506)</u>
Change in net assets	501,865	(1,254,417)
Beginning net assets	62,805,178	86,819,821
Prior Period Adjustment		
Ending net assets	<u>\$63,307,043</u>	<u>\$85,565,404</u>

**CONDENSED STATEMENT OF CASH FLOWS**

	<u>Water Funds</u>	<u>Wastewater Funds</u>
Net cash provided (used) provided by:		
Operating activities	\$1,232,379	\$ 2,214,970
Noncapital financing activities	(509,607)	(763,506)
Capital and related financing activities	(597,135)	(2,938,572)
Investing activities	<u>5,031</u>	<u>21,779</u>
Net change	130,668	(1,465,329)
Beginning cash and cash equivalents	<u>1,934,252</u>	<u>12,012,372</u>
Ending cash and cash equivalents	<u>\$2,064,920</u>	<u>\$10,547,043</u>

# City of Coeur d'Alene, Idaho

## NOTES TO THE FINANCIAL STATEMENTS September 30, 2011

### NOTE 12: FUND BALANCES

The City has adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (required implementation date of June 2011). This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the City to classify and report amounts in the appropriate fund balance classifications. The City's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of non-spendable, restricted, committed, assigned, or unassigned.

The City reports the following classifications:

Restricted Fund Balance — Restricted fund balances are restricted when 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. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds. Legal enforceability means that the City can be compelled by an external party (e.g., citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed Fund Balance — Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the City Council. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the City Council. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance — Assigned fund balances are amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances do not have to be made by the City Council, they are more easily imposed and removed and they may be assigned for specific purposes even after the City's year end.

Amounts for specific purposes by fund and fund balance classifications for the year ended September 30, 2011 are as follows.

**General Fund**

***Restricted***

KCJA Drug Task Force	\$ 60,267
Bellerive Subdivision agreement	23,046
Energy Grant	6,212
	<u>\$ 89,525</u>

***Committed***

Fernan Property Lease	\$ 312,500
Sick Leave Option 2	195,350
	<u>\$ 507,850</u>

***Assigned***

Repavement of Rotary Tennis Court	\$ 35,884
Rec Dept-Avista waterfront improvements	7,198
Rec Dept - Equipment Reserve	19,344
Overlay	268,451
	<u>\$ 330,877</u>

**General Obligation Bonds**

***Restricted***

Debt Service	<u>\$ 574,190</u>
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(Continued)

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2011

#### NOTE 12: FUND BALANCES (CONTINUED)

##### Other Governmental Funds

###### *Restricted*

Special Revenue Funds - Impact Fees	\$ 2,168,007
Special Revenue Funds - Jewett House	9,081
Debt Service Funds - LID #130/135/136	3,004
Debt Service Funds - LID #146	46,056
Debt Service Funds - LID Guarantee Fund	75,460
	<u>\$ 2,301,608</u>

###### *Committed*

Special Revenue Funds - Library	\$ 135,013
Special Revenue Funds - Cemetary	23,896
Special Revenue Funds - Parks Capital Improvements	370,411
Special Revenue Funds - Insurance	1,560,027
Special Revenue Funds - Cemetary Perpetual Care	1,841,507
Special Revenue Funds - Reforestation	177,071
Special Revenue Funds - Public Art	761,551
	<u>\$ 4,869,476</u>

###### *Assigned*

Special Revenue Funds - Annexation Fees	\$ 135,964
Special Revenue Funds - Art Commission	602
Debt Service Funds - LID #124/125	328
Debt Service Funds - LID #127/128	168
Debt Service Funds - LID #129/132	175
Capital Projects Funds - Miscellaneous Projects	15,388
	<u>\$ 152,625</u>

#### NOTE 13: DEFINED BENEFIT PENSION PLAN

The Public Employee Retirement System of Idaho (PERSI) is the administrator of a cost sharing multiple-employer public retirement system that was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. Financial reports for the plan are available from PERSI upon request. That report may be obtained by writing to PERSI, 607 North 8th Street, Boise, Idaho 83702.

After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. Effective June 30, 2000, the annual service retirement allowance for each month of credited service is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive forty-two months.

For the period October 01, 2010 through September 30, 2011, the required contribution rate for general employees was 10.39% and 6.23% of covered payroll for the City of Coeur d'Alene and its employees, respectively, and 10.73% and 7.69% for police/firefighter employees. The City of Coeur d'Alene's contributions required and paid were \$2,776,652, \$2,716,725 and \$2,629,034 for the three years ended September 30, 2011, 2010, and 2009 respectively.

(Continued)

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2011

#### NOTE 13: DEFINED BENEFIT PENSION PLAN (CONTINUED)

##### Single-Employer Defined Benefit Pension Plan

Plan Description: The City of Coeur d'Alene maintains a single-employer defined benefit pension plan, the Police Retirement Fund. Title 50, Chapter 15, of the Idaho Code allowed the City of Coeur d'Alene to create a Policemen's Retirement Fund. Title 2, Chapter 2.80, of the City of Coeur d'Alene Code, created the Police Retirement Fund. A Board of Police Retirement Commissioners consisting of the Council and three members of the Police Department is the administrator of the Fund and has the authority to establish and amend benefits and contributions. The Police Retirement Fund is responsible for the payment of benefits to police officers who were hired before April 12, 1967 and their eligible surviving spouses. Funding for these benefits come from two sources:

- (1) Investment earnings on the fund
- (2) Property taxes

The City's police retirement fund is a closed group. No new members are permitted and no active members remained in the Fund as of May 31, 1991. All members have retired and all benefit obligations except for future cost-of-living increases have been determined. There are three members and five spouses currently receiving benefits. There are no terminated members entitled to but not yet receiving benefits. Separate financial statements are not issued for The police retirement fund.

Police officers may retire after 25 years of service or at attainment of age 60. The amount of annual pension is 50% of the average annual salary in the five highest salary years out of the ten years of service preceding retirement.

There is no age and service requirement for disability retirement. Disabled members are paid an annual pension equal to 50% of the annual salary attached to the rank held by the disabled member, payable if the disablement was wholly attributable to service. If the disablement was only partially attributable to service, the benefit is proportionately reduced.

If a retired member has been married for at least five years prior to death, a pension of 75% of the retirement benefit to which he was entitled at the time of his death is payable to his widow until her death or remarriage. This benefit is increased to the full retirement benefit if there are minor children.

##### Single-Employer Defined Benefit Pension Plan (Continued)

The police retirement fund is accounted for on a flow of economic resources measurement focus and uses the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The fair value of investments is determined by the trust department of the bank that administers the funds investment portfolio. Publicly traded assets are valued in accordance with market quotations. Assets which are not publicly traded may reflect values from other external sources or special valuations prepared by the trust department.

(Continued)

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2011

#### NOTE 13: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy: The funding policy and cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Board of police retirement fund Commissioners. The costs of administering the plan are financed by investment earnings. The City's latest actuarial valuation was dated September 30, 2011. The City's contributions to the fund are set to amortize the fund's benefit liabilities over the period ending September 30, 2027. This represents a 30 year amortization of the Fund's unfunded actuarial liability. The actuary recommends a minimum yearly contribution of \$152,000 to adequately satisfy future expected cash flow requirements. The fund's asset balance is not expected to decrease for at least the next ten years. These calculations are based on the actuarial assumptions, including annual post-retirement benefits increases of 3% and investment returns of 5.25%. Any adverse future experience of the Fund will require an increase in the minimum recommended contribution of \$152,000.

There are no long-term contracts for contributions to the plan or any legally required reserves. Investments at year end included cash equivalents of \$18,518 and U.S. Government issues of \$1,380,767. The actuarial value of assets is fair market value.

For fiscal years beginning after June 15, 1996, new GASB reporting standards are required for defined benefit pension plans reporting and disclosures (Statement No. 25). The requirements for Statement No. 25 include certain supplementary information to the financial statements. These include:

- (1) A schedule of funding progress, and
- (2) A schedule of employer contributions

The schedule of funding progress compares the amount of unfunded actuarial liability (UAL) from year to year and measures the progress of the employer's contributions in reducing the amount. Under most acceptable funding methods there is a UAAL. The required schedule of employer contributions compares the employer contributions required based on the actuarial required contribution, or ARC, with those employer contributions actually made.

#### Funding Policy (Continued)

GASB Statement No. 27 is effective for fiscal years beginning after June 15, 1997 and is required for pension accounting by state and local government employers. The disclosures include the measurement of an annual pension cost (APC). For the fund, the APC is equal to the employer's annual required contributions (ARC), as actuarially determined by the funding methods and assumptions for pension benefits used for GASB purposes. If the City is required to make a contribution (APC) and does not make a contribution equal to the ARC, then a Net Pension Obligation (NPO) account must be established and the APC will reflect adjustments made to the NPO account, as well as the ARC. Since the City's actual contribution will almost always be slightly different from its target contribution, there will always be a small NPO and a small difference between the ARC and the APC.

For GASB purposes, the ARC must be calculated based on certain parameters required for disclosure purposes. The actuarial has computed the ARC using the entry age normal cost method. Under this method the projected benefits are allocated on a level basis as a percentage of salary over the earnings of each individual between entry age and assumed exit age. The amount allocated to each year is called the normal cost and the portion of the actuarial present value of all benefits not provided for by future normal cost payments is called the actuarial accrued liability. Since all members have already retired, the amount of the annual normal cost is zero. The unfunded actuarial accrued liability (UAAL) is the actuarial accrued liability minus the actuarial value of the fund's assets.

(Continued)



**City of Coeur d'Alene, Idaho**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

**NOTE 13: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

For GASB reporting purposes, Table 1 presents the ARC as of the valuation date, assuming the UAL is amortized as a level dollar amount over 18.2 years. This is within the maximum period allowed under the GASB reporting rules. The amortization period is open.

The UAL and the percentage funded by assets are shown in the required supplementary information, the schedule of funding progress. Table 1 discloses the annual pension costs; percentage of annual pension cost contributed and NPO for the year ended September 30, 2011. Only one year of information is available.

**Table 1**

**Annual Pension Cost and Net Pension Obligation**

Annual required contribution (ARC)	
Annual normal cost (BOY)	\$ -
Amortization of UAL (BOY)	144,418
Interest to EOY*	<u>7,582</u>
ARC at EOY	152,000
Interest on NPO	130
Adjustment to NPO	<u>(205)</u>
Annual pension cost (APC)	151,925
Employer contributions	<u>152,000</u>
Change in NPO	(75)
NPO at BOY	<u>2,477</u>
NPO at EOY	<u>\$ 2,402</u>

\* Interest computation assumes end-of-year payment although actual payments will take place during the year. The ARC was calculated taking the timing of the actual payment schedule into account.

**NOTE 14: POST EMPLOYMENT HEALTH PLANS**

*Plan Description.* City of Coeur d'Alene operates a single – employer retiree benefit plan that provides post-employment medical plans upon retirement from active service. To be eligible for the City's retiree group medical plan, a retiree must exceed 90; calculated as their age plus service. Public Safety officers covered under PERSI are eligible for retirement when their age plus service exceeds 80. Retirees are covered until they are eligible for Medicare or Medicaid; Death; or the employee or spouse becomes employed elsewhere and medical benefits are available.

*Funding Policy.* The City has not established a fund to supplement the costs for the net OPEB obligation. Current year's premiums are capped at \$500 per month. The city's funding policy is bases on a pay-as-you-go method.

(Continued)

**City of Coeur d'Alene, Idaho**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

**NOTE 14: POST EMPLOYMENT HEALTH PLANS (CONTINUED)**

*Annual OPEB Cost and Net OPEB Obligation.* The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$557,204
Interest on net OPEB obligation	29,285
Adjustment to annual required contribution	<u>(28,295)</u>
Annual OPEB cost (expense)	558,194
Contributions made	<u>(31,173)</u>
Increase in net OPEB obligation	527,021
Net OPEB obligation – beginning of year	509,309
Net OPEB obligation – end of year	<u>\$1,036,330</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
9/30/09	\$528,802	16.01%	\$444,137
9/30/10	\$540,723	24.32%	\$853,454
9/30/11	\$558,194	5.58%	\$1,036,330

*Funded Status and Funding Progress.* As of September 30, 2011, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$739,874 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$739,874.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

(Continued)

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2011

#### NOTE 14: POST EMPLOYMENT HEALTH PLANS (CONTINUED)

In the September 30, 2011 actuarial valuation, the most recent actuarial valuation date, the Projected Unit Credit (PUC) actuarial cost method was used. The actuarial assumptions used to calculate the funding results are as follows:

Investment Return (Interest Rate) – Pre- and post-retirement interest rates were assumed at 5.25% per year.

- Medical Inflation Rate – Medical cap of \$500 per month will increase at a rate of 10% reduced by .5% per year until a level 5%.
- Expenses – No assumption of asset expenses were made.
- Mortality Rates – 1983 Group Annuity Mortality Table.
- Turnover Rates – T2 Turnover Table.
- Disability Rates – Retirement Date will occur when an employee becomes eligible under the Rule of 80 or 90 but not before age 55.
- Spouse – Assume same age as employee and married at time of retirement.
- Utilization Probability – 20% of retired employees will be eligible for the Plan's benefits upon the City Council's discretion.
- Probability of re-employment after retirement – None.
- Actuarial Value of Assets – Same as market value of assets.

Gains/losses are amortized using a closed level dollar method over a period of 15 years

#### NOTE 15: PRIOR PERIOD ADJUSTMENTS

##### Government Wide Statements:

A prior period adjustment was made to the public art fund in the amount of \$518,088. This adjustment was required to record purchases and donations of art pieces that were made in prior periods that had not been recorded as capital assets. This adjustment increased beginning net assets.

##### Fund Financial Statements:

A prior period adjustment was also made to the general fund in the amount of \$460,807. This amount was incorrectly recorded as sales tax revenue and as a receivable at September 30, 2010. This amount should have been recorded as property tax relief revenue earned in fiscal year 2010-11. This adjustment decreased beginning fund balance.

#### NOTE 16: LAWSUIT

In October of 2011, a judgment was entered in a lawsuit that arose from the City's discipline and termination of a police lieutenant. The case went to trial in federal court and resulted in a jury verdict of \$3.7 million against the City. The current status of the lawsuit is that the court has ruled in favor of the City's motion to stay execution of the judgment and dispense with the requirement that the City post a bond to appeal. The City has filed other post-trial motions, including a motion for a new trial but these motions have not been heard by the court. If the City does not prevail on these motions then it will proceed with an appeal to the 9<sup>th</sup> Circuit court of appeals. This process will take approximately 18 months before there is a final decision from the appellate court. The City believes that it has valid bases in law and fact to overturn or appeal the verdict. As a result, the City believes that the likelihood that the amount of the judgment will be affirmed is not probable, and, accordingly, that the amount of any loss cannot be reasonably estimated at this time. Because, the City believes that this potential loss is not probable or estimable, it has not recorded any reserves or contingencies related to this legal matter. In the event that the City's assumptions used to evaluate this matter as neither probable nor estimable change in future periods, it may be required to record a liability for an adverse outcome.

(Continued)

**City of Coeur d'Alene, Idaho**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE 17: COMPONENT UNIT DISCLOSURES**

Agency Notes Payable

On April 23, 2001, Lake City Development Corporation entered into an agreement with the Coeur d'Alene Public Library Foundation, Inc. regarding property purchased by the Foundation from Ed D. and Susan T. Jameson and Ray C. and Doris M. Mobberley, for the purpose of constructing a new library facility. The Library Foundation made a down payment of \$250,000 and entered into two separate promissory notes with the Jamesons and the Mobberleys in the amounts of \$346,500 and \$553,500, respectively, as consideration for the property.

On March 31, 2003 Lake City Development Corporation refinanced this note payable through Washington Trust Bank. The principal amount refinanced was \$910,719. Repayment terms are monthly payments due the first of each month, bearing interest at the rate of 4.15%. A balloon payment in the amount of \$754,863 was due April 1, 2008.

On April 1, 2008, in lieu of remitting the balloon payment due, the Corporation refinanced the balance through Washington Trust Bank. The total amount refinanced was \$752,047. Repayment terms are monthly payments due the first of each month, bearing interest at the rate of 4.0%. A balloon payment in the amount of \$555,676 is due April 1, 2013. The annual requirement to retire the debt is as follows:

Fiscal year ending September 30,	Rate	Principal	Interest	Total
2012	4.00%	\$42,714	\$ 24,304	\$ 67,018
2013	4.00%	575,783	13,367	589,150
		<u>\$ 618,497</u>	<u>\$ 37,671</u>	<u>\$ 656,168</u>

On July 19, 2002, the Corporation entered into a contract to purchase property at 620 N. Park Drive. The total purchase price was \$80,000, of which \$16,000 was paid at closing. Repayment terms are monthly payments, due the 15th of each month, bearing interest at the rate of 4.65%. A balloon payment in the amount of \$46,910 is due July 15, 2012. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2012	4.65%	\$ 47,972	\$ 1,868	\$49,840
		<u>\$ 47,972</u>	<u>\$ 1,868</u>	<u>\$ 49,840</u>

On January 10, 2003, the Corporation entered into a contract to purchase property at 622 N. Park Drive. The total purchase price was \$69,000, of which \$13,800 was paid at closing. Repayment terms are monthly payments of \$347, including interest at 4.37%.

On January 10, 2008 the Corporation refinanced this note payable through Washington Trust Bank. The total amount refinanced was \$45,765. Repayment terms are monthly payments due the tenth of each month, bearing interest at the rate of 4.17%. A balloon payment in the amount of \$33,941 is due January 10, 2013. The annual requirements to retire the debt are as follows:

Fiscal year ending September 30,	Rate	Principal	Interest	Total
2012	4.17%	\$2,607	\$1,519	\$4,126
2013	4.17%	34,489	482	34,971
		<u>\$ 37,096</u>	<u>\$ 2,001</u>	<u>\$ 39,097</u>

(Continued)

**City of Coeur d'Alene, Idaho**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

**NOTE 17: COMPONENT UNIT DISCLOSURES (CONTINUED)**

On August 7, 2003, the Corporation entered into a contract to purchase property at 612 N. Park Drive. The total purchase price was \$83,500, of which \$16,700 was paid at closing. Repayment terms are monthly payments of \$395, including interest at 3.70%. The annual requirements to retire the debt are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	3.70%	\$ 3,097	\$ 1,640	\$ 4,737
2013	3.70%	42,504	1,549	44,053
		<u>\$ 45,601</u>	<u>\$ 3,189</u>	<u>\$ 48,790</u>

On May 21, 2004, the Corporation entered into a contract to purchase property at 515 W. Garden Avenue. The total purchase price was \$342,569, of which \$53,569 was paid at closing. Repayment terms are monthly payments of \$1,662, including interest at 3.58%. The annual requirements to retire the debt are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	3.58%	\$ 11,730	\$ 8,214	\$ 19,944
2013	3.58%	12,157	7,787	19,944
2014	3.58%	210,894	5,551	216,445
		<u>\$ 234,781</u>	<u>\$ 21,552</u>	<u>\$ 256,333</u>

On October 24, 2003, the Corporation entered into a contract to purchase property at 626 N Park Drive. The total purchase price was \$105,000, of which \$21,000 was paid at closing. Repayment terms are; 60 monthly payments including interest at 4.12%, 59 monthly payments including interest at 4.06% and a final payment November 15, 2013. The annual requirements to retire the debt are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	6.78%	\$ 3,839	\$ 2,327	\$ 6,166
2013	6.78%	4,001	2,165	6,166
2014	6.78%	51,191	346	51,537
		<u>\$ 59,031</u>	<u>\$ 4,838</u>	<u>\$ 63,869</u>

(Continued)

**City of Coeur d'Alene, Idaho**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

**NOTE 17: COMPONENT UNIT DISCLOSURES (CONTINUED)**

On March 30, 2005, the Corporation entered into a contract to purchase property at 516 Park Drive. The total purchase price was \$170,000, of which \$25,500 was paid at closing. Repayment terms are; 60 monthly payments of \$812, including interest at 4.58%, 59 monthly payments of \$812, including interest at 3.88% and a final payment on April 15, 2015. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2012	7.58%	\$ 5,148	\$ 4,591	\$ 9,739
2013	7.58%	5,364	4,375	9,739
2014	7.58%	5,576	4,163	9,739
2015	7.58%	104,747	2,318	107,065
		<u>\$120,835</u>	<u>\$15,447</u>	<u>\$136,282</u>

On July 14, 2005, the Corporation entered into a contract to purchase property at 518 N Park Drive. The total purchase price was \$220,000, of which \$33,000 was paid at closing. Repayment terms are; monthly payments of \$922, including interest at 3.07% and a final payment on July 14, 2030. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2012	3.07%	\$6,240	\$4,828	\$11,068
2013	3.07%	6,450	4,618	11,068
2014	3.07%	6,654	4,414	11,068
2015	3.07%	6,864	4,204	11,068
2016	3.07%	7,024	4,044	11,068
Thereafter	3.07%	124,688	28,790	153,478
		<u>\$157,920</u>	<u>\$50,898</u>	<u>\$208,818</u>

On April 1, 2005, the Corporation entered into a contract to purchase property at 211 N 4th Street. The total purchase price was \$275,000, of which \$41,250 was paid at closing. Repayment terms are; 60 monthly payments of \$1,323, including interest at 4.58%, 59 monthly payments of \$1,684, including interest at 3.88% and a final payment on April 15, 2015. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2012	3.88%	\$5,310	\$14,897	\$20,207
2013	3.88%	5,769	14,438	20,207
2014	3.88%	6,222	13,985	20,207
2015	3.88%	177,322	7,902	185,224
		<u>\$194,623</u>	<u>\$51,222</u>	<u>\$245,845</u>

(Continued)

**City of Coeur d'Alene, Idaho**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

**NOTE 17: COMPONENT UNIT DISCLOSURES (CONTINUED)**

On April 21, 2006, the Corporation entered into a contract to purchase property at 301 E Lakeside Ave. The total purchase price was \$625,000, of which \$62,500 was paid at closing. Repayment terms are; 60 monthly payments of \$3,277, including interest at 4.88%, 59 monthly payments of \$3,277, including interest at 1.74% and a final payment of \$419,003 on May 5, 2016. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2012	1.74%	\$15,621	\$23,703	\$39,324
2013	1.74%	16,466	22,858	39,324
2014	1.74%	17,288	22,036	39,324
2015	1.74%	18,151	21,173	39,324
2016	1.74%	422,527	13,598	436,125
		<u>\$490,053</u>	<u>\$103,368</u>	<u>\$593,421</u>

On October 14, 2005, the Agency entered into a contract to purchase property at 712 E. Young Ave. The total purchase price was \$415,000, of which \$62,250 was paid at closing. Repayment terms are: 60 monthly payments of \$1,981, including interest at 4.55%; 59 monthly payments of \$1,984, including interest at 1.64%; and a final payment on October 10, 2015. The annual requirements to retire the debt are as follows:

Fiscal year ending September 30,	Rate	Principal	Interest	Total
2012	1.64%	\$ 19,073	\$ 4,732	\$ 23,805
2013	1.64%	19,388	4,417	23,805
2014	1.64%	19,708	4,097	23,805
2015	1.64%	20,034	3,771	23,805
2016	1.64%	219,056	299	219,356
		<u>\$ 297,260</u>	<u>\$ 17,316</u>	<u>\$ 314,576</u>

On May 31, 2002, the Corporation entered into a contract to purchase property at 630 N. Park Avenue. The total purchase price was \$75,000, of which \$15,000 was paid at closing. A balloon payment of \$53,607 was originally due on May 31, 2007 but was refinanced. The new repayment terms are 59 monthly payments of \$347, due the first day of each month, bearing interest at the rate of 4.71%. A balloon payment in the amount of \$44,850 is due April 25, 2012. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2012	4.71%	\$45,671	\$1,260	\$46,931
		<u>\$45,671</u>	<u>\$1,260</u>	<u>\$46,931</u>

(Continued)

**City of Coeur d'Alene, Idaho**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2011**

**NOTE 17: COMPONENT UNIT DISCLOSURES (CONTINUED)**

On June 18, 2002, the Corporation entered into a note payable with Washington Trust using property purchased by the Corporation the previous fiscal year as collateral for the note. The original price paid for the property at 728 Sherman was \$160,101. The amount financed was \$127,596. The original arrangement provided for a balloon payment in the amount of \$117,654 due June 25, 2007. During 2007 this debt was refinanced. The new repayment terms are 59 monthly payments of \$735, due on the 25th day of each month, bearing interest at the rate of 4.71%. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2012	4.71%	\$ 96,773	\$ 2,669	\$ 99,442
		<u>\$96,773</u>	<u>\$ 2,669</u>	<u>\$99,442</u>

On June 6, 2003, the Corporation entered into a contract to purchase property at 618 N. Park Drive. The total purchase price was \$83,000, of which \$8,300 was paid at closing. The original arrangement provided for a balloon payment in the amount of \$64,320, due in June of 2007. During 2007 this debt was refinanced. The new repayment terms are 59 monthly payments of \$517, due on the 1st day of each month, bearing interest at the rate of 5.25%. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2012	5.25%	\$50,894	\$ 1,959	\$ 52,853
		<u>\$50,894</u>	<u>\$1,959</u>	<u>\$52,853</u>

During the 2006-2007 fiscal year, the LCDC agreed to fund Kroc Community Center construction costs pertaining to LCDC approved public improvements totaling \$500,000 payable in five equal payments of \$100,000 over a five year period. The Present value and repayment terms based on an imputed interest rate of 0.00% are as follows:

Fiscal year ending September 30,	Rate	Principal	Interest	Payment
2012	0.00%	\$100,000	-	\$100,000
		<u>\$100,000</u>	<u>-</u>	<u>\$100,000</u>

(Continued)



**City of Coeur d'Alene, Idaho**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE 17: COMPONENT UNIT DISCLOSURES (CONTINUED)**

On June 16, 2008, the Corporation purchased property at 839 N. 3<sup>rd</sup> Street and at 845 N. 4th Street using 100% loan financing for \$360,783. Repayment terms are monthly payments due the 16th of each month bearing interest at the rate of 4.50% for the first five years and 4.64% for the second five years of the loan. A balloon payment in the amount of \$263,112 is due June 16, 2018. The annual requirements to retire the debt are as follows:

Fiscal year ending September 30,	Rate	Principal	Interest	Total
2012	4.50%	\$9,539	\$ 15,001	\$ 24,540
2013	4.50%	9,866	14,674	24,540
2014	4.64%	10,013	14,527	24,540
2015	4.64%	10,498	14,042	24,540
2016	4.64%	11,006	13,534	24,540
2017	4.64%	11,539	13,001	24,540
2018	4.64%	270,066	9,406	279,472
		<u>\$ 332,527</u>	<u>\$ 94,185</u>	<u>\$ 426,712</u>

On April 22, 2005, Lake City Development Corporation received a Taxable Revenue Allocation Area Bond. The Corporation was approved to borrow up to \$4,000,000. This financing was used on the Mill River Development project. Maturity was set approximately twelve years from dated date, March 1 of 2017. Unscheduled principal payments were being made with any tax increment revenue not required for the scheduled interest payments for the year of income. The interest rate, initially effective at closing was equal to 30-day LIBOR rate plus 250 basis points. The interest rate was reset as of the first business day of each month at a rate equal to the 30-day LIBOR rate plus 250 basis points. Interest was calculated on an actual/360-day basis. Interest was due semiannually beginning September 1, 2005. As of September 30, 2007, Lake City Development Corporation had taken out \$3,799,931 of the available \$4,000,000.

On June 26, 2008 Lake City Development Corporation refinanced the Taxable Revenue Allocation Area Bond with Washington Trust Bank. The principal amount of the refinancing was \$3,750,000, for the term of ten years, at a fixed interest rate of 4.35%. The first payment was due on August 15, 2008 and subsequent semi-annual payments are due equal to the greater of: 1) at least 75% of the incremental portion of taxes exceeding the amount of taxes collected in the base year from the Mill River Revenue Allocation Area; or 2) the payment based on a 15 year amortization of semiannual payments of the original principal balance and interest rate of the bond. The annual requirements to retire the debt are as follows:

Fiscal year ending September 30,	Rate	Principal	Interest	Total
2012	4.35%	\$ 279,394	\$ 59,686	\$ 339,080
2013	3.14%	293,742	45,338	339,080
2014	3.14%	314,505	24,575	339,080
2015	3.14%	324,523	14,557	339,080
2016	3.14%	286,957	4,269	291,226
		<u>\$ 1,499,121</u>	<u>\$ 148,425</u>	<u>\$1,647,546</u>

(Continued)

**City of Coeur d'Alene, Idaho**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE 17: COMPONENT UNIT DISCLOSURES (CONTINUED)**

In December, 2006, Lake City Development Corporation partnered with the North Idaho Centennial Trail Foundation (NICTF) to acquire 5.25 miles of Union Pacific (UP) abandoned rail road right-of-way. This rail road right-of-way stretches from the Riverstone development adjacent to the Spokane River north to Meyer Road in the Rathdrum Prairie. The Lake City Development Corporation loaned NICTF \$2,509,048 to acquire the UP rail road right-of-way, enabling NICTF to create the "Prairie Trail"; a pedestrian/bike trail public asset for the community. The receivable from NICTF is secured by the UP rail right-of-way. The Lake City Development Corporation funding for the NICTF loan was derived from the establishment of a \$2.6 million line of credit with Washington Trust Bank. The note payable is due in the amount of \$2,509,048 on December 21, 2011 and includes semiannual interest only payments at rate of 4.52%.

Midtown "Placemaking" Project Financing: On July 28, 2009, the Lake City Development Corporation entered into a \$712,435 debt obligation with Mountain West Bank to assist in financing the \$1,654,000 of Lake City Development Corporation approved public improvements related to the Midtown Placemaking project. The \$712,435 Mountain West Bank Midtown debt obligation is amortized over 10 years with a 4.80% interest rate. Tax increment proceeds generated from the Lake District will be utilized to repay both principal and interest associated with the Mountain West Bank Midtown obligation. The Lake City Development Corporation's Midtown Placemaking Project has been a long-term strategic goal designed to refurbish the existing public-realm infrastructure, as well as create a "place" to spark private sector investment. The City of Coeur d'Alene administered Midtown Placemaking project was completed on time and under budget and was officially dedicated on October 22, 2009. The annual requirements to retire the debt are as follows:

Fiscal year ending September 30,	Rate	Principal	Interest	Total
2012	4.80%	\$ 63,003	\$ 27,048	\$ 90,051
2013	4.80%	66,095	23,956	90,051
2014	4.80%	69,338	20,713	90,051
2015	4.80%	72,740	17,311	90,051
2016	4.80%	76,310	13,741	90,051
2017	4.80%	80,054	9,997	90,051
2018	4.80%	83,983	6,068	90,051
2019	4.80%	80,599	1,947	82,547
		<u>\$ 592,122</u>	<u>\$ 120,781</u>	<u>\$712,904</u>

On August 25, 2011, the Lake City Development Corporation received a Revenue Allocation Bond. The Lake City Development Corporation was approved to borrow up to \$16,700,000. This financing was used on the Lake District Redevelopment Project. Maturity was set for August 1, 2021 and the interest rate was set at 3.26% per annum for the first five years. The interest rate is to reset after five years subject to an approved formula as included in the agreement. Outstanding balances are due in semi-annual payments of \$1,040,000 commencing February 1, 2012. Bond security is provided in the form of a subordinate interest in Lake District Revenue. As of September 30, 2011, the Lake City Development Corporation had taken out \$51,650 of the available \$16,700,000. Because two semi-annual payments are due in the coming year totaling \$2,080,000, this amount has been included in the current portion of long-term debt. The future annual debt service requirements are at this point unknown, as the Lake City Development Corporation has not yet fully drawn down all available proceeds from this debt.

(Continued)

**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2011**

**NOTE 17: COMPONENT UNIT DISCLOSURES (CONTINUED)**

Trails Edge Grant: In February 2007, the Lake City Development Corporation passed a motion granting \$42,194 towards offsetting the costs of the Trails Edge Development. The grant was paid off in three annual installments. The final payment of \$14,064 was made in fiscal year 2011.

The following is a summary of debt activity for the year ended September 30, 2011:

	Beginning Balance	Principal Additions	Principal Payments	Ending Balance	Due in One Year
Library Site	\$ 659,515	\$ -	\$ 41,018	\$ 618,497	\$ 42,714
620 N. Park Dr.	50,000	-	2,028	47,972	47,972
622 N. Park Dr.	39,595	-	2,499	37,096	2,607
612 N. Park Dr.	48,585	-	2,984	45,601	3,097
515 W. Garden Ave.	244,445	-	9,664	234,781	11,730
626 N. Park Dr.	63,221	-	4,190	59,031	3,839
516 N. Park Dr.	126,243	-	5,408	120,835	5,148
518 N. Park Dr.	163,232	-	5,312	157,920	6,240
211 N. 4th Street	203,457	-	8,834	194,623	5,310
301 E. Lakeside Ave	509,053	-	19,000	490,053	15,621
712 E. Young Ave	311,943	-	14,683	297,260	19,073
630 N. Park Dr.	47,599	-	1,928	45,671	45,671
728 Sherman Avenue	100,859	-	4,086	96,773	96,773
618 N. Park Dr.	54,327	-	3,433	50,894	50,894
Kroc Center Grant	200,000	-	100,000	100,000	100,000
839 N. 3rd St. & 845 N. 4th St.	341,655	-	9,128	332,527	9,539
Mill River Project fixed rate bond	2,238,246	-	739,125	1,499,121	279,394
NICTF	2,509,048	-	-	2,509,048	2,509,048
Midtown	652,178	-	60,056	592,122	63,003
Bond Payable - Washington Trust	-	51,650	-	51,650	2,080,000
Trails Edge	14,064	-	14,064	-	-
	<u>\$ 8,577,265</u>	<u>\$ 51,650</u>	<u>\$ 1,047,440</u>	<u>\$ 7,581,475</u>	<u>\$ 5,397,673</u>

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

**City of Coeur d'Alene, Idaho**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

**For the Year Ended September 30, 2011**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 15,336,403	\$ 15,336,403	\$ 15,781,312	\$ 444,909
Licenses and permits	3,881,400	3,924,209	3,987,466	63,257
Intergovernmental	7,528,753	8,091,091	8,321,255	230,164
Charges for services	354,750	321,000	322,900	1,900
Fines and forfeits	466,800	396,700	438,813	42,113
Interest	40,000	35,000	66,390	31,390
Miscellaneous	58,350	260,575	207,433	(53,142)
Total revenues	<u>27,666,456</u>	<u>28,364,978</u>	<u>29,125,569</u>	<u>760,591</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,530,866	5,576,850	5,375,870	200,980
Public safety	16,932,038	17,197,025	17,022,584	174,441
Public works	4,232,818	4,729,120	4,341,133	387,987
Culture and recreation	2,393,777	2,443,883	2,270,162	173,721
Capital outlay	241,577	1,707,649	1,445,995	261,654
Total expenditures	<u>29,331,076</u>	<u>31,654,527</u>	<u>30,455,744</u>	<u>1,198,783</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(1,664,620)</u>	<u>(3,289,549)</u>	<u>(1,330,175)</u>	<u>1,959,374</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	1,832,920	1,836,340	1,839,656	3,316
Operating transfers out	<u>(185,000)</u>	<u>(476,492)</u>	<u>(466,492)</u>	<u>10,000</u>
Total other financing sources (uses)	<u>1,647,920</u>	<u>1,359,848</u>	<u>1,373,164</u>	<u>13,316</u>
Net change in fund balances	(16,700)	(1,929,701)	42,989	1,972,690
Fund balances - beginning of year	16,700	1,929,701	6,161,852	4,232,151
Prior Period Adjustment			<u>(460,807)</u>	<u>(460,807)</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,744,034</u>	<u>\$ 5,744,034</u>

**City of Coeur d'Alene, Idaho**

**REQUIRED SUPPLEMENTARY INFORMATION  
POLICE RETIREMENT TRUST FUND**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Fiscal Year Ending</u>	<u>Actual Employer Contribution</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Of ARC Contribution</u>
9/30/03	152,395	152,000	100.26%
9/30/04	152,606	152,000	100.40%
9/30/05	153,354	152,000	100.89%
9/30/06	152,076	152,000	100.05%
9/30/07	150,639	152,000	99.10%
9/30/08	151,414	152,000	99.61%
9/30/09	150,261	152,000	98.86%
9/30/10	150,113	152,000	98.76%
9/30/11	152,299	152,000	100.02%
9/30/12	152,000	152,000	100.00%

\*Assumed contribution will be replaced with actual value when available.

**SCHEDULE OF FUNDING PROGRESS**

<u>Valuation Date</u>	<u>Actuarial Value Of Assets</u>	<u>Actuarial Accrued Liabilities Entry Age</u>	<u>Unfunded Actuarial Accrued Liabilities (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL as a Percentage Of Covered Payroll</u>
9/30/2002	1,536,000	3,279,000	1,743,000	46.84%	\$0*	N/A
9/30/2003	1,504,463	3,309,100	1,804,637	45.46%	\$0*	N/A
9/30/2004	1,444,393	3,309,100	1,864,707	43.65%	\$0*	N/A
9/30/2005	1,392,263	3,103,307	1,711,044	44.86%	\$0*	N/A
9/30/2006	1,362,500	2,959,310	1,596,810	46.04%	\$0*	N/A
9/30/2007	1,349,423	2,789,756	1,440,333	48.37%	\$0*	N/A
9/30/2008	1,339,090	2,680,981	1,341,891	49.95%	\$0*	N/A
9/30/2009	1,369,447	2,337,405	967,958	58.59%	\$0*	N/A
9/30/2010	1,390,088	2,140,260	750,172	64.95%	\$0*	N/A
9/30/2011	1,397,640	2,196,862	799,222	63.62%	\$0*	N/A

**City of Coeur d'Alene, Idaho**

**REQUIRED SUPPLEMENTARY INFORMATION – (Continued)  
POLICE RETIREMENT TRUST FUND**

**FIVE-YEAR TREND INFORMATION\***

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Contribution as A Percentage of APC</b>	<b>Net Pension Obligation (NPO)</b>
September 30, 2008	152,025	99.60%	(770)
September 30, 2009	152,017	98.84%	986
September 30, 2010	151,974	98.78%	2,847
September 30, 2011	151,929	100.24%	2,477
September 30, 2012	151,925	100.05%	2,402

**ANNUAL DEVELOPMENT OF PENSION COSTS\***

<b>Fiscal Year Ending</b>	<b>ARC at EOY</b>	<b>Interest on NPO</b>	<b>ARC Adjust</b>	<b>Annual Pension Cost (APC)</b>	<b>Total Employer Contributions</b>	<b>Change in NPO</b>	<b>NPO Balance</b>	<b>Gain/ Loss</b>	<b>Amort. Factor</b>	<b>Amort. of Gain/ Loss</b>	<b>Ending Balance</b>
9/30/01	152,000	15	18	151,997	152,967	(970)	(745)	(967)	13	18	(745)
9/30/02	152,000	(50)	(60)	152,010	151,656	354	(391)	344	13	(60)	(391)
9/30/03	152,000	(26)	(34)	152,008	152,395	(387)	(778)	(395)	12	(34)	(778)
9/30/04	152,000	(53)	(63)	152,010	152,606	(596)	(1,374)	(606)	12	(63)	(1,374)
9/30/05	152,000	(93)	(107)	152,014	152,354	(1,340)	(2,714)	(1,354)	13	(107)	(2,714)
9/30/06	152,000	(183)	(207)	152,024	152,076	(52)	(2,766)	(76)	13	(207)	(2,766)
9/30/07	152,000	(187)	(211)	152,024	15,639	1,385	(1,381)	1,361	13	(211)	(1,381)
9/30/08	152,000	(83)	(108)	152,025	151,414	611	(770)	586	13	(108)	(770)
9/30/09	152,000	(44)	(61)	152,017	150,261	1,756	986	1,739	13	(61)	986
9/30/10	152,000	57	83	151,974	150,113	1,861	2,847	1,887	12	83	2,847
9/30/11	152,000	164	235	151,929	152,299	(370)	2,477	(299)	12	235	2,477
9/30/12	152,000	130	205	151,925	152,000	(75)	2,402	-	12	205	2,402

**City of Couer d'Alene**

**SCHEDULE OF FUNDING PROGRESS FOR  
POSTEMPLOYMENT BENEFIT PLANS  
For the Year Ended September 30, 2011**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll ( c )</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a) /c)</b>
September 30, 2009	\$ -	\$ 3,329,330	\$ 3,329,330	0%	\$ -	N/A
September 30, 2010	\$ -	\$ 3,642,711	\$ 3,642,711	0%	\$ -	N/A
September 30, 2011	\$ -	\$ 739,874	\$ 739,874	0%	\$ -	N/A



**FINANCIAL SECTION**

**OTHER SUPPLEMENTARY INFORMATION**

**City of Coeur d'Alene, Idaho**

**COMBINING BALANCE SHEET - BY FUND TYPE  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2011**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,471,803	\$ 124,691	\$ 23,392	\$ 5,619,886
Investments	1,752,022	-	-	1,752,022
Receivables:				
Taxes delinquent	46,842	-	-	46,842
Accounts	32,587	-	-	32,587
Assessments:				
Delinquent	-	4,228	-	4,228
Deferred	-	378,601	-	378,601
Due from other governments	11,168	-	135,058	146,226
Due from other funds	-	-	-	-
Total assets	<u>\$ 7,314,422</u>	<u>\$ 507,520</u>	<u>\$ 158,450</u>	<u>\$ 7,980,392</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 84,451	\$ -	\$ 420	\$ 84,871
Due to other funds	-	261,125	150,000	411,125
Deposits	-	198	-	198
Deferred revenues	46,841	378,601	-	425,442
Total liabilities	<u>131,292</u>	<u>639,924</u>	<u>150,420</u>	<u>921,636</u>
Fund balances:				
Restricted	2,177,088	124,520	-	2,301,608
Committed	4,869,476	-	-	4,869,476
Assigned	136,566	671	15,388	152,625
Unassigned	-	(257,595)	(7,358)	(264,953)
Total fund balances	<u>7,183,130</u>	<u>(132,404)</u>	<u>8,030</u>	<u>7,058,756</u>
Total liabilities and fund balances	<u>\$ 7,314,422</u>	<u>\$ 507,520</u>	<u>\$ 158,450</u>	<u>\$ 7,980,392</u>

**City of Coeur d'Alene, Idaho**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2011**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 1,187,784	\$ -	\$ -	\$ 1,187,784
Intergovernmental	457,647	-	1,226,304	1,683,951
Charges for services	1,103,615	-	-	1,103,615
Fines and forfeits	20,439	-	-	20,439
Assessments collected	-	135,916	-	135,916
Investment income	5,036	-	-	5,036
Unrealized gain on investments	11,753	-	-	11,753
Interest	66,373	-	213	66,586
Contributions	-	-	2,830	2,830
Miscellaneous	230,008	-	-	230,008
Penalty and interest	-	4,814	-	4,814
Total revenues	<u>3,082,655</u>	<u>140,730</u>	<u>1,229,347</u>	<u>4,452,732</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,042,112	-	-	1,042,112
Culture and recreation	1,289,807	-	-	1,289,807
Administrative expenses	-	-	608,860	608,860
Capital outlay	814,956	-	1,391,736	2,206,692
Debt service:				
Principal payments	150,000	110,000	-	260,000
Interest, fees and other	-	24,127	-	24,127
Total expenditures	<u>3,296,875</u>	<u>134,127</u>	<u>2,000,596</u>	<u>5,431,598</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(214,220)</u>	<u>6,603</u>	<u>(771,249)</u>	<u>(978,866)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from capital lease	462,500	-	-	462,500
Operating transfers in	649,453	148,685	371,312	1,169,450
Operating transfers out	<u>(325,839)</u>	<u>(73,685)</u>	<u>(174,886)</u>	<u>(574,410)</u>
Total other financing sources (uses)	<u>786,114</u>	<u>75,000</u>	<u>196,426</u>	<u>1,057,540</u>
Net change in fund balances	571,894	81,603	(574,823)	78,674
Fund balances - beginning of year	6,611,236	(214,007)	582,853	6,980,082
Fund balances - end of year	<u>\$ 7,183,130</u>	<u>\$ (132,404)</u>	<u>\$ 8,030</u>	<u>\$ 7,058,756</u>

## City of Coeur d'Alene, Idaho

### Nonmajor Governmental Funds Special Revenue Funds

*Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The following are the City's special revenue funds:*

**Library Fund:** To administer expenditures for the purpose of providing a library to the citizens of the City of Coeur d'Alene. The primary revenue source for this fund is property taxes.

**Cemetery Fund:** To administer expenditures for the purpose of providing cemetery lots, niches, and openings and closings. The primary revenue sources for this fund are sales of cemetery lots and niches, and a transfer of interest from the cemetery perpetual care trust fund.

**Annexation Fees Fund:** To administer specific capital expenditures approved by the City Council. The only revenue sources of this fund are annexation fees charged when a new subdivision is annexed into the City and interest earnings.

**Impact Fees Fund:** Developmental impact fees are charged on new construction. The revenue generated from these fees will be used for capital improvements for parks, police, fire and streets.

**Parks Capital Improvements Fund:** To administer expenditures for the purpose of developing new parkland for the citizens of the City of Coeur d'Alene. The primary revenue source for this fund is grants, impact fees, park fees, parking and boat launch user fees and transfers from the general fund.

**Insurance Fund:** To account for funds received from transfers from other funds and property taxes to pay for the preparation, investigation, adjusting, defending, and settling of claims and/or lawsuits filed against the City. This fund does not pay the costs associated with claims filed against the proprietary funds.

**Cemetery Perpetual Care Fund:** To account for funds set aside to be used to maintain the City's cemeteries into perpetuity. Funding for this fund comes from interest earnings and 50% of the funds generated from cemetery lot sales.

**Reforestation Fund:** To account for funds collected for the purpose of replacing trees in the right of ways and planting trees in the right of ways of new subdivisions or new construction.

**Art Commission Fund:** To account for revenues and expenditures of the arts commission for providing summer art programs and various community art awards.

**Jewett House Fund:** To account for donations received for the operation and maintenance of the Jewett House, an estate donated to the City to be used for senior citizen activities.

**KCATT Fund:** To account for grant funds and interest earnings received to fund a twenty year Kootenai County area transportation plan.

**Public Art Fund:** To account for funds received from construction projects of the City of Coeur d'Alene.

**KMPO Fund:** To account for grants, contributions from participating agencies, and expenditures of the Kootenai Metropolitan Planning Organization.

**City of Coeur d'Alene, Idaho**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
September 30, 2011**

	<u>Library</u>	<u>Cemetery</u>	<u>Annexation Fees</u>	<u>Impact Fees</u>	<u>Parks Capital Improvements</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 138,731	\$ 16,702	\$ 135,964	\$ 2,168,007	\$ 363,756
Investments	-	-	-	-	-
Receivables:					
Taxes delinquent	39,993	-	-	-	-
Accounts	-	15,202	-	-	17,385
Due from other governments	6,683	-	-	-	-
Total assets	<u>\$ 185,407</u>	<u>\$ 31,904</u>	<u>\$ 135,964</u>	<u>\$ 2,168,007</u>	<u>\$ 381,141</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 10,402	\$ 8,008	\$ -	\$ -	\$ 10,730
Deferred revenues	39,992	-	-	-	-
Total liabilities	<u>50,394</u>	<u>8,008</u>	<u>-</u>	<u>-</u>	<u>10,730</u>
Fund balances:					
Restricted	-	-	-	2,168,007	-
Committed	135,013	23,896	-	-	370,411
Assigned	-	-	135,964	-	-
Total fund balances	<u>135,013</u>	<u>23,896</u>	<u>135,964</u>	<u>2,168,007</u>	<u>370,411</u>
Total liabilities and fund balances	<u>\$ 185,407</u>	<u>\$ 31,904</u>	<u>\$ 135,964</u>	<u>\$ 2,168,007</u>	<u>\$ 381,141</u>

<u>Insurance</u>	<u>Cemetery Perpetual Care</u>	<u>Reforestation</u>	<u>Art Commission</u>	<u>Jewett House</u>	<u>Public Art</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 1,612,792	\$ 89,485	\$ 173,723	\$ 602	\$ 9,442	\$ 762,599	\$ 5,471,803
-	1,752,022	-	-	-	-	1,752,022
6,849	-	-	-	-	-	46,842
-	-	-	-	-	-	32,587
32	-	4,453	-	-	-	11,168
<u>\$ 1,619,673</u>	<u>\$ 1,841,507</u>	<u>\$ 178,176</u>	<u>\$ 602</u>	<u>\$ 9,442</u>	<u>\$ 762,599</u>	<u>\$ 7,314,422</u>
\$ 52,797	\$ -	\$ 1,105	\$ -	\$ 361	\$ 1,048	\$ 84,451
6,849	-	-	-	-	-	46,841
<u>59,646</u>	<u>-</u>	<u>1,105</u>	<u>-</u>	<u>361</u>	<u>1,048</u>	<u>131,292</u>
-	-	-	-	9,081	-	2,177,088
1,560,027	1,841,507	177,071	-	-	761,551	4,869,476
-	-	-	602	-	-	136,566
<u>1,560,027</u>	<u>1,841,507</u>	<u>177,071</u>	<u>602</u>	<u>9,081</u>	<u>761,551</u>	<u>7,183,130</u>
<u>\$ 1,619,673</u>	<u>\$ 1,841,507</u>	<u>\$ 178,176</u>	<u>\$ 602</u>	<u>\$ 9,442</u>	<u>\$ 762,599</u>	<u>\$ 7,314,422</u>

City of Coeur d'Alene, Idaho

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended September 30, 2011

	Library	Cemetery	Annexation Fees	Impact Fees	Parks Capital Improvements	Insurance
<b>REVENUES</b>						
Taxes	\$ 1,185,018	\$ -	\$ -	\$ -	\$ -	\$ 2,766
Intergovernmental	761	-	-	-	-	-
Charges for services	11,944	156,812	50,649	573,871	303,532	-
Fines and forfeits	20,439	-	-	-	-	-
Investment income	-	69	283	4,655	-	-
Unrealized gain on investments	-	-	-	-	-	-
Interest	368	-	-	-	598	3,518
Miscellaneous	9,056	9,760	-	-	-	-
Total revenues	<u>1,227,586</u>	<u>166,641</u>	<u>50,932</u>	<u>578,526</u>	<u>304,130</u>	<u>6,284</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	210,514	-	-	-	364,098
Culture and recreation	1,114,421	-	-	-	64,400	-
Capital outlay	75,964	-	-	-	462,500	276,492
Debt service:						
Principal payments	-	-	-	-	150,000	-
Total expenditures	<u>1,190,385</u>	<u>210,514</u>	<u>-</u>	<u>-</u>	<u>676,900</u>	<u>640,590</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37,201</u>	<u>(43,873)</u>	<u>50,932</u>	<u>578,526</u>	<u>(372,770)</u>	<u>(634,306)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from capital lease	-	-	-	-	462,500	-
Operating transfers in	-	90,000	-	-	29,387	355,754
Operating transfers out	-	(28,155)	-	(204,265)	-	-
Total other financing sources (uses)	<u>-</u>	<u>61,845</u>	<u>-</u>	<u>(204,265)</u>	<u>491,887</u>	<u>355,754</u>
Net change in fund balances	37,201	17,972	50,932	374,261	119,117	(278,552)
Fund balances - beginning of year	97,812	5,924	85,032	1,793,746	251,294	1,838,579
Fund balances - end of year	<u>\$ 135,013</u>	<u>\$ 23,896</u>	<u>\$ 135,964</u>	<u>\$ 2,168,007</u>	<u>\$ 370,411</u>	<u>\$ 1,560,027</u>

Cemetery Perpetual Care	Reforestation	Art Commission	Jewett House	KCATT	Public Art	KMPO	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,187,784
-	45,489	-	-	-	-	411,397	457,647
-	-	6,807	-	-	-	-	1,103,615
-	-	-	-	-	-	-	20,439
-	-	-	29	-	-	-	5,036
11,753	-	-	-	-	-	-	11,753
60,069	435	2	-	5	1,340	38	66,373
-	37,854	-	5,741	-	167,597	-	230,008
<u>71,822</u>	<u>83,778</u>	<u>6,809</u>	<u>5,770</u>	<u>5</u>	<u>168,937</u>	<u>411,435</u>	<u>3,082,655</u>
7,170	-	6,421	15,424	-	40,153	398,332	1,042,112
-	110,986	-	-	-	-	-	1,289,807
-	-	-	-	-	-	-	814,956
-	-	-	-	-	-	-	150,000
<u>7,170</u>	<u>110,986</u>	<u>6,421</u>	<u>15,424</u>	<u>-</u>	<u>40,153</u>	<u>398,332</u>	<u>3,296,875</u>
64,652	(27,208)	388	(9,654)	5	128,784	13,103	(214,220)
48,155	-	-	10,000	-	116,157	-	462,500
(90,000)	-	-	-	(3,419)	-	-	649,453
<u>(41,845)</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>(3,419)</u>	<u>116,157</u>	<u>-</u>	<u>(325,839)</u>
22,807	(27,208)	388	346	(3,414)	244,941	13,103	571,894
1,818,700	204,279	214	8,735	3,414	516,610	(13,103)	6,611,236
<u>\$1,841,507</u>	<u>\$ 177,071</u>	<u>\$ 602</u>	<u>\$ 9,081</u>	<u>\$ -</u>	<u>\$ 761,551</u>	<u>\$ -</u>	<u>\$ 7,183,130</u>



## City of Coeur d'Alene, Idaho

### Nonmajor Governmental Funds Debt Service Funds

*Debt service funds are established to finance and account for the payments of interest and principal on outstanding bonded debt of the City, exclusive of the bonded debt in the enterprise funds. These bonds relate to special assessment funds created to service the related debt to finance past construction of local improvement districts (LIDs).*

**LID #124/125:** Accounts for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies created for the purpose of installing sanitary sewers in Northshire and Queen Anne Additions in 1992.

**LID #127/128:** Accounts for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies created for the purpose of installing sanitary sewers in Fairway Hills and Howards Subdivisions in 1992.

**LID #129/132:** Accounts for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies created for the purpose of installing sanitary sewers in Hoffman, Sleepy Hollow, Forest Park, Pinegrove Park and Sunrise Terrace Subdivisions in 1998.

**LID #130/135/136:** Accounts for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies created for the purpose of paving, installing curbs, sidewalks and for beautification of Lakeside Avenue and Ramsey Road in 1996. LID #136 was created for the purchase of the Industrial Park Water System in 1996.

**LID #145:** Accounts for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies created for the purpose of widening, paving, and installing curbs and sidewalks on Government Way from Appleyway Avenue to Dalton Avenue.

**LID #146:** Accounts for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies created for the purpose of making major street improvements and beautification to Northwest Boulevard.

**LID #149:** Accounts for the accumulation of resources and payments of special assessment bond principal and interest from special assessment levies created for the purpose of making major street improvements and beautification to 4<sup>th</sup> Street Midtown.

**LID Guarantee:** Accounts for the additional security for the LID Bonds. This is established by ordinance.

**City of Coeur d'Alene, Idaho**

**COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
September 30, 2011**

	<u>LID</u> <u>#124/125</u>	<u>LID</u> <u>#127/128</u>	<u>LID</u> <u>#129/132</u>	<u>LID</u> <u>#130/135/136</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 3,004
Receivables:				
Assessments:				
Delinquent	328	168	175	-
Deferred		4,681	44,852	-
Total assets	<u>\$ 328</u>	<u>\$ 4,849</u>	<u>\$ 45,027</u>	<u>\$ 3,004</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Deposits	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred revenue	-	4,681	44,852	-
Total liabilities	<u>-</u>	<u>4,681</u>	<u>44,852</u>	<u>-</u>
Fund balances:				
Restricted	-	-	-	3,004
Assigned	328	168	175	-
Unassigned	-	-	-	-
Total fund balances	<u>328</u>	<u>168</u>	<u>175</u>	<u>3,004</u>
Total liabilities and fund balance	<u>\$ 328</u>	<u>\$ 4,849</u>	<u>\$ 45,027</u>	<u>\$ 3,004</u>

<b>LID #145</b>	<b>LID #146</b>	<b>LID #149</b>	<b>LID Guarantee Fund</b>	<b>Total Nonmajor Debt Service Funds</b>
\$ -	\$ 46,029	\$ -	\$ 75,658	\$ 124,691
34	27	3,496	-	4,228
158,344	67,943	102,781	-	378,601
<u>\$ 158,378</u>	<u>\$ 113,999</u>	<u>\$ 106,277</u>	<u>\$ 75,658</u>	<u>\$ 507,520</u>
\$ -	\$ -	\$ -	\$ 198	\$ 198
158,344	-	102,781	-	261,125
158,344	67,943	102,781	-	378,601
<u>316,688</u>	<u>67,943</u>	<u>205,562</u>	<u>198</u>	<u>639,924</u>
-	46,056	-	75,460	124,520
-	-	-	-	671
(158,310)	-	(99,285)	-	(257,595)
<u>(158,310)</u>	<u>46,056</u>	<u>(99,285)</u>	<u>75,460</u>	<u>(132,404)</u>
<u>\$ 158,378</u>	<u>\$ 113,999</u>	<u>\$ 106,277</u>	<u>\$ 75,658</u>	<u>\$ 507,520</u>

**City of Coeur d'Alene, Idaho**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUNDS  
For the Year Ended September 30, 2011**

	<u>LID</u> <u>#124/125</u>	<u>LID</u> <u>#127/128</u>	<u>LID</u> <u>#129/132</u>	<u>LID</u> <u>#130/135/136</u>
<b>REVENUES</b>				
Assessments collected	\$ 4,522	\$ 7,982	\$ 10,236	\$ -
Penalty and interest	233	730	2,145	-
Total revenues	<u>4,755</u>	<u>8,712</u>	<u>12,381</u>	<u>-</u>
<b>EXPENDITURES</b>				
Bond principal	-	-	-	35,000
Interest, fees and other	-	-	-	13,117
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,117</u>
(Deficiency) excess of revenues (under) over expenditures	<u>4,755</u>	<u>8,712</u>	<u>12,381</u>	<u>(48,117)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	48,000
Operating transfers out	<u>(4,932)</u>	<u>(8,544)</u>	<u>(12,209)</u>	-
Total other financing sources (uses)	<u>(4,932)</u>	<u>(8,544)</u>	<u>(12,209)</u>	<u>48,000</u>
Net change in fund balances	<u>(177)</u>	<u>168</u>	<u>172</u>	<u>(117)</u>
Fund balances - beginning of year	505	-	3	3,121
Fund balances - end of year	<u>\$ 328</u>	<u>\$ 168</u>	<u>\$ 175</u>	<u>\$ 3,004</u>

<u>LID #145</u>	<u>LID #146</u>	<u>LID #149</u>	<u>LID Guarantee Fund</u>	<u>Total Debt Service Funds</u>
\$ 30,687	\$ 51,581	\$ 21,806	\$ 9,102	\$ 135,916
-	1,573	-	133	4,814
<u>30,687</u>	<u>53,154</u>	<u>21,806</u>	<u>9,235</u>	<u>140,730</u>
-	75,000	-	-	110,000
-	11,010	-	-	24,127
<u>-</u>	<u>86,010</u>	<u>-</u>	<u>-</u>	<u>134,127</u>
<u>30,687</u>	<u>(32,856)</u>	<u>21,806</u>	<u>9,235</u>	<u>6,603</u>
-	-	-	100,685	148,685
-	-	-	(48,000)	(73,685)
-	-	-	52,685	75,000
30,687	(32,856)	21,806	61,920	81,603
(188,997)	78,912	(121,091)	13,540	(214,007)
<u>\$ (158,310)</u>	<u>\$ 46,056</u>	<u>\$ (99,285)</u>	<u>\$ 75,460</u>	<u>\$ (132,404)</u>

**City of Coeur d'Alene, Idaho**

**Nonmajor Governmental Funds  
Capital Project Funds**

*Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.*

**Howard Street North:** To administer expenditures for the purpose of reconstruction, widening and extension of the North part of Howard Street.

**Miscellaneous Capital Projects:** To administer expenditures for the purposes of miscellaneous capital projects.

**Government Way – Dalton to Hanley:** To administer expenditures for the purpose of reconstructing and widening of Government Way from Dalton Avenue to Hanley Ave.

**Government Way – Hanley to Prairie:** To administer expenditures for the purpose of reconstructing and widening of Government Way from Hanley Ave. to Prairie

**15<sup>th</sup> Street Lunceford to Dalton Fund:** To administer expenditures for the purpose of reconstruction and widening from Lunceford Lane to Dalton Avenue

**15th Street and Harrison Signal:** To administer expenditures for the purpose of installing a traffic light at the intersection of 15<sup>th</sup> Street and Harrison Avenue.

**Intersection of Hanley and US 95:** To administer expenditures for the purpose of improvements to the intersection of Hanley and US 95.

**Kathleen Avenue and Howard Street Signal:** To administer expenditures for the purpose of installing a traffic light at the intersection of Kathleen Avenue and Howard Street.

**City of Coeur d'Alene, Idaho**

**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
September 30, 2011**

	<b>Miscellaneous Capital Projects</b>	<b>Govt. Way Dalton to Hanley</b>	<b>Nonmajor Capital Project Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,388	\$ 8,004	\$ 23,392
Due from other governments	-	135,058	135,058
<b>Total assets</b>	<b>\$ 15,388</b>	<b>\$ 143,062</b>	<b>\$ 158,450</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 420	\$ 420
Due to other funds	-	150,000	150,000
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 150,420</b>	<b>\$ 150,420</b>
Fund balances:			
Assigned	\$ 15,388		\$ 15,388
Unassigned		\$ (7,358)	(7,358)
<b>Total fund balances</b>	<b>15,388</b>	<b>(7,358)</b>	<b>8,030</b>
<b>Total liabilities and fund balances</b>	<b>\$ 15,388</b>	<b>\$ 143,062</b>	<b>\$ 158,450</b>

**City of Coeur d'Alene, Idaho**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
NONMAJOR CAPITAL PROJECTS FUNDS  
For the Year Ended September 30, 2011**

	<b>Howard Street North</b>	<b>Miscellaneous Capital Projects</b>	<b>Govt. Way Dalton to Hanley</b>	<b>Govt. Way Hanley to Prairie</b>
<b>REVENUES</b>				
Contributions	\$ 1,579	\$ -	\$ 1,251	\$ -
Intergovernmental	-	-	1,226,304	-
Investment Income	156	-	57	-
Total revenues	<u>1,735</u>	<u>-</u>	<u>1,227,612</u>	<u>-</u>
<b>EXPENDITURES</b>				
Services and supplies	3,947	-	592,232	-
Capital outlay	147,951	-	1,001,166	10,000
Total expenditures	<u>151,898</u>	<u>-</u>	<u>1,593,398</u>	<u>10,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(150,163)</u>	<u>-</u>	<u>(365,786)</u>	<u>(10,000)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	16,875	-	340,000	10,000
Operating transfers out	(5,436)	-	-	-
Total other financing sources (uses)	<u>11,439</u>	<u>-</u>	<u>340,000</u>	<u>10,000</u>
Net change in fund balances	<u>(138,724)</u>	<u>-</u>	<u>(25,786)</u>	<u>-</u>
Fund balance - beginning of year	138,724	15,388	18,428	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ 15,388</u>	<u>\$ (7,358)</u>	<u>\$ -</u>



<b>15th St Lunceford to Dalton</b>	<b>15th St and Harrison Signal</b>	<b>Intersection of Hanley and US 95</b>	<b>Kathleen and Howard Signal</b>	<b>Nonmajor Capital Projects Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 2,830
-	-	-	-	1,226,304
-	-	-	-	213
-	-	-	-	1,229,347
7,325	2,578	2,687	91	608,860
216,850	15,769	-	-	1,391,736
224,175	18,347	2,687	91	2,000,596
(224,175)	(18,347)	(2,687)	(91)	(771,249)
-	-	4,437	-	371,312
(2,402)	(159,359)	-	(7,689)	(174,886)
(2,402)	(159,359)	4,437	(7,689)	196,426
(226,577)	(177,706)	1,750	(7,780)	(574,823)
226,577	177,706	(1,750)	7,780	582,853
\$ -	\$ -	\$ -	\$ -	\$ 8,030

**City of Coeur d'Alene, Idaho**

**Nonmajor Business-Type Activities**

*The Enterprise Funds are used to account for the City's wastewater property management, street lighting, public parking operations and stormwater management. These operations are financed and operated in a manner similar to a private business enterprise. The intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The following are descriptions of each nonmajor enterprise fund.*

**Wastewater Property Management Fund:** To account for funds being held for building maintenance expenses for the Harbor Center building, which is currently being leased by the University of Idaho.

**Street Lighting Utility Fund:** To account for the provision of street lighting services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including (but not limited to) administration, operations and maintenance.

**Public Parking Lot Fund:** To account for the provision of downtown parking to the residents and visitors of the City. All activities necessary to provide such services are accounted for in this fund, including (but not limited to) operations and maintenance.

**Stormwater Management:** To account for the provision of stormwater management. All activities necessary to provide such services are accounted for in this fund including (but not limited to) administration, operations and maintenance.

**City of Coeur d'Alene, Idaho**

**COMBINING STATEMENT OF NET ASSETS  
NONMAJOR PROPRIETARY FUNDS  
September 30, 2011**

	<b>Business-type Activities - Nonmajor Enterprise Funds</b>				
	<b>Wastewater Property Management</b>	<b>Street Lighting</b>	<b>Public Parking Lot</b>	<b>Stormwater Management</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 60,668	\$ 2,620	\$ 641,783	\$ 365,903	\$ 1,070,974
Receivables:					
Accounts, net of allowance for uncollectible accounts	-	-	-	-	-
Total current assets	<u>60,668</u>	<u>49,967</u>	<u>843,361</u>	<u>491,718</u>	<u>1,445,714</u>
Non-current assets:					
Capital assets:					
Land	-	-	122,264	-	122,264
Other capital assets, net of accumulated depreciation	-	296,743	192,776	4,771,981	5,261,500
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>296,743</u>	<u>315,040</u>	<u>4,771,981</u>	<u>5,383,764</u>
Total non-current assets	<u>-</u>	<u>296,743</u>	<u>315,040</u>	<u>4,771,981</u>	<u>5,383,764</u>
Total assets	<u>60,668</u>	<u>346,710</u>	<u>1,158,401</u>	<u>5,263,699</u>	<u>6,829,478</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	-	35,621	30	21,282	56,933
Total current liabilities	<u>-</u>	<u>35,621</u>	<u>30</u>	<u>21,282</u>	<u>56,933</u>
Non-current liabilities:					
Compensated absences	-	-	-	69,404	69,404
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,404</u>	<u>69,404</u>
Total liabilities	<u>-</u>	<u>35,621</u>	<u>30</u>	<u>90,686</u>	<u>126,337</u>
<b>NET ASSETS</b>					
Invested in fixed assets, net of related debt	-	296,743	315,040	4,771,981	5,383,764
Unrestricted	60,668	14,346	843,331	401,032	1,319,377
Total net assets	<u>\$ 60,668</u>	<u>\$ 311,089</u>	<u>\$ 1,158,371</u>	<u>\$ 5,173,013</u>	<u>\$ 6,703,141</u>

**City of Coeur d'Alene, Idaho**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
NONMAJOR PROPRIETARY FUNDS  
For the Year Ended September 30, 2011**

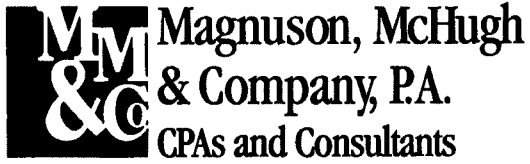
	<u>Business-type Activities - Nonmajor Enterprise Funds</u>				
	<u>Wastewater Property Management</u>	<u>Street Lighting</u>	<u>Public Parking Lot</u>	<u>Stormwater Management</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>OPERATING REVENUES</b>					
Services	\$ -	\$ 488,547	\$ 326,578	\$ 1,302,305	\$ 2,117,430
<b>OPERATING EXPENSES</b>					
Administration	-	-	-	445,659	445,659
Maintenance	-	1,584	13,833	133,098	148,515
Supplies	-	-	-	61,813	61,813
Contracted services	-	525,492	78,450	12,967	616,909
Depreciation	-	26,915	35,965	250,993	313,873
Bad debt expense	-	661	-	2,950	3,611
Total operating expenses	-	554,652	128,248	907,480	1,590,380
Operating income (loss)	-	(66,105)	198,330	394,825	527,050
<b>NONOPERATING REVENUES</b>					
Investment income	-	78	1,525	1,079	2,682
Total non-operating revenues	-	78	1,525	1,079	2,682
Income before contributions and transfers	-	(66,027)	199,855	395,904	529,732
Operating transfers in	-	85,000	-	-	85,000
Operating transfers out	-	(80,921)	(71,345)	(209,737)	(362,003)
Change in net assets	-	(61,948)	128,510	186,167	252,729
Total net assets - beginning	60,668	373,037	1,029,861	4,986,846	6,450,412
Total net assets - ending	<u>\$ 60,668</u>	<u>\$ 311,089</u>	<u>\$ 1,158,371</u>	<u>\$ 5,173,013</u>	<u>\$ 6,703,141</u>

City of Coeur d'Alene, Idaho

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUND TYPES  
For the Year Ended September 30, 2011

	Business-type Activities - Enterprise Funds				Total Nonmajor Enterprise Funds
	Wastewater Property Management	Street Lighting	Public Parking Lot	Stormwater Management	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ -	\$ 488,091	\$ 225,815	\$ 1,311,296	\$ 2,025,202
Payments to suppliers	-	(524,003)	(111,196)	(214,447)	(849,646)
Payments to employees	-	-	-	(422,159)	(422,159)
Net cash provided (used) by operating activities	-	(35,912)	114,619	674,690	753,397
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating transfers in	-	85,000	-	-	85,000
Operating transfers out	-	(80,921)	(71,345)	(209,737)	(362,003)
Net cash provided (used) by noncapital financing activities	-	4,079	(71,345)	(209,737)	(277,003)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital asset purchases	-	-	(28,148)	(380,639)	(408,787)
Net cash provided (used) by financing activities	-	-	(28,148)	(380,639)	(408,787)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	-	78	1,525	1,079	2,682
Net cash provided (used) by investing activities	-	78	1,525	1,079	2,682
Net increase (decrease) in cash and cash equivalents	-	(31,755)	16,651	85,393	70,289
Cash and cash equivalents, beginning of year	60,668	34,375	625,132	280,510	1,000,685
Cash and cash equivalents, end of year	\$ 60,668	\$ 2,620	\$ 641,783	\$ 365,903	\$ 1,070,974
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income	\$ -	\$ (66,105)	\$ 198,330	\$ 394,825	\$ 527,050
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	-	26,915	35,965	250,993	313,873
(Increase) decrease in accounts receivable	-	(456)	(100,763)	8,991	(92,228)
(Decrease) increase in accounts payable	-	3,734	(18,913)	13,092	(2,087)
(Decrease) increase in due to other funds	-	-	-	-	-
(Decrease) Increase in compensated absences	-	-	-	6,789	6,789
Net cash provided (used) by operating activities	\$ -	\$ (35,912)	\$ 114,619	\$ 674,690	\$ 753,397

REPORT REQUIRED BY THE GAO



**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 Honorable Mayor and City Council  
Coeur d'Alene, ID 83814

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Coeur d'Alene, Idaho, as of and for the year ended September 30, 2011, which collectively comprise the City of Coeur d'Alene, Idaho's basic financial statements and have issued our report thereon dated March 2, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Coeur d'Alene's internal control over financial reporting as a basis for designing our auditing procedures 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 City of Coeur d'Alene's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Coeur d'Alene, Idaho's internal control over financial reporting.

*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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Coeur d'Alene, Idaho, in a separate letter dated March 8, 2012.

**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 (CONTINUED)**

This report is intended solely for the information and use of the management, City Council, and State and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

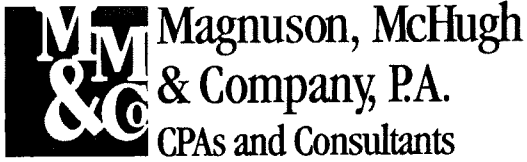
*Magnuson, McHugh & Company, P.A.*

MAGNUSON, MCHUGH, & CO.

Coeur d'Alene, Idaho

March 2, 2012





**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor and City Council  
Coeur d'Alene, ID 83814

Compliance

We have audited City of Coeur d'Alene, Idaho's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Coeur d'Alene, Idaho's major federal programs for the year ended September 30, 2011. City of Coeur d'Alene, Idaho's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Coeur d'Alene, Idaho's management. Our responsibility is to express an opinion on City of Coeur d'Alene, Idaho's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Coeur d'Alene, Idaho's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Coeur d'Alene, Idaho's compliance with those requirements.

In our opinion, City of Coeur d'Alene, Idaho, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

Internal Control over Compliance

Management of City of Coeur d'Alene, Idaho, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Coeur d'Alene, Idaho's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Coeur d'Alene, Idaho's internal control over compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(CONTINUED)**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, State and Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Magnuson, McHugh & Company, P.A.*

Magnuson, McHugh & Company, P.A.

Coeur d'Alene, ID 83814  
March 2, 2012

**City of Coeur d'Alene**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended September 30, 2011**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed through the State of Idaho:			
Idaho dept of lands – bureau of forestry assistance – ARRA	10.664	826000176	\$ 4,453
Idaho dept of lands – bureau of forestry assistance	10.664	826000176	<u>41,036</u>
Total U.S. Department of Agriculture			<u>45,489</u>
<u>U.S. Department of Housing and Urban Renewal:</u>			
Direct programs:			
CDBG entitlement program	14.218		<u>361,947</u>
<u>U.S. Department of Justice</u>			
Direct programs:			
Bulletproof vest program	16.607		5,948
COPS hiring recovery program	16.710		190,182
Edward Byrne memorial justice assistance grant	16.738		<u>177,860</u>
Subtotal Direct programs			<u>373,990</u>
Passed through the State of Idaho:			
Enforcing underage drinking laws program	16.727	826000176	4,871
Edward Byrne memorial justice assistance grant	16.738	826000176	86,365
Edward Byrne memorial justice assistance grant	16.803	826000176	<u>145,086</u>
Subtotal passed through the State of Idaho			<u>236,322</u>
Total U.S. Department of Justice			<u>610,312</u>
<u>U.S. Department of Transportation</u>			
Passed through the State of Idaho:			
Impaired driving enforcement patrol	20.601	826000176	16,123
Highway safety grant	20.205	826000176	1,233,875
Highway safety grant	20.600	826000176	<u>20,344</u>
Total U.S. Department of Transportation			<u>1,270,342</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended September 30, 2011**

National Endowment for the Humanities

Passed through the State of Idaho:

Idaho State library – Idaho commission for libraries	45.310	826000176	<u>761</u>
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Environmental Protection Agency

Passed through the State of Idaho:

Department of environmental quality loan program - ARRA	66.458		<u>7,866,975</u>
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U.S. Department of Energy

Direct:

Energy Efficiency and Conservation Block Grant - ARRA	81.128		<u>185,488</u>
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U.S. Department of Health and Human Services

Passed through the State of Idaho:

Public Health Emergency Preparedness	93.069	826000176	<u>15,840</u>
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U.S. Department of Homeland Security

Passed through the State of Idaho:

Homeland Security Grant Program	97.067	826000176	<u>37,707</u>
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Direct:

Assistance to Firefighters Grant	97.044		<u>269,637</u>
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Total expenditures of Federal awards

\$10,664,498

## City of Coeur d'Alene

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the year ended September 30, 2011

#### NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Coeur d'Alene and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement

Pass-through entity identifying numbers are presented where available.

City of Coeur d'Alene

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ Yes \_\_\_X\_\_\_ No
Significant deficiency(ies) identified that are not considered to be material weakness(es) \_\_\_ Yes \_\_\_X\_\_\_ None reported
Noncompliance material to financial statements noted? \_\_\_ Yes \_\_\_X\_\_\_ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ Yes \_\_\_X\_\_\_ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_ Yes \_\_\_X\_\_\_ None reported

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_ Yes \_\_\_X\_\_\_ No

Identification of major programs:

Table with 2 columns: CFDA Number(s) and Name of Federal Program or Cluster. Rows include CFDA numbers 20.205, 81.128, 66.458 and corresponding program names like Highway Planning and Construction - ARRA.

Dollar threshold used to distinguish between type A and type B programs: \$319,935

Auditee qualified as low-risk auditee? \_\_\_ Yes \_\_\_X\_\_\_ No

## City of Coeur d'Alene

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS September 30, 2011

#### **Section II - Findings – Financial Statement Audit**

We noted no findings relating to the financial statements, which are required to be reported in accordance with generally accepted *Government Auditing Standards*.

#### **Section III - Findings and Questioned Costs – Major Federal Award Programs Audit**

We noted no findings relating to the Federal Awards Programs, which are required to be reported in accordance with generally accepted *Government Auditing Standards*.

#### **Section IV – Summary of Prior Year Audit Findings Relating to Federal Awards**

There were no prior year audit findings relating to Federal Awards.