



City of  
**Coeur d'Alene**  
IDAHO

City of Coeur d'Alene, Idaho  
Audited Financial Statements  
September 30, 2018

# City of Coeur d'Alene, Idaho

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



1810 E Schneidmiller Ave. Ste. 310  
Post Falls, Idaho 83854  
208-777-1099 (phone) 208-773-5108 (fax)

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

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 as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Coeur d'Alene's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of ignite cda. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the ignite cda, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-14, the schedule of the City of Coeur d'Alene's share of net pension liability and pension contributions for the PERSI Base and FRF plans on pages 82-83, the schedule of net pension liability and contributions, changes in net pension liability and related ratios, and schedule of investment returns for the police retirement trust fund on pages 78-80, the schedule of changes in net OPEB liability and related ratios and schedule of contributions postemployment benefit plans on page 81 and the budgetary comparison information on pages 76-77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coeur d'Alene's basic financial statements. 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2019 on our consideration of the City of Coeur d'Alene's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Coeur d'Alene's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Coeur d'Alene's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Anderson Bros".

Anderson Bros. CPA's, P.A.  
Post Falls, Idaho  
March 25, 2019

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, 2018**

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, 2018.

**FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$331,453,116 (net position). Of this amount, \$35,003,788 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$13,795,041. This increase is made up of a 4.55% increase in the business activities and a 4.08% increase in the governmental activities.
- At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$10,840,782 a decrease of \$5,652,218. This decrease is attributed to the purchase of 47 acres of land known as the Atlas Waterfront Site at the price of \$7,843,412.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$9,799,963, or 24.39% of the amended 2018 budget of general fund expenditures. The percentage for the year before was 19.42%, an increase of 4.97%.
- The City's total debt increased by \$8,752,471 during fiscal year 2017-2018. The City's loan payable to the Department of Environmental Quality for improvements to tertiary treatment of wastewater increased \$11,197,462 in fiscal year 2017-18. The only other increase was an increase in compensated absences of \$149,251. The other changes to long-term debt were payments of \$755,843 on general obligation bond debt, \$1,762,092 on revenue bonds and \$76,307 on capital leases.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2018**

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

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position 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, drainage, 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, ignite cda, for which the City is financially accountable. ignite cda has been reported as a discreetly presented component unit and does prepare separate financial statements.

**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 28 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 26 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2018**

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

*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, drainage, 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.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net positions** – The City has 88.20% of its total net positions 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 1.24% of the City's net positions represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, 10.56%, may be used to meet the City's ongoing obligations to citizens and creditors.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

Table 1, below is a comparative summary of the City of Coeur d'Alene's Net Position statement for the years ended September 30, 2018 and 2017:

**Table 1**  
**Statements of Net Position**  
**September 30, 2018 and 2017**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>ASSETS</b>						
Current and other assets	\$ 13,886,962	\$ 20,554,977	\$ 35,612,121	\$ 28,217,905	\$ 49,499,083	\$ 48,772,882
Net pension asset-FRF plan	8,982,985	6,440,753	-	-	8,982,985	6,440,753
Capital assets	145,123,116	136,900,724	195,339,404	188,029,541	340,462,520	324,930,265
Total assets	<u>167,993,063</u>	<u>163,896,454</u>	<u>230,951,525</u>	<u>216,247,446</u>	<u>398,944,588</u>	<u>380,143,900</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred pension outflows-base plan	2,652,846	2,465,265	328,916	303,801	2,981,762	2,769,066
Deferred pension outflows-FRF plan	73,379	70,567	-	-	73,379	70,567
Total deferred outflows of resources	<u>2,726,225</u>	<u>2,535,832</u>	<u>328,916</u>	<u>303,801</u>	<u>3,055,141</u>	<u>2,839,633</u>
<b>LIABILITIES</b>						
Other liabilities	2,723,400	3,681,361	1,341,367	4,100,223	4,064,767	7,781,584
Net pension liability-base plan	10,206,295	10,691,924	1,322,443	1,387,464	11,528,738	12,079,388
Other long-term liabilities	9,898,122	10,560,846	42,308,025	32,892,832	52,206,147	43,453,678
Total liabilities	<u>22,827,817</u>	<u>24,934,131</u>	<u>44,971,835</u>	<u>38,380,519</u>	<u>67,799,652</u>	<u>63,314,650</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred pension inflows-base plan	1,988,660	1,705,988	199,254	161,407	2,187,914	1,867,395
Deferred pension inflows-FRF plan	559,047	143,412	-	-	559,047	143,412
Total deferred inflows of resources	<u>2,547,707</u>	<u>1,849,400</u>	<u>199,254</u>	<u>161,407</u>	<u>2,746,961</u>	<u>2,010,807</u>
<b>NET POSITION</b>						
Net investment in capital assets	138,858,353	129,836,726	153,487,485	155,577,534	292,345,838	285,414,260
Restricted	4,103,490	3,557,022	-	-	4,103,490	3,557,022
Unrestricted	2,381,921	6,255,007	32,621,867	22,431,787	35,003,788	28,686,794
Total net position	<u>\$ 145,343,764</u>	<u>\$ 139,648,755</u>	<u>\$ 186,109,352</u>	<u>\$ 178,009,321</u>	<u>\$ 331,453,116</u>	<u>\$ 317,658,076</u>

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net positions, 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, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

Table 2, below is a comparative summary of the City of Coeur d'Alene's Changes in Net Position for the years ended September 30, 2018 and 2017:

**Table 2**  
**Changes in Net Position**  
**September 30, 2018 and 2017**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 4,865,896	\$ 4,594,739	\$ 23,189,662	\$ 21,855,961	\$ 28,055,558	\$ 26,450,700
Operating grants and contributions	401,556	471,768	-	-	401,556	471,768
Capital grants and contributions	142,000	69,797	6,469,341	4,394,245	6,611,341	4,464,042
General revenues:						
Property taxes	22,470,318	22,114,117	-	-	22,470,318	22,114,117
Sales tax	3,894,493	3,573,005	-	-	3,894,493	3,573,005
Franchise fees	3,441,002	3,896,698	-	-	3,441,002	3,896,698
Motor fuel taxes	2,348,686	2,300,117	-	-	2,348,686	2,300,117
Alcoholic beverage taxes	1,227,543	1,194,197	-	-	1,227,543	1,194,197
Grants and contributions not restricted to specific purposes	5,588,309	4,716,399	-	-	5,588,309	4,716,399
Interest and investment earnings	257,663	154,257	561,320	292,471	818,983	446,728
Miscellaneous	305,940	318,139	-	-	305,940	318,139
Special assessments	-	(4,621)	-	-	-	(4,621)
Donated assets	1,043,649	-	-	-	1,043,649	-
Total revenues	45,987,055	43,398,612	30,220,323	26,542,677	76,207,378	69,941,289
<b>EXPENSES</b>						
General government	6,374,568	6,162,315	-	-	6,374,568	6,162,315
Public safety	22,716,887	21,810,264	-	-	22,716,887	21,810,264
Public works	8,541,152	8,496,119	-	-	8,541,152	8,496,119
Culture and recreation	5,225,823	4,978,611	-	-	5,225,823	4,978,611
Administrative expense	51,202	90,502	-	-	51,202	90,502
Interest on long-term debt	219,258	149,192	-	-	219,258	149,192
Change in OPEB obligation	-	-	-	-	-	-
Water services	-	-	6,048,844	5,825,275	6,048,844	5,825,275
Wastewater	-	-	8,600,114	8,588,778	8,600,114	8,588,778
Sanitation	-	-	3,095,699	2,860,725	3,095,699	2,860,725
Other enterprise	-	-	1,989,511	1,839,855	1,989,511	1,839,855
Loss (gain) on asset disposal	312,471	62,720	(44,487)	(14,232)	267,984	48,488
Net pension expense (revenue)	295,747	615,377	284,543	238,761	580,290	854,138
Total expenses	43,737,108	42,365,100	19,974,224	19,339,162	63,711,332	61,704,262
Increase (decrease) in net position before Transfers	2,249,947	1,033,512	10,246,099	7,203,515	12,496,046	8,237,027
Transfers	2,146,068	1,725,216	(2,146,068)	(1,725,216)	-	-
Special items:						
Gain on land swap with Ignite CDA	259,765	-	-	-	259,765	-
Library property donated to the City	1,039,229	-	-	-	1,039,229	-
Change in net position	\$ 5,695,009	\$ 2,758,728	\$ 8,100,031	\$ 5,478,299	\$ 13,795,040	\$ 8,237,027

Major changes in governmental activities were as follows:

Governmental activities increased the City's net position by \$5,695,009, which impacted the City's Governmental net position by approximately 4.08%.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

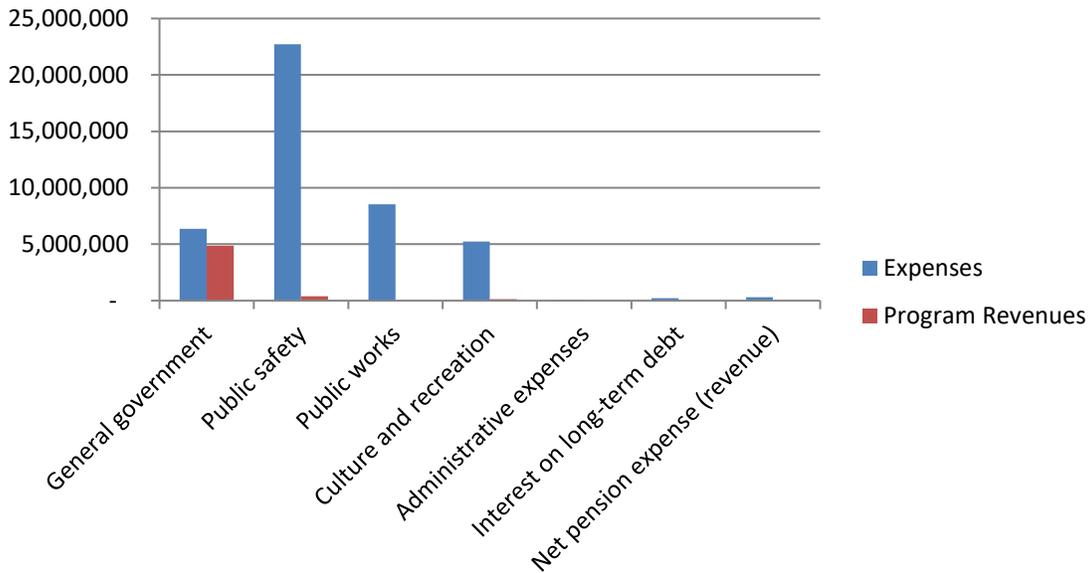
Property taxes collected were \$356,201 higher in fiscal year 2017-18 compared to fiscal year 2016-17 due to new growth. Grants and contributions were \$871,910 higher in fiscal year 2017-18 due to \$950,599 which was contributed from ignite to fund improvements to Memorial Park.

Public safety expenses increased \$906,623 from fiscal year 2016-17 to 2017-18. This increase was due to an increase in wages and benefits.

**Governmental Activities:**

The following graphs depict various governmental activities and show the expenses and revenues for 2018 and 2017.

**Expenses and Program Revenues – Government Activities**



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

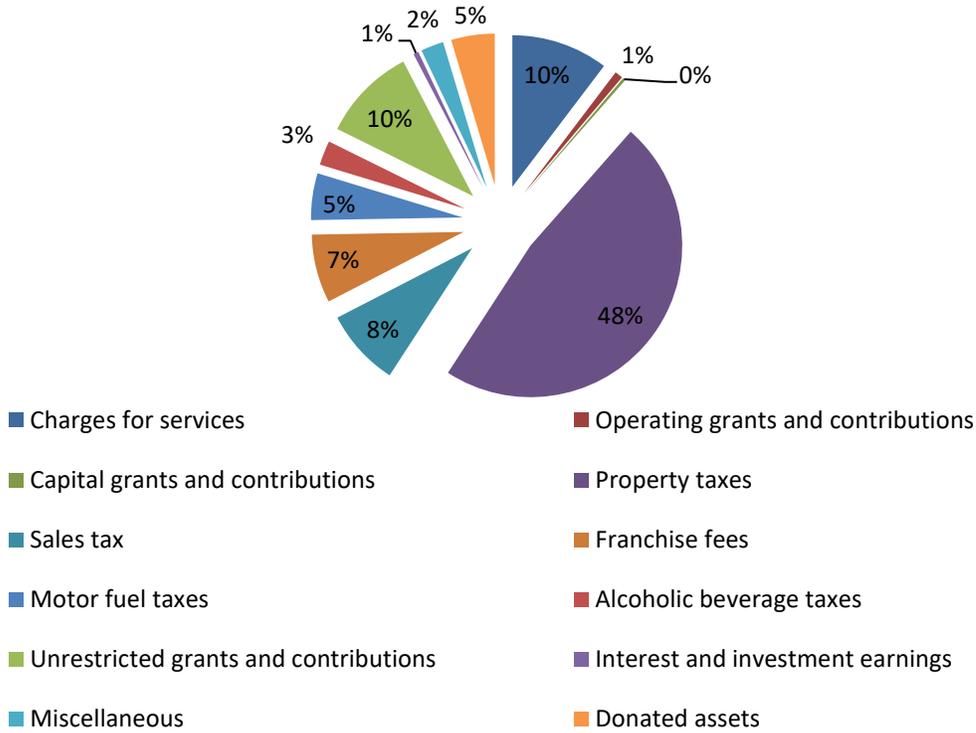
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Governmental Activities:**

**Revenues by Source – Governmental Activities**

**Column1**



**Business-Type Activities:**

Business-type activities increased the City's net position by \$8,100,031, which impacted the City's business-type net position by 4.55%. There was an increase in revenue from charges for services in the amount of \$1,333,701. This increase was mainly due to an increase in the number of accounts billed due to growth in the city and also an increase in wastewater rates. The increase in the wastewater fund was \$776,801, the increase in water revenue was \$329,285 and the increase in sanitation revenue was \$113,035. Parking revenue also increased year over year by \$105,657.

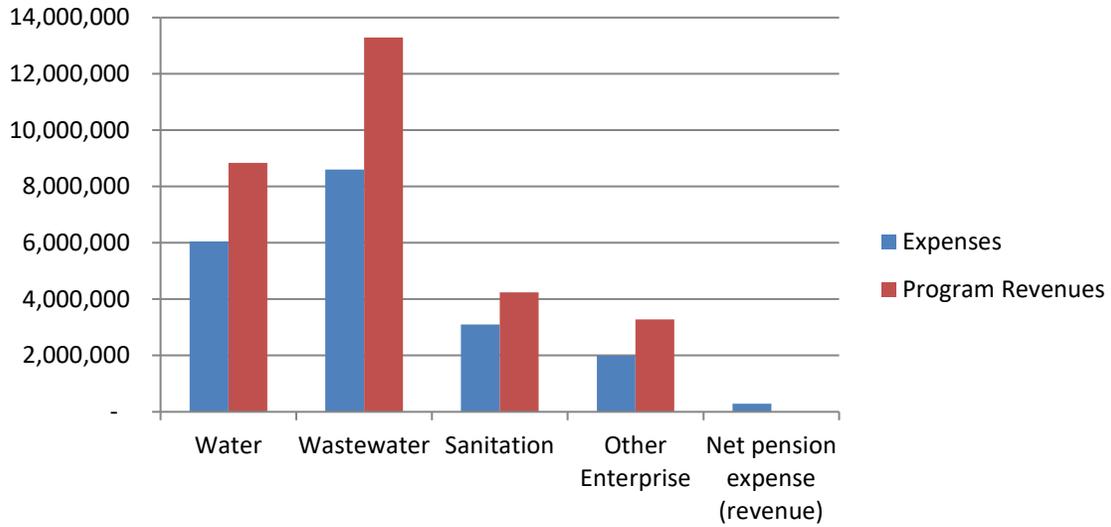
**CITY OF COEUR D'ALENE**  
**Kootenai County, Idaho**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

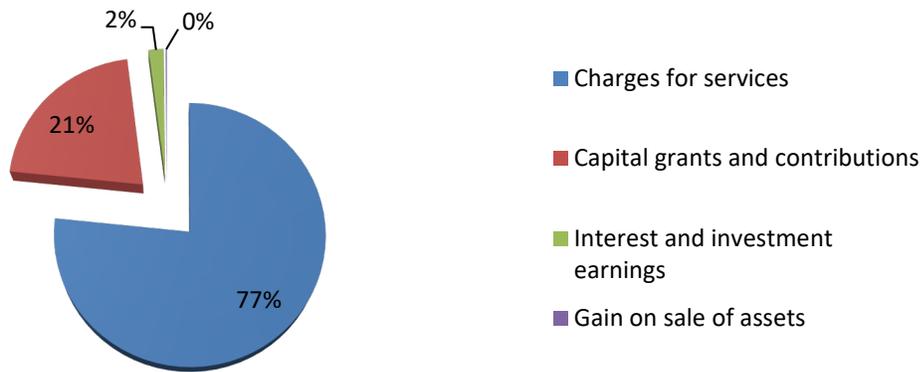
**Business-Type Activities:**

**Expenses and Program Revenue – Business-Type Activities**



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

**Revenues**



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2018**

**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 \$10,840,782 a decrease of \$5,652,218. Of the \$10,840,782 fund balance \$2,429,515 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, public safety capital needs (general obligation bond proceeds), future park, fire, police and street projects, and perpetual care of cemeteries.

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 \$11,044,111. 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 27.49% of 2018 budgeted expenditures and the unassigned fund balance of \$9,799,963 represents 24.39% of 2018 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 2018 from the first current-year property tax settlement. Also, important to note is that the capital projects fund borrowed \$7,700,000 from the wastewater capitalization fund in fiscal year 2017-18 to purchase the Atlas Waterfront Site property. Interest on this due to / due from other funds will need to be paid from the general fund until the loan can be repaid.

General Fund cash balance increased by \$788,581. This increase can be attributed to several full-time positions being vacant in fiscal year 2017-18. Revenues increased \$1,497,387 from the previous year and expenses decreased \$2,228,879. There was an increase in transfers in of \$1,002,314 and an increase in transfers out of \$597,022.

The fund balance of the City's General Fund increased \$1,321,015. This increase was mostly due to revenues collected being \$1,360,306 over the amended budget. The City received a payment of \$840,000 in fiscal year 2017-18 from the Idaho Transportation Department for the purpose of taking over the jurisdiction control of Coeur d'Alene Lake Drive (Sherman Avenue to Higgins Point).

LID Fund 149 had a fund balance deficit in the amounts of \$13,016. This deficit will disappear as funds are collected each year from affected property owners in the special assessment boundaries. The capital projects fund had a fund balance deficit of \$7,357,432 at September 30, 2018. This deficit will disappear as the projects are completed and funds are received from other taxing districts, private organizations, development of the Atlas Riverfront Site and transfers from impact fees.

**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 position of the enterprise funds at the end of the year amounted to \$32,621,867. The total increase in net position for the funds was \$8,100,031. This majority of this increase is due to capital asset contributions of sewer and water lines and an increase in charges for services.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2018**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The City's General Fund budget was amended during the fiscal year. The amendment increased the General Fund budget before transfers out by \$1,467,913. Amendments in the amount of \$212,130 were approved for public safety expenditures from the general obligation bond proceeds. These funds were not expended in fiscal year 2015-16 or 2016-17 and were carried over to the 2017-18 fiscal year. The City Hall Remodel project was amended by \$798,000 and the Fire Station 4 project was amended by \$69,000. These projects began in fiscal year 2015-16 and continued into fiscal years 2016-17 and 2017-18. The street overlay budget in the Street Department was also amended in the amount of \$51,248 to account for overlay projects that were not completed in fiscal year 2016-17 and were carried over and completed in fiscal year 2017-18. Other amendments included \$70,131 for police and fire department expenditures that were paid for with federal and state grants received, \$425,000 that was transferred to the Atlas Waterfront Site capital project and \$33,000 for interest paid to the wastewater fund for the due to / due from other funds to buy the Atlas Waterfront Site.

The budget amendment included the use of \$1,087,680 of General Fund Balance but in actuality \$212,130 of this was attributed to the balance held for the general obligation bonds that were partially spent in fiscal years 2015-16 and 2016-17 with the remainder spent in fiscal year 2017-18. Another \$696,000 was used for the remodel of City Hall and \$69,000 was used for the building of Fire Station 4.

Overall expenditures before transfers were \$749,770 under the final amended budget and \$718,143 over the original budget. Overall revenues before transfers were \$1,360,306 over the final amended budget of \$38,374,239 and \$2,052,737 over the original budget of \$36,321,502.

**CAPITAL ASSETS**

The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of September 30, 2018, amounts to \$340,462,520. This investment in capital assets includes land, buildings, infrastructure, construction in progress, machinery and equipment and vehicles. This balance represents a net increase of \$15,532,255 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 net capital assets can be attributed to improvements, expansion and modifications to the wastewater treatment plant. Other increases occurred from contributions of capital in the water and wastewater funds, street projects and the purchase of the Atlas Waterfront Site.

**LONG-TERM DEBT**

The City's long-term bonded debt decreased by \$2,517,935 in 2018; leaving a balance of \$30,708,243 at year-end. The City also has a loan payable with the Department of Environmental Quality for expansion, improvements and modifications to the wastewater treatment plant that increased in 2018 from \$5,322,364 to \$16,519,826. The total borrowing allowed for this loan is \$20,000,000 to be repaid in biannual installments over 20 years once it is closed. Additional details of long-term debt activity for the year can be found in Notes 6 and 7 in the notes to basic financial statements. 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 \$79,769,083 which is significantly higher than the City's net outstanding general obligation debt of \$5,724,012.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

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

The City Council chose to take a 0% increase in the amount of property taxes levied of the allowed 3% for the 2018-19 budget as they had done for the 2017-18 budget. The previous year (2016-17 budget) the Council took a 2.5% (\$490,552) increase and the three years before that the Council chose to take a 0% increase.

Building growth is still strong in both the residential and commercial real estate sectors. Building permit revenue for fiscal year 2017-18 was \$1,641,642 compared to \$1,395,749 the previous year. Home prices are up around 12% in Kootenai County with median prices just below \$250,000. On a per capita level Idaho tends to slightly lag the nation in terms of income growth. Personal income growth for 2019 is projected at 4.5%, with 5.4% to follow in 2020. In Coeur d'Alene unemployment is near 2.6% with the unemployment count around 2,000.

There will be scheduled fee increases in 2019 in the water fund, wastewater fund and public parking fund. Any increases in other areas of the City greater than 5% will be carefully studied and brought forward to the Mayor and Council at a public hearing.

**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:

City of Coeur d'Alene  
Comptroller  
710 Mullan Avenue  
Coeur d'Alene, Idaho 83814.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET POSITION**

September 30, 2018

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		ignite cda
<b>ASSETS</b>				
Cash and cash equivalents	\$ 17,427,963	\$ 23,104,960	\$ 40,532,923	\$ 10,691,929
Investments	1,444,031	-	1,444,031	-
Receivables:				
Taxes delinquent	363,279	-	363,279	327,465
Accounts receivable	781,181	3,682,392	4,463,573	-
Special assessments	339,973	22,999	362,972	-
Prepaid expenses	-	1,770	1,770	-
Internal balances	(8,800,000)	8,800,000	-	-
Due from other governments	2,330,535	-	2,330,535	-
Deposits	-	-	-	2,000
Restricted cash - bond reserve	-	-	-	621,658
Net pension asset-FRF plan	8,982,985	-	8,982,985	-
Capital assets:				
Land	27,351,469	2,088,042	29,439,511	2,080,527
Construction in Progress	6,426,877	13,752,289	20,179,166	7,113,516
Capital assets, net of accumulated depreciation	111,344,770	179,499,073	290,843,843	1,942,350
Total assets	167,993,063	230,951,525	398,944,588	22,779,445
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension outflows-base plan	2,652,846	328,916	2,981,762	-
Deferred pension outflows-FRF plan	73,379	-	73,379	-
Total deferred outflows of resources	2,726,225	328,916	3,055,141	-
<b>LIABILITIES</b>				
Accounts payable	2,213,084	1,200,032	3,413,116	2,333,795
Accrued payroll and related costs	34,248	-	34,248	3,698
Other accrued liabilities	-	100,000	100,000	-
Due to other governments	-	-	-	237
Deposits	456,801	-	456,801	2,000
Accrued interest payable	19,267	41,335	60,602	-
Long-term liabilities:				
Due within one year	1,323,603	2,031,977	3,355,580	3,693,965
Due in more than one year	8,574,519	40,276,048	48,850,567	6,751,055
Other liabilities due in more than one year:				
Net pension liability-base plan	10,206,295	1,322,443	11,528,738	-
Total liabilities	22,827,817	44,971,835	67,799,652	12,784,750
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension inflows-base plan	1,988,660	199,254	2,187,914	-
Deferred pension inflows-FRF plan	559,047	-	559,047	-
Total deferred inflows of resources	2,547,707	199,254	2,746,961	-
<b>NET POSITION</b>				
Net investment in capital assets	138,858,353	153,487,485	292,345,838	11,136,393
Restricted	4,103,490	-	4,103,490	(1,141,698)
Unrestricted	2,381,921	32,621,867	35,003,788	-
Total net position	\$ 145,343,764	\$ 186,109,352	\$ 331,453,116	\$ 9,994,695

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, 2018

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 6,374,568	\$ 4,865,896	\$ 184,976	\$ -
Public safety	22,716,887	-	205,968	-
Public works	8,541,152	-	5,445	-
Culture and recreation	5,225,823	-	5,167	142,000
Administrative expense	51,202	-	-	-
Interest on long-term debt	219,258	-	-	-
Change in OPEB obligation	-	-	-	-
Net pension expense (revenue)	295,747	-	-	-
Total governmental activities	<u>43,424,637</u>	<u>4,865,896</u>	<u>401,556</u>	<u>142,000</u>
Business-type activities:				
Water	6,048,844	6,358,396	-	2,482,447
Wastewater	8,600,114	10,383,959	-	2,907,848
Sanitation	3,095,699	4,239,253	-	-
Other Enterprise	1,989,511	2,208,054	-	1,079,046
Net pension expense (revenue)	284,543	-	-	-
Total business-type activities	<u>20,018,711</u>	<u>23,189,662</u>	<u>-</u>	<u>6,469,341</u>
Total primary government	<u>\$ 63,443,348</u>	<u>\$ 28,055,558</u>	<u>\$ 401,556</u>	<u>\$ 6,611,341</u>
<b>Component unit:</b>				
Lake City Development Corporation	\$ 5,286,832	\$ 63,292	\$ -	\$ -
Total component unit	<u>\$ 5,286,832</u>	<u>\$ 63,292</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
- Special assessments
- (Loss) gain on disposal of assets
- Transfers

Special Items:

- Gain on land swap with Ignite CDA
- Library property donated to the City
- Gain on sale of assets

Total general revenues, transfer and special items

Change in net position

Net position - beginning

Prior period adjustment

Net position - ending

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

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

<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>ignite cda</b>
\$ (1,323,696)	\$ -	\$ (1,323,696)	\$ -
(22,510,919)	-	(22,510,919)	-
(8,535,707)	-	(8,535,707)	-
(5,078,656)	-	(5,078,656)	-
(51,202)	-	(51,202)	-
(219,258)	-	(219,258)	-
-	-	-	-
(295,747)	-	(295,747)	-
<u>(38,015,185)</u>	<u>-</u>	<u>(38,015,185)</u>	<u>-</u>
-	2,791,999	2,791,999	-
-	4,691,693	4,691,693	-
-	1,143,554	1,143,554	-
-	1,297,589	1,297,589	-
-	(284,543)	(284,543)	-
-	<u>9,640,292</u>	<u>9,640,292</u>	-
<u>\$ (38,015,185)</u>	<u>\$ 9,640,292</u>	<u>(28,374,893)</u>	<u>-</u>
			<u>\$ (5,223,540)</u>
			<u>\$ (5,223,540)</u>
22,470,318	-	22,470,318	5,910,506
3,894,493	-	3,894,493	-
3,441,002	-	3,441,002	-
2,348,686	-	2,348,686	-
1,227,543	-	1,227,543	-
5,588,309	-	5,588,309	-
257,663	561,320	818,983	10,358
305,940	-	305,940	150,037
1,043,649	-	1,043,649	-
-	-	-	-
(312,471)	44,487	(267,984)	-
2,146,068	(2,146,068)	-	-
259,765	-	259,765	(259,765)
1,039,229	-	1,039,229	(1,039,229)
-	-	-	1,002,606
<u>43,710,194</u>	<u>(1,540,261)</u>	<u>42,169,933</u>	<u>5,774,513</u>
5,695,009	8,100,031	13,795,040	550,973
139,648,755	178,009,321	317,658,076	9,233,972
-	-	-	209,750
<u>\$ 145,343,764</u>	<u>\$ 186,109,352</u>	<u>\$ 331,453,116</u>	<u>\$ 9,994,695</u>

## City of Coeur d'Alene, Idaho

### BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2018

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,282,548	\$ 399,112	\$ 5,746,303	\$ 17,427,963
Investments	-	-	1,444,031	1,444,031
Receivables:				
Taxes delinquent	294,031	-	69,248	363,279
Accounts receivable	756,943	14,974	9,264	781,181
Special assessments	-	-	339,973	339,973
Due from other governments	2,198,832	23,703	108,000	2,330,535
Due from other funds	339,973	107,000	-	446,973
Total assets	<u>\$ 14,872,327</u>	<u>544,789</u>	<u>\$ 7,716,819</u>	<u>\$ 23,133,935</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,977,384	\$ 95,221	\$ 140,479	\$ 2,213,084
Due to other funds	1,100,000	7,807,000	339,973	9,246,973
Deposits	456,801	-	-	456,801
Total liabilities	<u>3,534,185</u>	<u>7,902,221</u>	<u>480,452</u>	<u>11,916,858</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue- property taxes	294,031	-	69,248	363,279
Unavailable revenue- special assessments	-	-	13,016	13,016
Total deferred inflows of resources	<u>294,031</u>	<u>-</u>	<u>82,264</u>	<u>376,295</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	921,112	-	3,182,378	4,103,490
Committed	282,545	-	3,680,095	3,962,640
Assigned	40,491	-	304,646	345,137
Unassigned	9,799,963	(7,357,432)	(13,016)	2,429,515
Total fund balances	<u>11,044,111</u>	<u>(7,357,432)</u>	<u>7,154,103</u>	<u>10,840,782</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 14,872,327</u>	<u>\$ 544,789</u>	<u>\$ 7,716,819</u>	<u>\$ 23,133,935</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 POSITION September 30, 2018

Total fund balances at September 30, 2018 - Governmental Funds		\$ 10,840,782
Cost of capital assets at September 30, 2018	\$ 232,490,143	
Less: Accumulated depreciation as of September 30, 2018		
Buildings	(9,384,544)	
Equipment	(16,695,019)	
Infrastructure	(57,251,277)	
Other improvements	<u>(4,036,187)</u>	145,123,116
Net pension asset		8,982,985
Deferred pension outflows-base plan		2,652,846
Deferred pension outflows-FRF plan		73,379
Elimination of deferred revenue		376,295
Accrued interest		(19,267)
OPEB Obligation		(34,248)
Net pension liability		(10,206,295)
Net deferred (inflows)/outflows of resources-base plan		(1,988,660)
Net deferred (inflows)/outflows of resources-FRF plan		(559,047)
Long-term liabilities at September 30, 2018		
Leases	(521,484)	
General obligation debt	(5,669,887)	
Bond premium net of amortization	(54,125)	
Compensated absences	<u>(3,652,626)</u>	<u>(9,898,122)</u>
Net position at September 30, 2018		<u>\$ 145,343,764</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, 2018

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 20,006,440	\$ -	\$ 2,517,527	\$ 22,523,967
Licenses and permits	5,932,309	-	-	5,932,309
Intergovernmental	11,466,062	292,735	1,710,035	13,468,832
Charges for services	356,268	-	1,691,343	2,047,611
Fines and forfeits	310,254	-	16,724	326,978
Assessments collected	-	-	6,729	6,729
Investment (loss) earnings	189,450	4,674	63,539	257,663
Contributions	-	133,755	-	133,755
Miscellaneous	113,456	-	192,484	305,940
Total revenues	<u>38,374,239</u>	<u>431,164</u>	<u>6,198,381</u>	<u>45,003,784</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,193,704	-	352,103	6,545,807
Public safety	23,537,051	-	-	23,537,051
Public works	5,383,904	-	-	5,383,904
Culture and recreation	2,744,340	-	1,675,885	4,420,225
Administrative expense	-	51,202	-	51,202
Capital outlay	1,515,549	8,672,717	1,657,121	11,845,387
Debt service:				
Principal payments	40,850	-	748,112	788,962
Interest and fiscal agent fees	11,946	86,018	131,568	229,532
Total expenditures	<u>39,427,344</u>	<u>8,809,937</u>	<u>4,564,789</u>	<u>52,802,070</u>
(Deficiency) excess of revenues				
(under) over expenditures	<u>(1,053,105)</u>	<u>(8,378,773)</u>	<u>1,633,592</u>	<u>(7,798,286)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	-	-	-	-
Bond premium	-	-	-	-
Operating transfers in	3,156,890	1,185,790	282,835	4,625,515
Operating transfers out	(782,770)	(55,001)	(1,641,676)	(2,479,447)
Total other financing sources (uses)	<u>2,374,120</u>	<u>1,130,789</u>	<u>(1,358,841)</u>	<u>2,146,068</u>
Net change in fund balances	1,321,015	(7,247,984)	274,751	(5,652,218)
Fund balances (deficits) - beginning of year	9,723,096	(109,448)	6,879,352	16,493,000
Fund balances - end of year	<u>\$ 11,044,111</u>	<u>\$ (7,357,432)</u>	<u>\$ 7,154,103</u>	<u>\$ 10,840,782</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, 2018

Total net changes in fund balances for year ended September 30, 2018	\$ (5,652,218)
Add: Capital outlay which is considered expenditures	11,845,387
Less: Depreciation expense for the year ended September 30, 2018	(5,653,167)
Less: Loss on asset disposal	(154,706)
Add: Current year PERSI contributions	2,815,694
Less: PERSI pension plan expense (revenue)	(295,747)
Elimination of interfund revenues and expenditures:	
Add: Interfund transfers out	2,479,447
Less: Interfund transfers in	(2,479,447)
Less: Change in compensated absence accrual for the year ended September 30, 2017	(133,970)
Add: Debt principal payments considered as an expenditure	788,962
Add: Change in accrued interest	2,543
Add: Bond Premium Amortization	7,731
Less: Difference between revenue earned on property taxes on modified accrual basis versus revenue on property taxes on accrual basis	(53,649)
Less: Difference between revenue earned on special assessments on modified accrual basis versus revenue on special assessments on accrual basis	<u>(6,729)</u>
Change in net position for year ended September 30, 2018	<u><u>\$ 5,695,009</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 POSITION  
PROPRIETARY FUNDS  
September 30, 2018**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Total Current Year</b>
	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Sanitation Fund</b>	<b>Other Enterprise</b>	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 9,248,675	\$ 10,892,627	\$ 1,524,763	\$ 1,438,895	\$ 23,104,960
Receivables:					
Accounts, net of allowance for uncollectible accounts	1,466,549	1,477,283	388,520	350,040	3,682,392
Special assessments receivable	22,999	-	-	-	22,999
Due from other funds	-	8,800,000	-	-	8,800,000
Prepaid expenses	222	1,548	-	-	1,770
Total current assets	<u>10,738,445</u>	<u>21,171,458</u>	<u>1,913,283</u>	<u>1,788,935</u>	<u>35,612,121</u>
Capital assets:					
Land	437,758	1,528,020	-	122,264	2,088,042
Construction in Progress	823,214	11,844,204	-	1,084,871	13,752,289
Capital assets, net of accumulated depreciation	<u>62,918,501</u>	<u>105,170,064</u>	<u>-</u>	<u>11,410,508</u>	<u>179,499,073</u>
Total capital assets, net	<u>64,179,473</u>	<u>118,542,288</u>	<u>-</u>	<u>12,617,643</u>	<u>195,339,404</u>
Total non-current assets	<u>64,179,473</u>	<u>118,542,288</u>	<u>-</u>	<u>12,617,643</u>	<u>195,339,404</u>
Total assets	<u>74,917,918</u>	<u>139,713,746</u>	<u>1,913,283</u>	<u>14,406,578</u>	<u>230,951,525</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred pension outflows	<u>131,543</u>	<u>188,834</u>	<u>-</u>	<u>8,539</u>	<u>328,916</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	285,912	561,767	283,887	68,466	1,200,032
Claims liability	-	100,000	-	-	100,000
Accrued interest	-	41,335	-	-	41,335
Current portion of compensated absences	16,834	8,231	-	-	25,065
Current portion of leases payable	116,029	231,834	-	-	347,863
Current portion of bonds/loan payable	-	1,659,049	-	-	1,659,049
Total current liabilities	<u>418,775</u>	<u>2,602,216</u>	<u>283,887</u>	<u>68,466</u>	<u>3,373,344</u>
Non-current liabilities:					
Compensated absences	163,411	242,137	-	25,493	431,041
Net pension liability	539,483	748,964	-	33,996	1,322,443
Bonds/loan payable, net of unamortized discounts	-	39,845,007	-	-	39,845,007
Total non-current liabilities	<u>702,894</u>	<u>40,836,108</u>	<u>-</u>	<u>59,489</u>	<u>41,598,491</u>
Total liabilities	<u>1,121,669</u>	<u>43,438,324</u>	<u>283,887</u>	<u>127,955</u>	<u>44,971,835</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred pension inflows	<u>85,142</u>	<u>109,134</u>	<u>-</u>	<u>4,978</u>	<u>199,254</u>
<b>NET POSITION</b>					
Net investment in capital assets	64,063,444	76,806,398	-	12,617,643	153,487,485
Unrestricted	<u>9,779,206</u>	<u>19,548,724</u>	<u>1,629,396</u>	<u>1,664,541</u>	<u>32,621,867</u>
Total net position	<u>\$ 73,842,650</u>	<u>\$ 96,355,122</u>	<u>\$ 1,629,396</u>	<u>\$ 14,282,184</u>	<u>\$ 186,109,352</u>

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 POSITION PROPRIETARY FUNDS For the Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds				Total
	Water Fund	Wastewater Fund	Sanitation Fund	Other Enterprise	
<b>OPERATING REVENUES</b>					
Services	\$ 6,358,396	\$ 10,383,959	\$ 4,239,253	\$ 2,208,054	\$ 23,189,662
<b>OPERATING EXPENSES</b>					
Administration	2,164,077	824,123	-	115,910	3,104,110
Maintenance	-	-	-	331,154	331,154
Pumping	1,012,643	-	-	-	1,012,643
Treatment	34,795	2,620,171	-	-	2,654,966
Collection	-	727,517	-	-	727,517
Transportation and distribution	158,025	-	-	-	158,025
Supplies	19,656	-	-	36,660	56,316
Contracted services	-	-	3,094,185	736,518	3,830,703
Depreciation	2,655,581	3,884,292	-	768,950	7,308,823
Bad debt	1,395	3,058	1,514	319	6,286
Net pension expense (revenue)	112,261	164,955	-	7,327	284,543
Total operating expenses	6,158,433	8,224,116	3,095,699	1,996,838	19,475,086
Operating (loss) income	199,963	2,159,843	1,143,554	211,216	3,714,576
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Capitalization fees	1,216,587	2,720,118	-	-	3,936,705
Amortization	-	128,493	-	-	128,493
Investment income	126,334	272,439	18,885	15,169	432,827
Gain on sale of assets	43,497	-	-	990	44,487
Interest expense	(2,672)	(540,953)	-	-	(543,625)
Total non-operating revenues (expenses)	1,383,746	2,580,097	18,885	16,159	3,998,887
Income before contributions and transfers	1,583,709	4,739,940	1,162,439	227,375	7,713,463
Capital contributions	1,265,860	187,730	-	1,079,046	2,532,636
Operating transfers in	-	-	-	180,102	180,102
Operating transfers out	(560,975)	(724,464)	(733,608)	(307,123)	(2,326,170)
Change in net position	2,288,594	4,203,206	428,831	1,179,400	8,100,031
Total net position - beginning	71,554,056	92,151,916	1,200,565	13,102,784	178,009,321
Total net position - ending	\$ 73,842,650	\$ 96,355,122	\$ 1,629,396	\$ 14,282,184	\$ 186,109,352

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, 2018**

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Sanitation Fund</b>	<b>Other Enterprise</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 6,367,644	\$ 2,606,841	\$ 4,232,160	\$ 2,146,917	\$ 15,353,562
Payments to suppliers	(1,617,914)	(4,060,895)	(3,064,296)	(1,810,355)	(10,553,460)
Payments to employees	(1,872,711)	(2,438,469)	-	(116,013)	(4,427,193)
Net cash provided by operating activities	<u>2,877,019</u>	<u>(3,892,523)</u>	<u>1,167,864</u>	<u>220,549</u>	<u>372,909</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating transfers in	-	-	-	180,102	180,102
Operating transfers out	(560,975)	(724,464)	(733,608)	(307,123)	(2,326,171)
Net cash (used) by noncapital financing activities	<u>(560,975)</u>	<u>(724,464)</u>	<u>(733,608)</u>	<u>(127,021)</u>	<u>(2,146,068)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Bond payments	-	(1,633,599)	-	-	(1,633,599)
Capital lease payments	(8,078)	(27,379)	-	-	(35,457)
New debt issuance	-	11,197,461	-	-	11,197,461
Interest paid	(2,672)	(542,904)	-	-	(545,576)
Capital asset purchases	(1,972,101)	(10,315,871)	-	(856,475)	(13,144,447)
Capitalization Fees	1,216,587	2,720,118	-	-	3,936,705
Contributions	-	-	-	1,079,046	1,079,046
Proceeds from the sale of assets	43,497	-	-	990	44,487
Net cash (used) by financing activities	<u>(722,767)</u>	<u>1,397,826</u>	<u>-</u>	<u>223,561</u>	<u>898,620</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	126,334	272,439	18,885	15,169	432,827
Net cash provided by investing activities	<u>126,334</u>	<u>272,439</u>	<u>18,885</u>	<u>15,169</u>	<u>432,827</u>
Net (decrease) increase in cash and cash equivalents	1,719,611	(2,946,722)	453,141	332,258	(441,711)
Cash and cash equivalents, beginning of year	7,529,064	13,839,349	1,071,622	1,106,637	23,546,672
Cash and cash equivalents, end of year	<u>\$ 9,248,675</u>	<u>\$ 10,892,627</u>	<u>\$ 1,524,763</u>	<u>\$ 1,438,895</u>	<u>\$ 23,104,960</u>

**Reconciliation of operating income to net cash provided by operating activities:**

Operating (loss) income	\$ 199,963	\$ 2,159,843	\$ 1,143,554	\$ 211,216	\$ 3,714,576
Adjustments to reconcile operating (loss) income to net cash provided by (used for) operating activities:					
Depreciation expense	2,655,581	3,884,292	-	748,301	7,288,175
(Increase) decrease in accounts receivable	(11,776)	(77,118)	(7,094)	(61,137)	(157,126)
Decrease in due from special assessment receivable	21,024	-	-	-	21,024
(Increase) decrease in due from other funds	-	(7,700,000)	-	-	(7,700,000)
(Increase) decrease in prepaid expenses	-	173	-	-	173
(Increase) decrease in deferred outflows of resources	(9,909)	(14,559)	-	(647)	(25,115)
Increase (decrease) in accounts payable	31,706	(2,142,287)	31,404	(677,728)	(2,756,905)
(Decrease) in due to other funds	-	-	-	-	-
(Decrease) increase in compensated absences	1,151	12,887	-	1,243	15,281
(Decrease) increase in net pension liability	(25,653)	(37,694)	-	(1,674)	(65,021)
(Decrease) increase in deferred inflows of resources	14,932	21,940	-	975	37,847
Net cash provided by operating activities	<u>\$ 2,877,019</u>	<u>\$ (3,892,523)</u>	<u>\$ 1,167,864</u>	<u>\$ 220,549</u>	<u>\$ 372,909</u>

**Non-cash capital and related financing activities:**

\$1,265,860 of water lines were donated to the water fund by developers.  
\$187,730 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 POSITION  
FIDUCIARY FUNDS  
September 30, 2018**

	<b>Police Retirement Pension Trust Funds</b>	<b>Sales Tax Agency Fund</b>	<b>Homeless 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	\$ 33,523	\$ 1,741	\$ 342	\$ 205,772	\$ 227,654
Investments	1,034,750	-	-	-	-
Due from other government unit	55	-	-	-	-
Due from other funds	-	21	-	-	-
Accounts receivable	-	-	-	17,800	246,047
Total assets	<u>1,068,328</u>	<u>1,762</u>	<u>342</u>	<u>223,572</u>	<u>473,701</u>
<b>LIABILITIES</b>					
Deferred revenue	-	-	-	-	-
Deposits held and due to others	-	-	342	223,572	473,701
Due to other government unit	-	1,762	-	-	-
Total liabilities	<u>-</u>	<u>1,762</u>	<u>342</u>	<u>223,572</u>	<u>473,701</u>
<b>NET POSITION</b>					
Held in trust for pension benefits	<u>\$ 1,068,328</u>	<u>\$ -</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 POSITION  
FIDUCIARY FUNDS  
For the Year Ended September 30, 2018**

	<b>Police Retirement Pension Trust Fund</b>
	<u>                    </u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$          539
	<u>                    </u>
Investment earnings:	
Interest	25,073
Net decrease in the fair value of investments	<u>(28,467)</u>
Total investment earnings	<u>(3,394)</u>
Total additions	<u>(2,855)</u>
 <b>DEDUCTIONS</b>	
Pension expense	170,985
Trust fees	<u>4,571</u>
Total deductions	<u>175,556</u>
 Change in net position	(178,411)
 Net position, beginning of year	<u>1,246,739</u>
 Net position, end of year	<u>\$      1,068,328</u>

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

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

Reporting Entity

The City of Coeur d'Alene, Idaho (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 financial statements of the City of Coeur d'Alene have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant of the City's accounting policies are described below:

The accompanying financial statements include all aspects controlled by the City Council of the City of Coeur d'Alene. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Under Idaho Code, in December 1997, the Coeur d'Alene City Council passed an ordinance which created the Coeur d'Alene Urban Renewal Agency (the "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. 61 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 and later changed their name to ignite cda in 2015. ignite cda 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:

ignite cda  
P.O. Box 3450  
Coeur d'Alene, Idaho 83816-1379

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) 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.

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.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

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

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

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.

The *capital projects fund* accounts for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. 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 position and a statement of changes in fiduciary net position. 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 25 and 26.

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 cash and investments of the fund.

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.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

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

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

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.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

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

Budgetary Accounting - Budgetary Basis (Concluded)

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 ordinance, and enters the ordinance 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, 2018, 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.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

**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, U.S. Government issued investments 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, 2018.

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**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

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

Capital Assets (Concluded)

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 position. Bonds payable are reported net of applicable bond premium or discount.

Bond Discounts and Bond Premiums

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

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

	<u>Years</u>
Bond premium and discounts:	
2012D Sewer Revenue Refunding Bonds	15

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs. 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 and expensed in the period incurred.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

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 70% 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 position 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, 2018, the total compensated absences payable by the City was \$4,108,733.

Compensated absences are reported as follows in the financial statements:

Governmental activities	\$ 3,652,626
Business-type activities	<u>456,107</u>
	<u>\$ 4,108,733</u>

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does have items that qualify for reporting in this category. Note 13 outlines the outflows of resources associated with the PERSI pension base and FRF plans and the police retirement pension plan.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

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

Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of these items, which arise under the government-wide accrual basis of accounting that qualifies for reporting in this category and one item, which arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source; property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The other item (reported in the government-wide statements) is an amount related to the pension base and FRF plans. See note 13 for details on the pension plan. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. See note 13 for the police retirement fund deferred outflows of resources disclosures.

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 restricted fund balance classifications can be used.

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position Flow Assumptions

Net position represents the difference between assets and liabilities. Net investment 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 position is 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.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

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

Net Position Flow Assumptions (continued)

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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.

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 2017-18 fiscal year were as follows: library fund - .0721, general obligation bonds .0401, and general fund -.8878.

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.

Pensions

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

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

Pensions (continued)

For purposes of measuring the net pension asset and pension expense/(revenue), information about the fiduciary net position of the Firefighters' Retirement Fund Plan (FRF Plan) and additions to/deductions from FRF's fiduciary net position have been determined on the same basis as they are reported by the FRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deficit Fund Balances

Deficit fund balances as of September 30, 2018 included debt service fund LID #149 for (\$13,016), and street capital projects funds Government Way – Hanley to Prairie for (\$58,684), Seltice Way (\$38,135), and Atlas Waterfront Site (\$7,773,978).

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.

New Accounting Standards

The City has adopted and implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions in the current fiscal year. This statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employer for Postemployment Benefits Other Than Pensions, as amended.

**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 \$43,480,736 and the bank balance is \$45,582,315 As of September 30, 2018, the City's deposits and investments were exposed to custodial credit risk as follows:

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Deposits and investments without exposure to custodial credit risk:

*Deposits:*

Amounts insured by FDIC	\$ 750,000
Amounts Collateralized	38,146,916
	<u>38,896,916</u>

*Investments*

Amount registered in the name of the City	4,697,678
Total deposits and investments without exposure to custodial credit risk	<u>\$ 43,594,594</u>

Deposits and investments with exposure to custodial credit risk:

*Deposits:*

Amounts uninsured	\$ 1,939,045
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*Investments*

Amount registered in the name of the City	48,676
Total deposits and investments without exposure to custodial credit risk	<u>\$ 1,987,721</u>

Total Deposits and Investments	<u><u>\$ 45,582,315</u></u>
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Cash and cash equivalents at September 30, 2018 consist of the following:

Deposits (checks in excess of deposits)	\$ 1,121,222
Cash on hand	2,125
Short-term certificates of deposit	1,731,692
Idaho State Investment Pool	38,146,916
Total	<u><u>\$ 41,001,955</u></u>

Cash and cash equivalents are presented in the Financial Statements as follows:

Governmental activities	\$ 17,427,963
Business-type activities	23,104,960
Police retirement pension trust fund	33,523
Sales tax agency fund	1,741
Homeless trust agency fund	342
Business improvement district agency fund	205,772
Kootenai county solid waste agency fund	227,654
Total	<u><u>\$ 41,001,955</u></u>

Investments are presented in the Financial Statements as follows:

Governmental activities	\$ 1,444,031
Police retirement pension trust fund	1,034,750
Total	<u><u>\$ 2,478,781</u></u>

Total Cash and Investments	<u><u>\$ 43,480,736</u></u>
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**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.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

**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, 2018, the City had the following investments (and associated maturities) in its internal investment portfolio:

Investment	% of Total	Fair Value & Carrying Amount	Maturity			
			Less than 1 year	Less than 2 years	2-5 years	6-10 years
FHLMCMTN	2%	\$ 49,750	\$ 49,750	\$ -	\$ -	\$ -
FNMA	2%	49,905	49,905	-	-	-
Federal Home Loan Bks	2%	48,085	-	-	48,085	-
Federal Home Loan Bks	4%	97,068	-	97,068	-	-
Federal Home Loan Bks	2%	49,400	-	-	49,400	-
Federal Home Loan Bks	2%	49,336	-	-	49,336	-
Federal Home Loan Bks	2%	49,097	-	-	-	49,097
US Treasury Note	2%	49,769	49,769	-	-	-
Federal Farm Credit Bks	2%	48,293	-	-	48,293	-
US Treasury Note	2%	49,350	-	-	49,350	-
Federal Farm Credit Bks	2%	48,691	-	48,691	-	-
Federal Home Loan Bks	2%	48,202	-	-	48,202	-
Federal Home Loan Bks	4%	97,950	-	-	97,950	-
US Treasury Note	2%	48,156	-	-	48,156	-
Federal Home Loan Bks	2%	49,336	-	49,336	-	-
Federal Farm Credit Bks	2%	49,095	-	-	49,095	-
Federal Home Loan Bks	4%	99,294	-	99,294	-	-
Federal Home Loan Bks	2%	48,534	-	-	48,534	-
Branch Banking Trust	2%	48,945	-	-	48,945	-
US Treasury Note	4%	97,922	-	97,922	-	-
US Treasury Note	4%	97,106	-	-	97,106	-
US Treasury Note	2%	54,293	-	-	54,293	-
Bank of New York Mellon Corp	4%	98,188	-	98,188	-	-
US Treasury Note	2%	49,188	49,188	-	-	-
US Treasury Note	4%	98,473	98,473	-	-	-
US Treasury Note	4%	98,699	-	98,699	-	-
JPMorgan Chase Co	2%	48,566	-	-	48,566	-
John Deere Capital Corp	2%	48,880	-	-	48,880	-
United Health Group Inc	2%	49,432	-	49,432	-	-
United Health Group Inc	2%	49,433	-	-	49,433	-
Branch Banking Trust	3%	68,524	-	-	68,524	-
Oracle Corp	2%	48,514	-	-	48,514	-
Apple Inc	2%	49,142	-	-	49,142	-
Simon Property Group LP	2%	48,923	-	-	48,923	-
Wells Fargo Company	4%	98,816	-	98,816	-	-
Chevron Corporation	2%	48,342	-	-	48,342	-
Toronto Dominion Bank	2%	49,268	-	49,268	-	-
Covidien Intl Finance Sa	2%	48,636	-	-	48,636	-
Caterpillar Financial SE	4%	100,747	-	-	100,747	-
Anheuser Busch Inbev Fin	2%	49,433	-	-	49,433	-
		<u>\$2,478,781</u>	<u>\$ 297,085</u>	<u>\$ 786,714</u>	<u>\$ 1,345,885</u>	<u>\$ 49,097</u>

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

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

Investment	Fair Value & Carrying Amount	Maturity			
		Less than 1 year	Less than 2 years	2-5 years	6-10 years
U.S. Treasuries	642,954	197,429	196,620	248,905	-
U.S. Agencies	930,983	99,656	294,389	487,841	49,097
U.S. Corporations	806,940	-	246,437	560,503	-
Foreign Corporations	97,904	-	49,268	48,636	-
	<u>\$2,478,781</u>	<u>\$ 297,085</u>	<u>\$ 786,714</u>	<u>\$ 1,345,885</u>	<u>\$ 49,097</u>

**Investments are presented in the Financial Statements as follows:**

Governmental activities	\$ 1,444,031
Police retirement pension trust fund	<u>1,034,750</u>
Total	<u>\$ 2,478,781</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 the City's cash needs cannot be anticipated, the above securities are traded in active and secondary or resale markets.

**Fair value:**

The securities registered in the City's name were purchased at a cost of \$2,539,139. The net loss of \$(60,358) (the difference between cost and fair value) has been recognized in the financial statements as a net loss on investments. There was a current year loss of \$(71,268) on these investments.

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 \$38,146,916. The City's portion of the State Investment Pool had an unrealized gain of \$110,306 as of September 30, 2018, 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.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

**NOTE 3: ACCOUNTS RECEIVABLE**

**Governmental activities:**

Accounts receivable consist of the following as of September 30, 2018:

Franchise and utility receivables	\$ 755,943
Kootenai Health for US 95 & Ironwood Intersection Project	7,719
Miscellaneous receivables	17,519
	<u>\$ 781,181</u>

**Business-type activities:**

Accounts receivable consist of the following as of September 30, 2018:

Amounts due from customers	\$ 3,690,682
Less allowance for uncollectible accounts	(8,290)
	<u>\$ 3,682,392</u>

**NOTE 4: SPECIAL ASSESSMENTS RECEIVABLE**

Special assessments receivable from benefited property owners of public improvements consist of the following as of September 30, 2018 and are recorded in the debt service fund and water fund:

**Governmental activities:**

Deferred principal amounts not currently due, but due at a future date	<u>\$ 339,973</u>
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**Business-type activities:**

Deferred principal amounts not currently due, but due at a future date	<u>\$ 22,999</u>
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Installment payments of principal and interest due from property owners are billed annually.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

**NOTE 5: CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2018 is as follows:

Plant and equipment and accumulated depreciation are as follows:

	<b>September 30, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>September 30, 2018</b>
Governmental activities:					
Land	\$ 17,844,764	\$ 9,559,661	\$ 152,956	\$ 100,000	\$ 27,351,469
Construction in progress	6,478,512	1,353,291	-	(1,404,926)	6,426,877
Total capital assets, not being depreciated	<u>24,323,276</u>	<u>10,912,952</u>	<u>152,956</u>	<u>(1,304,926)</u>	<u>33,778,346</u>
Buildings	21,112,118	796,228	-	1,304,926	23,213,272
Other Improvements	15,410,479	463,500	-	-	15,873,979
Equipment	26,247,229	1,113,436	387,515	-	26,973,150
Infrastructure	131,907,247	744,149	-	-	132,651,396
	<u>194,677,073</u>	<u>3,117,313</u>	<u>387,515</u>	<u>1,304,926</u>	<u>198,711,797</u>
Less: accumulated depreciation					
Buildings	8,700,867	683,676	-	-	9,384,543
Other Improvements	3,504,389	531,799	-	-	4,036,188
Equipment	15,698,988	1,381,797	385,765	-	16,695,020
Infrastructure	54,195,381	3,055,895	-	-	57,251,276
	<u>82,099,625</u>	<u>5,653,167</u>	<u>385,765</u>	<u>-</u>	<u>87,367,027</u>
Total capital assets being depreciated, net	<u>112,577,448</u>	<u>(2,535,854)</u>	<u>773,280</u>	<u>1,304,926</u>	<u>111,344,770</u>
Governmental activities capital assets net	<u>\$ 136,900,724</u>	<u>\$ 8,377,098</u>	<u>\$ 926,236</u>	<u>\$ -</u>	<u>\$ 145,123,116</u>

Depreciation expense was charged to functions/programs for the governmental activities as follows:

<b>Governmental activities:</b>	
General government	\$ 197,508
Public Works	3,421,445
Culture and Recreation	1,010,104
Public Safety	1,024,110
	<u>\$ 5,653,167</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

NOTE 5: CAPITAL ASSETS (CONCLUDED)

	September 30, 2017	Additions	Deletions	Adjustments	September 30, 2018
<b>Business-type activities:</b>					
Land	\$ 2,088,042	\$ -	\$ -	\$ -	\$ 2,088,042
Construction in progress	10,035,765	11,212,841	-	(7,496,317)	13,752,289
Total capital assets, not being depreciated'	<u>12,123,807</u>	<u>11,212,841</u>	<u>-</u>	<u>(7,496,317)</u>	<u>15,840,331</u>
Reservoir	6,215,027	77,463	-	-	6,292,490
Wells and booster stations	10,050,494	38,330	-	-	10,088,824
Distribution system	88,125,603	2,304,169	-	-	90,429,772
Collection	46,241,798	204,070	-	-	46,445,868
Plant	116,087,225	-	-	7,496,317	123,583,542
Street lights	790,986	-	-	-	790,986
Equipment	11,070,904	690,518	33,951	-	11,727,471
Improvements	16,950,195	91,295	-	-	17,041,490
	<u>295,532,232</u>	<u>3,405,845</u>	<u>33,951</u>	<u>7,496,317</u>	<u>306,400,443</u>
Less: accumulated depreciation					
Reservoir	4,161,158	274,220	-	-	4,435,378
Wells and booster stations	4,471,032	196,097	-	-	4,667,129
Distribution system	36,591,720	1,878,209	-	-	38,469,929
Collection	12,618,701	780,008	-	-	13,398,709
Plant	49,285,167	2,880,847	-	-	52,166,014
Street lights	652,743	25,828	-	-	678,571
Equipment	6,151,249	640,425	33,951	-	6,757,723
Improvements	5,694,728	633,189	-	-	6,327,917
	<u>119,626,498</u>	<u>7,308,823</u>	<u>33,951</u>	<u>-</u>	<u>126,901,370</u>
Total capital assets being depreciated, net	<u>175,905,734</u>	<u>(3,902,978)</u>	<u>-</u>	<u>7,496,317</u>	<u>179,499,073</u>
Business-type activities capital assets net	<u>\$ 188,029,541</u>	<u>\$ 7,309,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,339,404</u>

Depreciation expense was charged to business-type activities as follows:

<b>Business-type activities:</b>	
Water	\$ 2,655,581
Wastewater	3,884,292
Street Lighting	25,828
Drainage	255,341
Public Parking	487,781
	<u>\$ 7,308,823</u>

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

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

Long-term liability activity for the year ended September 30, 2018, was as follows:

	Balance 10/1/2018	Additions	Deletions	Balance 9/30/2018	Due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 6,417,999	\$ -	\$ 748,112	\$ 5,669,887	\$ 760,698
Deferred amounts:					
For issuance premium	61,856	-	7,731	54,125	-
Total bonds payable	6,479,855	-	755,843	5,724,012	760,698
Capital leases	562,334		40,850	521,484	365,084
Compensated absences	3,518,657	133,969	-	3,652,626	197,821
Governmental activities Long-term liabilities	<u>\$ 10,560,846</u>	<u>\$ 133,969</u>	<u>\$ 796,693</u>	<u>\$ 9,898,122</u>	<u>\$ 1,323,603</u>
Business-type activities:					
Revenue bonds payable	\$ 25,461,388	\$ -	\$ 1,633,598	\$ 23,827,790	\$ 1,659,049
Deferred amounts:					
For issuance premium	1,284,935	-	128,494	1,156,441	-
Total bonds payable	26,746,323	-	1,762,092	24,984,231	1,659,049
Capital Leases	383,320		35,458	347,862	347,862
State loan payable	5,322,364	11,197,462		16,519,826	-
Compensated absences	440,825	15,281		456,106	25,065
Business-type activities Long-term liabilities	<u>\$ 32,892,832</u>	<u>\$ 11,212,743</u>	<u>\$ 1,797,550</u>	<u>\$ 42,308,025</u>	<u>\$ 2,031,976</u>

**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, 2018, 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. On December 20, 2012, the City of Coeur d'Alene entered into an agreement with the Idaho Bond Bank for an Authority loan to be used to refund the City's 2007 revenue bonds.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

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

Issue	FY End		Principal	Interest	Total
	30-Sep	Rate			
2012D Sewer Revenue Refunding Bonds	2019	2.00%	\$ 680,000	\$ 325,500	\$ 1,005,500
	2020	4.00%	705,000	298,300	1,003,300
	2021	4.00%	735,000	270,100	1,005,100
	2022	4.00%	765,000	240,700	1,005,700
	2023	3.00%	790,000	217,750	1,007,750
	2024	5.00%	825,000	178,250	1,003,250
	2025	5.00%	870,000	137,000	1,007,000
	2026	5.00%	910,000	93,500	1,003,500
	2027	5.00%	960,000	48,000	1,008,000
Total 2012D Sewer Revenue Refunding Bonds			<u>\$ 7,240,000</u>	<u>\$ 1,809,100</u>	<u>\$ 9,049,100</u>

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. On March 13, 2013, this loan was closed out and converted to Sewer Revenue Bond, Series 2013, with a principal amount owing of \$12,257,859. The City pledges income derived on the acquired or constructed assets to pay debt service.

Issue	FY End		Principal	Interest	Total
	30-Sep	Rate			
2013 Sewer Revenue Bonds	2019	0.50%	\$ 600,556	\$ 44,285	\$ 644,841
	2020	0.50%	603,447	41,394	644,841
	2021	0.50%	606,583	38,258	644,841
	2022	0.50%	609,620	35,221	644,841
	2023	0.50%	612,672	32,169	644,841
	2024	0.50%	615,657	29,184	644,841
	2025	0.50%	618,821	26,020	644,841
	2026	0.50%	621,919	22,922	644,841
	2027	0.50%	625,033	19,808	644,841
	2028	0.50%	628,114	16,727	644,841
	2029	0.50%	631,306	13,535	644,841
	2030	0.50%	634,467	10,374	644,841
	2031	0.50%	637,643	7,198	644,841
	2032	0.50%	640,822	4,019	644,841
	2033	0.50%	321,623	797	322,420
Total 2013 Sewer Revenue Bonds			<u>\$ 9,008,283</u>	<u>\$ 341,911</u>	<u>\$ 9,350,194</u>

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

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

On May 30, 2013, the City entered into a loan agreement with the State of Idaho, Department of Environmental Quality for an amount not to exceed \$8,670,367 at a 2% interest rate to be repaid in biannual installments over 20 years. The State of Idaho is authorized by Title 30, 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 new membrane filtration equipment building. The upgrade will add new mixing aeration and membrane tanks, new secondary effluent transfer pumping station, modifications to chemical systems center and installation of owner-purchased submerged membrane filtration system. On July 30, 2015, this loan was closed out and converted to Sewer Revenue Bond, Series 2015, with a principal amount owing of \$8,670,367. The City pledges income derived on the acquired or constructed assets to pay debt service.

Issue	FY End 30-Sep	Rate	Principal	Interest	Total
2015 Sewer Revenue Bonds	2019	2.00%	\$ 378,493	\$ 149,729	\$ 528,222
	2020	2.00%	385,717	142,505	528,222
	2021	2.00%	393,854	134,368	528,222
	2022	2.00%	401,770	126,452	528,222
	2023	2.00%	409,846	118,376	528,222
	2024	2.00%	417,788	110,434	528,222
	2025	2.00%	426,481	101,741	528,222
	2026	2.00%	435,054	93,168	528,222
	2027	2.00%	443,798	84,424	528,222
	2028	2.00%	452,518	75,704	528,222
	2029	2.00%	461,814	66,408	528,222
	2030	2.00%	471,096	57,125	528,221
	2031	2.00%	480,566	47,656	528,222
	2032	2.00%	490,127	38,094	528,221
	2033	2.00%	500,076	28,145	528,221
	2034	2.00%	510,128	18,094	528,222
	2035	2.00%	520,381	7,840	528,221
Total 2015 Sewer Revenue Refunding Bonds			\$ 7,579,507	\$ 1,400,263	\$ 8,979,770
Total revenue refunding bonds payable			\$ 23,827,790	\$ 3,551,274	\$ 27,379,064

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

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

General Obligation Bonds payable for the governmental activities at September 30, 2018, consist of the following issue:

Issue	FY End 30-Sep	Rate	Principal	Interest	Total
2015A Public Safety Bonds:	2019	2.05%	\$ 591,613	\$ 90,300	\$ 681,913
	2020	2.05%	603,741	78,172	681,913
	2021	2.05%	616,118	65,795	681,913
	2022	2.05%	628,749	53,164	681,913
	2023	2.05%	641,638	40,275	681,913
	2024	2.05%	654,792	27,122	681,914
	2025	2.05%	668,215	13,698	681,913
Total 2015A Public Safety Bonds			\$4,404,866	\$ 368,526	\$ 4,773,392
Issue	FY End 30-Sep	Rate	Principal	Interest	Total
2015B Public Safety Bonds:	2019	2.05%	\$ 169,085	\$ 25,933	\$ 195,018
	2020	2.05%	174,552	22,466	197,018
	2021	2.05%	175,480	18,888	194,368
	2022	2.05%	181,202	15,291	196,493
	2023	2.05%	186,592	11,577	198,169
	2024	2.05%	186,642	7,751	194,393
	2025	2.05%	191,468	3,925	195,393
Total 2015B Public Safety Bonds			\$1,265,021	\$ 105,831	\$ 1,370,852
Total General Obligation Bonds			\$5,669,887	\$ 474,357	\$ 6,144,244

On August 4, 2015 the City issued \$6,000,000 in General Obligation Bonds for construction, acquisition and equipping of shared police / fire facilities and a mobile command / crime scene trailer and vehicle; construction and equipping of certain covered parking areas for police vehicles; acquisition and installation of a public safety camera network; and acquisition of certain fire protection vehicles and equipment; together with all necessary appurtenant facilities, improvements and equipment. The principal of the 2015A Bonds shall be payable annually on the 1<sup>st</sup> of August and shall bear interest at the rate of 2.05% payable semiannually on February 1<sup>st</sup> and August 1<sup>st</sup> in each year until maturity.

The City also issued \$1,719,106 in General Obligation Bonds on August 4, 2015 for the purpose of refunding the 2006 General Obligation Bonds. The principal of the 2015B Bonds shall be payable annually on August 1<sup>st</sup> and shall bear interest at the rate of 2.05% payable semiannually on February 1<sup>st</sup> and August 1<sup>st</sup> in each year until maturity.

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.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

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

Capital Leases – The City of Coeur d'Alene entered into a master-lease purchase agreement with John Deere Financial on November 25, 2013 for the purchase of six loaders and a snow blower. An additional lease was entered into on December 31, 2014 for the purchase of a grader. Two of the loaders and the snow blower will be used for business-type activities in the wastewater fund, one of the loaders will be used for business-type activities in the water fund, three of the loaders and the grader will be used for governmental activities. The total purchase price for the business-type loaders and snow blower was \$518,670. Annual payments of \$10,735 for the wastewater loaders are due February 10<sup>th</sup> of each year for five years beginning on February 10, 2014 with a balloon payment of \$116,250 due on February 10, 2019. Annual payments for the water fund loader of \$10,735 are due each year on November 14<sup>th</sup> for five years beginning on November 14, 2013 with a balloon payment of \$116,250 on November 14, 2018. The total purchase price for the governmental loaders was \$464,770. Annual payments of \$32,205 are due November 14<sup>th</sup> of each year for five years beginning on November 14, 2013. A balloon payment of \$348,750 is due on November 14, 2018. The interest rate is 2.3%. The total purchase price for the grader was \$238,075. Annual payments of \$20,591 are due December 31<sup>st</sup> of each year for five years beginning on December 31, 2014. A balloon payment of \$156,700 is due on December 31, 2019. The interest rate is 2.3%.

Capital leases payable from governmental activities at September 30, 2018 consist of the following:

Issue	FY End 30-Sep	Rate	Principal	Interest	Total
General Fund - John Deere Financial	2019	2.3%	\$ 16,999	\$ 3,657	\$ 20,656
Lease for 2014 Grader	2020	2.3%	156,400	898	157,298
			173,399	4,555	177,954

Issue	FY End 30-Sep	Rate	Principal	Interest	Total
General Fund - John Deere Financial	2019	2.3%	348,085	1,333	349,418
Lease for three 2014 Wheel Loaders			\$ 521,484	\$ 5,888	\$ 527,372

Minimum lease payments under capital leases for governmental activities are as follows:

Year ending September 30	Governmental Activities
2019	\$ 370,074
2020	157,298
Total minimum lease payments	527,372
Less: amount representing interest	(5,888)
Present value of minimum lease payments	\$ 521,484

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

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

Capital leases payable from business-type activities at September 30, 2018 consist of the following issues:

Issue	FY End 30-Sep	Rate	Principal	Interest	Total
Wastewater Fund - John Deere Financial Lease for a 2014 Wheel Loader	2019	2.3%	\$ 116,028	\$ 1,109	\$ 117,137
Wastewater Fund - John Deere Financial Lease for a 2014 Wheel Loader and Snow Blower	2019	2.3%	115,806	1,109	116,915
Water Fund - John Deere Financial Lease for a 2014 Wheel Loader	2019	2.3%	<u>116,028</u>	<u>444</u>	<u>116,472</u>
			<u>\$ 347,862</u>	<u>\$ 2,662</u>	<u>\$ 350,524</u>

Minimum lease payments under capital leases for business-type activities are as follows:

Year ending September 30	Business-type Activities
2019	\$ 350,524
Total minimum lease payments	350,524
Less: amount representing interest	(2,662)
Present value of minimum lease payments	<u>\$ 347,862</u>

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

Governmental Activities Year	General Obligation Bonds	Capital Leases	Compensated Absences	Total (Memo Only)
Unknown	\$ -	\$ -	\$ 3,652,626	\$ 3,652,626
2019	760,698	365,084	-	1,125,782
2020	778,293	156,399	-	934,692
2021	791,598	-	-	791,598
2022	809,951	-	-	809,951
2023	828,230	-	-	828,230
Thereafter	<u>1,701,117</u>	<u>-</u>	<u>-</u>	<u>1,701,117</u>
	5,669,887	521,483	3,652,626	9,843,996
Plus issuance premium- net	54,125	-	-	54,125
	<u>\$ 5,724,012</u>	<u>\$ 521,483</u>	<u>\$ 3,652,626</u>	<u>\$ 9,898,121</u>

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

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

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

Business-type Activities	Wastewater 2015 Revenue Bonds	Wastewater 2012D Revenue Bonds	Wastewater 2013 Revenue Bonds	State Loan Payable	Capital Leases	Compensated Absences	Total (Memo Only)
Year							
Unknown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 456,106	\$ 456,106
2019	378,493	680,000	600,556	-	347,862	-	2,006,911
2020	385,717	705,000	603,447	-	-	-	1,694,164
2021	393,854	735,000	606,583	-	-	-	1,735,437
2022	401,770	765,000	609,620	-	-	-	1,776,390
2023	409,846	790,000	612,672	-	-	-	1,812,518
Thereafter	5,609,827	3,565,000	5,975,405	16,519,826	-	-	31,670,058
	7,579,507	7,240,000	9,008,283	16,519,826	347,862	456,106	41,151,584
Plus issuance premium- net	1,156,441	-	-	-	-	-	1,156,441
	<u>\$8,735,948</u>	<u>\$7,240,000</u>	<u>\$9,008,283</u>	<u>\$16,519,826</u>	<u>\$347,862</u>	<u>\$456,106</u>	<u>\$42,308,025</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, 2018.

**NOTE 8: INTELFUND TRANSACTIONS**

Due to/from other funds as of September 30, 2018:

Receivable Fund	Payable Fund	Amount
General fund	Debt service fund-LID 149	\$ 13,559
General fund	Debt service fund- LID 151	326,414
Capital projects fund - Kathleen Avenue	Capital projects fund - Government Way	59,000
Capital projects fund - Kathleen Avenue	Capital projects fund - Seltice Way	41,000
Capital projects fund - Kathleen Avenue	Capital projects fund - Traffic Calming	7,000
Wastewater fund	General fund	1,100,000
Wastewater fund	Capital projects fund	7,700,000
		<u>\$ 9,246,973</u>

The interfund receivable between the general fund and debt service fund – LID 151 originated when the City financed the special assessments for the Front Avenue project through the general fund, as opposed to selling bonds. This receivable will be paid back by the end of fiscal year 2025. The benefited property owners are billed annually each year in April. The final billing for this LID will be April of 2025. This LID is billed with an interest rate of 4.0% which is credited to the general fund

The interfund receivables between wastewater and the general fund and between wastewater and the capital projects fund - Atlas Waterfront Site commenced when the City began the process of buying 47 acres of property along and near the Spokane River. The parcel is parallel to Seltice Way and has ingress at Seltice Way and Atlas Road. The wastewater fund is receiving interest from the general fund and capital projects fund on a quarterly basis at the State Investment Pool's monthly rate. The projected payback period for this receivable is approximately eight years.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

**NOTE 8: INTEFUND TRANSACTIONS (CONCLUDED)**

Interfund transfers as of September 30, 2018:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 3,156,890	\$ 782,770
Capital projects fund	1,185,790	55,001
Non major governmental funds	282,835	1,641,676
Water fund	-	560,975
Wastewater fund	-	724,464
Sanitation fund	-	733,608
Non major enterprise funds	180,102	307,123
	<u>\$ 4,805,617</u>	<u>\$ 4,805,617</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.

**NOTE 9: INSURANCE**

In September of 2014 the City Council voted to discontinue the City's self-insurance program and to purchase insurance from the Idaho Counties Reciprocal Management Program (ICRMP). ICRMP is an insurance pool which serves all public entities in Idaho through provision of property, general liability (employee torts), auto liability and physical damages, and public officials' insurance (errors and omissions). ICRMP provides loss prevention training to enable its subscribers to minimize their exposure to loss through funds to pay premiums and settlements.

The City also participates in the Idaho State Insurance Fund. This statewide program provides coverage for workers' compensation claims. The City is charged premiums by a rating method the program uses. This rating method is based on a per employee job risk basis. After the end of every year, the City is audited, and based on their claims throughout the year, can be eligible for a refund. If the usage was excessive throughout the year, the Insurance Fund increases the employee ratings where the use was excessive, causing the rates to increase for the following year. In the past the City has received refunds on a regular basis.

The premiums for this program are budgeted directly through each department.

Health Insurance

Eligible employees of the City of Coeur d'Alene are insured for health care through Regence Blueshield of Idaho. The risks associated with employees on the Regence 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**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

**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. Several legal matters exist at September 30, 2018, 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. In accordance with the applicable accounting guidelines, management has recognized an estimated loss only for those matters which it has deemed an unfavorable outcome is probable and the amount of loss is reasonably estimable.

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

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

CONDENSED STATEMENT OF NET POSITION

	Wastewater Funds
Assets:	
Current assets	\$ 21,171,458
Capital assets	118,542,288
Total assets	139,713,746
Deferred outflows of resources:	188,834
Liabilities:	
Current liabilities	2,602,216
Noncurrent liabilities	40,836,108
Total liabilities	43,438,324
Deferred inflows of resources:	109,134
Net position:	
Net investment in capital assets	76,806,398
Unrestricted	19,548,724
Total net position	\$ 96,355,122

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

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

CONDENSED STATEMENT OF  
REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Wastewater Funds
Charges for services	\$ 10,383,959
Depreciation expense	(3,884,292)
Other operating expenses	(4,174,869)
Net pension expense (revenue)	(164,955)
Operating income	2,159,843
Non-operating revenues (expenses):	
Capitalization fees	2,720,118
Investment earnings	272,439
Interest expense	(540,953)
Amortization	128,493
Gain on sale of assets	-
Capital contributions	187,730
Operating transfer out	(724,464)
Change in net position	4,203,206
Beginning net position	92,151,916
Ending net position	\$ 96,355,122

CONDENSED STATEMENT OF CASH FLOWS

	Wastewater Funds
Net cash provided (used) by:	
Operating activities	\$ (3,892,523)
Noncapital financing activities	(724,464)
Capital and related financing activities	1,397,826
Investing activities	272,439
Net increase (decrease)	(2,946,722)
Beginning cash and cash equivalents	13,839,349
Ending cash and cash equivalents	\$ 10,892,627

**NOTE 12: FUND BALANCE CLASSIFICATIONS**

The City has adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. 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.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

**NOTE 12: FUND BALANCE CLASSIFICATIONS (CONTINUED)**

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.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

**NOTE 12: FUND BALANCE CLASSIFICATIONS (CONCLUDED)**

General Fund

Restricted

KCJA drug task force	\$ 14,648
Coeur d'Alene Lake Drive - funds from Idaho Department of Transportation	840,000
Bellerive subdivision agreement	23,046
G.O. Bond proceeds	43,418
	\$ 921,112

Committed

Sick leave option 2	\$ 282,545
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Assigned

Recreation department - equipment reserve	6,934
Sunset Field Lights - donation	5,557
City Hall Remodel	28,000
	\$ 40,491

Other Governmental Funds

Restricted

Special revenue funds - Impact fees	\$ 3,078,492
Special revenue funds - Jewett House	33,600
Debt Service funds - General Obligation Bonds	70,286
	\$ 3,182,378

Committed

Special revenue funds - Library	\$ 204,362
Special revenue funds - Cemetery	40,189
Special revenue funds - Parks capital improvements	947,006
Special revenue funds - Cemetery perpetual care	1,480,266
Special revenue funds - Reforestation	223,121
Special revenue funds - Public art	785,151
	\$ 3,680,095

Assigned

Special revenue funds - Annexation fees	\$ 304,646
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**NOTE 13: PENSION PLANS**

***PERSI BASE PLAN***

Plan Description

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

**NOTE 13: PENSION PLANS (CONTINUED)**

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

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of September 30, 2018, it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% general employees and 11.66% for police and firefighters. The City's contributions were \$2,852,579 for the year ended September 30, 2018.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2018, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2018, the City's proportion was .7816001 percent.

For the year ended September 30, 2018, the City recognized pension expense of \$2,409,752. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

**NOTE 13: PENSION PLANS (CONTINUED)**

*PERSI BASE PLAN (continued)*

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,265,528	\$ 870,699
Changes in assumptions or other inputs	750,172	-
Net difference between projected and actual earnings on pension plan investments	-	1,280,908
Changes in the District's proportion and differences between the District's contributions and the District's proportionate contributions	273,193	36,307
District's contributions subsequent to the measurement date	692,869	-
<b>Total</b>	<u><u>\$ 2,981,762</u></u>	<u><u>\$ 2,187,914</u></u>

\$692,869 reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2018.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2017 the beginning of the measurement period ended June 30, 2018 is 4.8 years and 4.9 years for the measurement period June 30, 2017.

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

Year ended June 30:	
2019	1,034,806
2020	172,923
2021	(902,077)
2022	(204,675)

Actuarial Assumptions

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

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

NOTE 13: PENSION PLANS (CONTINUED)

*PERSI BASE PLAN (continued)*

Actuarial Assumptions (continued)

Inflation	3.00%
Salary increases**	3.75%
Salary inflation	3.75%
Investment rate of return*	7.05%
Cost-of-living (COLA) adjustments	1.00%

\*net of pension plan investment expense

\*\*there is an individual additional component of assumed salary grown (on top of the 3.75%) that varies for each individual member based on the years of service.

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

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

An experience study was performed for the period July 1, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2018 is based on the results of an actuarial valuation date of July 1, 2018.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2018.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

NOTE 13: PENSION PLANS (CONTINUED)

PERSI BASE PLAN (continued)

Actuarial Assumptions (continued)

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

Actuarial Assumptions	Expected Real Rate of Return
Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.45%
Assumed Investment Expenses	0.40%
<b>Long-Term Expected Geometric Rate of Return, Net of Investment Expenses</b>	<b><u>7.05%</u></b>

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

**NOTE 13: PENSION PLANS (CONTINUED)**

*PERSI BASE PLAN (continued)*

Actuarial Assumptions (continued)

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.05 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	<b>1% Decrease (6.05%)</b>	<b>Current Discount Rate (7.05%)</b>	<b>1% Increase (8.05%)</b>
District's proportionate share of the net pension liability (asset)			
Total Plan	<u>\$ 28,859,039</u>	<u>\$ 11,528,738</u>	<u>\$ (2,821,462)</u>

Pension plan fiduciary net position

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

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

Payables to the pension plan

At September 30, 2018, the City reported payables to the defined benefit pension plan of \$83,198 for which legally required employer contributions and \$53,619 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

**PERSI FRF PENSION PLAN**

Plan Description

The City of Coeur d'Alene contributes to the FRF which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers a closed group of firefighters who were hired before October 1, 1980, and who received benefits in addition to those provided under the PERSI Base Plan. The cost to administer the plan is financed through the contributions and investment earnings of the FRF. Additional FRF funding is obtained from receipts from a state fire insurance premium tax. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

**NOTE 13: PENSION PLANS (CONTINUED)**

*PERSI FRF PENSION PLAN (continued)*

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

Pension Benefits

The FRF provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service as well as the final average salary. A firefighter must have 5 years of service to be eligible for a lifetime retirement allowance at age 60. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance is based on Idaho Code Title 72 Chapter 14.

The benefit payments for the FRF are calculated using a benefit formula adopted by the Idaho Legislature. The FRF cost of living increase is based on the increase in the statewide average firefighter's wage.

Member and Employer Contributions

Member and employer contributions paid to the FRF are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

As of June 30, 2018, the total FRF employer contribution rate was 25.31% which includes the employer excess rate of 13.65% plus the PERSI class 2 firefighters' rate of 11.66%. The FRF member rate for the year for class B is 11.45% which is 3.09% above the class 2 rate of 8.36%. The City's contributions were \$283,330 for the year ended September 30, 2018.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2018, the City reported an asset for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on the City share of contributions in the FRF pension plan relative to the total contributions of all participating FRF employers. At June 30, 2018, the City's proportion was 7.9375918 percent.

For the year ended September 30, 2018, the City recognized pension expense (revenue) of (\$1,829,462). At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

**NOTE 13: PENSION PLANS (CONTINUED)**

*PERSI FRF PENSION PLAN (continued)*

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	273,152
Changes in the District's proportion and differences between the District's contributions and the District's proportionate contributions	-	285,895
District's contributions subsequent to the measurement date	73,379	-
Total	\$ 73,379	\$ 559,047

\$73,379 reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ending September 30, 2018.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2017 the beginning of the measurement period ended June 30, 2018 is 1 year and 1 year for the measurement period June 30, 2017.

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

2019	12,742
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Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. Unfunded actuarial accrued liability for FRF is the difference between the actuarial present value of the FRF benefits not provided by the Base Plan and the FRF assets. Currently FRF assets exceed this actuarial present value; therefore, there is not an unfunded liability to amortize at this time. The maximum amortization period for the FRF permitted under Section 72-14, Idaho Code, is 50 years.

The total pension asset in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

NOTE 13: PENSION PLANS (CONTINUED)

*PERSI FRF PENSION PLAN (continued)*

Actuarial Assumptions (continued)

Inflation	3.00%
Salary increases**	3.75%
Salary inflation	3.75%
Investment rate of return*	7.05%
Cost-of-living (COLA) adjustments	3.75%

\*net of pension plan investment expense

\*\*there is an individual additional component of assumed salary grown (on top of the 3.75%) that varies for each individual member based on the years of service.

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

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

An experience study was performed for the period July 1, 2011 through June 30, 2015 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Asset as of June 30, 2018 is based on the results of an actuarial valuation date of July 1, 2018.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2018.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

NOTE 13: PENSION PLANS (CONTINUED)

PERSI FRF PENSION PLAN (continued)

Actuarial Assumptions (continued)

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

Actuarial Assumptions	Expected Real Rate of Return
Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.45%
Assumed Investment Expenses	0.40%
<b>Long-Term Expected Geometric Rate of Return, Net of Investment Expenses</b>	<b>7.05%</b>

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

**NOTE 13: PENSION PLANS (CONTINUED)**

*PERSI FRF PENSION PLAN (continued)*

Actuarial Assumptions (continued)

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.05 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	<u>1% Decrease (6.05%)</u>	<u>Current Discount Rate (7.05%)</u>	<u>1% Increase (8.05%)</u>
District's proportionate share of the net pension liability (asset)			
Total Plan	\$ (6,663,882)	\$ (8,982,985)	\$ (10,956,648)

Pension plan fiduciary net position

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

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

*POLICE RETIREMENT FUND*

Payables to the pension plan

At September 30, 2018, the City reported payables to the defined benefit pension plan of \$35,322 for which legally required employer contributions and \$17,836 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

**NOTE 13: PENSION PLANS (CONTINUED)**

*POLICE RETIREMENT FUND (continued)*

Single-Employer Defined Benefit Pension Plan (Continued)

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 four 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.

The police retirement fund is accounted for on a flow of economic resources measurements 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 fund's 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.

Pension Liabilities, Pension Expense (Revenue) and deferred outflows of resources Related to Pensions

At September 30, 2017, the City reported a net pension liability of \$903,304 for the police retirement trust fund. The City recognized \$175,192 of pension expense and \$640,273 of net deferred outflows of resources related to the police retirement pension plan. The deferred outflows were a result of the difference between projected and actual earnings on pension plan investments. The City is allowed to have an actuarial study every two years; therefore, 2017 information is being reported. It is not anticipated that amounts would be materially different for 2018.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

**NOTE 13: PENSION PLANS (CONTINUED)**

*POLICE RETIREMENT FUND (continued)*

Single-Employer Defined Benefit Pension Plan (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$ 170,536	\$ 50,937	\$ 119,599
Changes in assumptions	434,009	-	434,009
Net difference between projected and actual earnings on pension plan investments	<u>86,665</u>	<u>-</u>	<u>86,665</u>
	<u>691,210</u>	<u>50,937</u>	<u>640,273</u>

Amounts reported as pension-related deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2019	\$ 88,832
2020	81,397
2021	73,649
2022	61,511
2023	61,511
2024	61,511
2025	61,511
2026	<u>61,519</u>
	<u>\$ 551,441</u>

The investment return was -0.06% for 2017 and is projected to not be materially different for 2018.

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, 2017. 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 4.75%. 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 \$33,523 and U.S. Government issues of \$1,034,750. The actuarial value of assets is fair market value.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

**NOTE 13: PENSION PLANS (CONTINUED)**

*POLICE RETIREMENT FUND (continued)*

Single-Employer Defined Benefit Pension Plan (Continued)

Discount Rate

The following presents the City's net pension liability calculated using the discount rate of 3.5%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5%) or 1-percentage-point higher (4.5%) than the current rate. Amounts are from the 2017 actuarial study and are not anticipated to be materially different for 2018:

	<b>1% Decrease (2.50%)</b>	<b>Current Discount Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
Net pension liability (asset)	\$ 1,051,395	\$ 903,304	\$ 612,101

Changes in the Net Pension Liability

The components of the change in the net pension liability are summarized as follows. Amounts are from the 2017 actuarial study and are not anticipated to be materially different for 2018:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at 9/30/16	\$ 2,265,698	\$ 1,413,065	\$ 852,633
Changes for the year:			
Interest cost	69,072	-	69,072
Experience (gain) loss	(56,597)	-	(56,597)
Changes of assumptions	39,502	-	39,502
Employer contributions		2,133	(2,133)
Net investment income		4,419	(4,419)
Benefit payments	(167,632)	(167,632)	-
Administrative Expenses		(5,246)	5,246
Net changes	<u>(115,655)</u>	<u>(166,326)</u>	<u>50,671</u>
Balances at 9/30/17	<u>\$ 2,150,043</u>	<u>\$ 1,246,739</u>	<u>\$ 903,304</u>

Actuarial Assumptions

Actuaries must make assumptions as to what the expected experience of the Plan will be for future years. Plan experiences include investment return (interest rate), cost of living adjustments, mortality rates, turnover rates, disability rates, and retirement rates. Actuarial assumptions must be determined as reasonable both on an individual and aggregate basis and must represent a best estimate of costs to the Plan.

The actuarial assumptions were changed as of September 30, 2018 to better reflect past and projected future experience of the plan. As required under accounting standards, the mortality table was updated along with implementing and improvement rate. This resulted in a significant actuarial loss.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

**NOTE 13: PENSION PLANS (CONTINUED)**

*POLICE RETIREMENT FUND (continued)*

Actuarial Assumptions (continued)

The actuarial assumptions used to calculate the funding results are as follows:

- Long-Term Rate of Return: 3.04%
- 20-Year AAA Municipal Bond Rate: 3.50%
- Return on Assets: 4.50%
- Discount Rate - Pre- and post-retirement interest rates were assumed at 3.50% per year.
- Cost of Living Adjustments - Benefits has been assumed to increase at 3.0% per year.
- Expenses - No assumption of asset expenses were made.
- Mortality Rates – RP2014 Mortality with 2016 Improvement Rates.
- Turnover Rates - T2 Turnover Table.
- Disability Rates - None assumed.
- Early Retirement Rates – None assumed.
- Actuarial Value of Assets - Same as market value of assets.

Schedule of Amortizations

	Year	Experience (Gain)/Loss	Recognized Period	Amortized Amount	Amortization Balance	Deferred Outflows	Deferred Inflows
Experience (Gain)/Loss	2017	(56,597)	10	(5,660)	(50,937)	-	(50,937)
	2016	208,433	11	18,948	170,536	170,536	-
Assumption (Gain)/Loss	2017	39,502	10	3,950	35,552	35,552	-
	2016	487,003	11	44,273	398,457	398,457	-
Asset (Gain)/Loss	2017	60,691	5	12,138	48,553	48,553	-
	2016	38,739	5	7,748	23,243	23,243	-
	2015	37,173	5	7,435	14,869	14,869	-

**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 based on a pay-as-you-go method.

At September 30, 2018 there were two retired participants and no active employees receiving benefit payments.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

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

The City's total OPEB liability of \$34,248 was measured as of September 30, 2017 and is reported in the same amount for September 30, 2018, as changes in the liability are considered to be immaterial. The amount was determined by an actuarial valuation as of September 30, 2017.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods include in the measurement, unless otherwise specified:

Valuation Date:	9/30/2017
Actuarial Cost Method:	Entry Age Normal
Funding Model:	Service Cost + Shortfall Amortization
Amortization Method:	Level Dollar
Remaining Amortization Period:	1
Asset Valuation Method:	Market Value
Medical Trend Rate:	0%
Salary Increase Rate:	0%
Discount Rate:	3.50% September 30, 2017 3.75% September 30, 2016
Investment Rate of Return:	0%
Long-Term Rate of Return:	0%
20-Year AAA Municipal Bond Rate:	3.50%
Retirement Age:	65
Mortality Table:	RP-2014 Mortality with 2016 Improvement Rates

Changes in the Total OPEB Liability

The components of the change in the net pension liability are summarized as follows. Amounts are from the 2017 actuarial study and are not anticipated to be materially different for 2018:

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
Balances at 9/30/16	\$ 1,102,842	\$ -	\$ 1,102,842
Changes for the year:			
Interest cost	2,024	-	2,024
Experience (gain) loss	(18)	-	(18)
Changes of assumptions	58	-	58
Employer contributions		43,582	(43,582)
Net investment income		-	-
Benefit payments	(43,582)	(43,582)	-
Changes of benefit terms	(1,027,076)	-	(1,027,076)
Net changes	<u>(1,068,594)</u>	<u>-</u>	<u>(1,068,594)</u>
Balances at 9/30/17	<u>\$ 34,248</u>	<u>\$ -</u>	<u>\$ 34,248</u>

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the city, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower 2.5% or 1 percentage point higher 4.5% than the current discount rate. Amounts are from the 2017 actuarial study and are not anticipated to be materially different for 2018:

	<b>1% Decrease (2.50%)</b>	<b>Current Discount Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
Net pension liability (asset)	\$ 34,485	\$ 34,248	\$ 34,016

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the city, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower 0.0% or 1 percentage point higher 0.0% than the current discount rate. Amounts are from the 2017 actuarial study and are not anticipated to be materially different for 2018:

	<b>1% Decrease (0.00%)</b>	<b>Current Discount Rate (0.00%)</b>	<b>1% Increase (0.00%)</b>
Net pension liability (asset)	\$ 34,295	\$ 34,248	\$ 34,295

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of \$-0-. At September 30, 2018, the City did not have deferred outflows or inflows of resources to report.

**NOTE 15: SPECIAL ITEMS**

During fiscal year ending September 30, 2018, the City had the following transactions with the ignite cda, which qualify as and are presented as special items in the accompanying statement of activities.

North Park Drive Land Swap with ignite:

During fiscal year ending September 30, 2018, the City of Coeur d'Alene and ignite agreed to swap parcels of land on North Park Drive to facilitate with ignite's development of lots. Ignite recorded a loss on the land swap of \$259,765, which represents ignite's carrying value of the land and building it gave to the City. The City's carrying value of the land it gave to ignite had a carrying value of \$0. The City recognized a donation of \$102,000 from ignite for the land and \$157,765 for the building. The building was demolished in fiscal year 2017-18 and the City recorded that as a loss.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018

**NOTE 15: SPECIAL ITEMS (CONCLUDED)**

Donation of Library Land from ignite:

Ignite partnered with the Coeur d'Alene Library Foundation on the purchase of property located on Front Avenue in 2001 to help facilitate the creation of a downtown public library. The Foundation deeded its interest in the property to ignite in two phases (in 2001 and 2007). Ignite financed the acquisition of the property via a conventional loan with Washington Trust Bank and has waited to transfer this property to the City until the loan was paid in full. The loan payoff occurred on March 1, 2018 at which time, ignite transferred the Jameson/Library property via a quitclaim deed to the City of Coeur d'Alene. In accordance with generally accepted accounting principles, as applicable to local governments, ignite recorded the disposition of the carrying value of the land of \$1,039,229 as a donation (special item expense). The City recorded the land as a donation (special item revenue) from ignite for the same dollar amount in the accompanying statement of activities.

**NOTE 16: COMPONENT UNIT DISCLOSURES**

As disclosed in Note 1, ignite cda meets the criteria for discrete presentation in the City's financial statements as a component unit. The following paragraphs describe significant transactions between the two entities and provide relevant disclosures related to the Agency.

Agency Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a failure of a financial institution, the Agency's deposits and investments may not be returned to it. The Agency does not have a deposit policy for custodial credit risk, but has charged management with ensuring the Agency's exposure to custodial credit risk is minimal. The carrying amount of the Agency's deposits is \$11,313,587 and the bank balance is \$11,423,781. As of September 30, 2018, the Agency's bank balance was not exposed to custodial credit risk. Details are as follows:

Amounts insured by the FDIC and or collateralized with securities: \$11,423,781

The Agency maintains cash deposits with several local banks in order to mitigate the financial impact of potential bank failure.

State statutes authorize the Agency's investments and deposits. The Agency 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.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

**NOTE 16: COMPONENT UNIT DISCLOSURES (CONTINUED)**

Capital Assets

Activity for ignite cda's capital assets for the fiscal year ended September 30, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,599,863	\$ -	\$ 1,519,336	\$ 2,080,527
	<u>317,065</u>	<u>6,846,096</u>	<u>49,645</u>	<u>7,113,516</u>
Total Capital assets not being depreciated	<u>3,916,928</u>	<u>6,846,096</u>	<u>1,568,981</u>	<u>\$ 9,194,043.0</u>
Capital assets being depreciated:				
Buildings and sites	<u>3,059,987</u>		631,229	<u>2,428,758</u>
Total capital assets being depreciated	<u>3,059,987</u>	<u>-</u>	<u>631,229</u>	<u>2,428,758</u>
Less accumulated depreciation for:				
Buildings and sites	<u>685,914</u>	<u>18,258</u>	<u>217,764</u>	<u>486,408</u>
Total accumulated depreciation	<u>685,914</u>	<u>18,258</u>	<u>217,764</u>	<u>486,408</u>
Total capital assets being depreciated, net	<u>2,374,073</u>	<u>(18,258)</u>	<u>413,465</u>	<u>1,942,350</u>
Governmental activities capital assets, net	<u>\$ 6,291,001</u>	<u>\$ 6,827,838</u>	<u>\$ 1,982,446</u>	<u>\$ 11,136,393</u>

Depreciation expense of \$18,258 for the year ending September 30, 2018 was charged to the property rental function.

Agency Notes Payable

Library Site:

On April 23, 2001, the Agency 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, the Agency refinanced these notes payable through Washington Trust Bank. The principal amount refinanced was \$910,719. Repayment terms were 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 Agency 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 4.00%. A balloon payment in the amount of \$555,676 is due April 1, 2013.

On April 1, 2014, in lieu of remitting the balloon payment due, the Agency refinanced the balance through Washington Trust Bank. The total amount refinanced was \$555,676. Repayment terms are monthly payments due the first of each month, bearing interest at the rate of 2.65%. During fiscal year 2018, the Agency made its final balloon payment of \$323,892, satisfying this obligation in full. Upon settlement of the obligation, the Agency deeded the property to the City of Coeur d'Alene at its carrying value of \$1,039,229, which is reflected in the accompanying statement of activities as a special item.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

**NOTE 16: COMPONENT UNIT DISCLOSURES (CONTINUED)**

839 N. 3rd Street & 845 N. 4th Street:

On June 16, 2008, the Agency purchased property at 839 N. 3rd 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 final balloon payment in the amount of \$245,161 was made in June 2018, satisfying the obligation in full during the current fiscal year.

Bond Payable – Washington Trust (2016 Series):

On August 25, 2011, the Agency received a Revenue Allocation Bond. The Agency was approved to borrow up to \$16,700,000. This financing is being used on Lake District Redevelopment Projects. Maturity was set for August 1, 2021 and the interest rate was set at 3.26% per annum for the first five years. Bond security is provided in the form of a subordinate interest in Lake District Revenue.

The Agency refunded the note during the 2016 fiscal year and closed on November 2016. The bank has agreed to reduce the required reserve amount for this debt obligation down to 10% of the principal balance. The new Series 2016 Note has a principal of \$8,763,375 with a 1.25% interest rate and a term ending in 2021. As of September 30, 2018, the remaining principal balance was \$5,346,252.

The annual requirements to retire the debt are as follows:

Fiscal year ending September 30,	Rate	Principal	Interest	Total
2019	1.25%	1,752,414	61,990	1,814,404
2020	1.25%	1,774,601	39,804	1,814,405
2021	1.25%	1,819,227	17,148	1,836,375
		<u>5,346,242</u>	<u>118,942</u>	<u>5,465,184</u>

Bond Payable – Washington Trust (2017 Series):

On May 23, 2017, the Agency entered into a second Revenue Allocation Bond agreement with Washington Trust Bank (2017 Series). The Agency was approved to borrow up to \$10,000,000. This financing is intended for projects within the Agency's Lake District including but not limited to certain costs of (i) the downtown structured parking facility, (ii) the Memorial Park element of the Four Corners Master Plan, and (iii) other eligible capital expenditure projects within the Lake District. Maturity was set for August 1, 2022 and the interest rate was set at 2.2% per annum.

For the first three years of the Note, the District may draw on the available funds, not to exceed the \$10,000,000 original principal balance of the Note. Total draws on the Note are limited to the principal balance of \$6,000,000 until the District sells real property located within the Lake District's boundaries in the aggregate amount of \$1,300,000, which occurred during the current fiscal year.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

**NOTE 16: COMPONENT UNIT DISCLOSURES (CONTINUED)**

Upon issuance of the Note, the District is required to maintain an unrestricted cash balance of \$1,000,000. Beginning February 1, 2018 and on February 1 of each subsequent year, the Cash on Hand requirement shall be adjusted annually to an amount equal to 10% of the principal balance plus any unfunded balance on the note. Payments on the Note are due in semi-annual installments based on the aggregate principal amount drawn, plus accrued interest, pursuant to an amortization schedule. The first amortized payment is payable on the first February and August 1 following draws totaling \$1,000,000. As of September 30, 2018, the District has drawn a total of \$5,510,000 on the Note. Accordingly, a schedule of future payments for the Note has not been presented, as the amounts and timing of the District's draws are still unknown. The Bond is secured by the District's pledge of the tax increment revenue allocation proceeds, subject to prior liens as described in the Note Purchase and Security Agreement.

The following is a summary of debt activity for the year ended September 30, 2018:

	Beginning Balance	Principal Additions	Principal Payments	Ending Balance	Due in One Year
Library Site	\$ 323,892	\$ -	\$ 323,892	\$ -	\$ -
839 N. 3rd St. & 845 N. 4th St.	245,161	-	245,161	-	-
Bond Payable- Washington Trust 2017 Series	60,000	5,450,000	411,222	5,098,778	1,941,551
Bond Payable- Washington Trust 2016 Series	7,076,558	-	1,730,316	5,346,242	1,752,414
	<u>\$ 7,705,611</u>	<u>\$ 5,450,000</u>	<u>\$ 2,710,591</u>	<u>\$ 10,445,020</u>	<u>\$ 3,693,965</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, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 19,770,180	\$ 19,770,180	\$ 20,006,440	\$ 236,260
Licenses and permits	5,432,212	5,854,326	5,932,309	77,983
Intergovernmental	10,187,910	10,501,227	11,466,062	964,835
Charges for services	409,400	345,800	356,268	10,468
Fines and forfeits	322,150	409,400	310,254	(99,146)
Investment (loss) earnings	65,000	65,000	189,450	124,450
Miscellaneous	134,650	68,000	113,456	45,456
Total revenues	<u>36,321,502</u>	<u>37,013,933</u>	<u>38,374,239</u>	<u>1,360,306</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,735,956	6,735,955	6,193,704	542,251
Public safety	23,411,334	23,666,830	23,537,051	129,779
Public works	5,371,631	5,422,879	5,383,904	38,975
Culture and recreation	2,792,040	2,797,080	2,744,340	52,740
Capital outlay	398,240	1,521,370	1,515,549	5,821
Debt service:				
Principal payments	-	-	40,850	(40,850)
Interest and fiscal agent fees	-	33,000	11,946	21,054
Total expenditures	<u>38,709,201</u>	<u>40,177,114</u>	<u>39,427,344</u>	<u>749,770</u>
(Deficiency) excess of revenues				
(under) over expenditures	<u>(2,387,699)</u>	<u>(3,163,181)</u>	<u>(1,053,105)</u>	<u>2,110,076</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	2,461,989	2,664,921	3,156,890	491,969
Operating transfers out	<u>(105,000)</u>	<u>(567,198)</u>	<u>(782,770)</u>	<u>(215,572)</u>
Total other financing sources (uses)	<u>2,356,989</u>	<u>2,097,723</u>	<u>2,374,120</u>	<u>276,397</u>
Net change in fund balances	<u>(30,710)</u>	<u>(1,065,458)</u>	<u>1,321,015</u>	<u>2,386,473</u>
Fund balances - beginning of year	30,710	1,065,458	9,723,096	8,657,638
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,044,111</u>	<u>\$ 11,044,111</u>

## City of Coeur d'Alene

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION September 30, 2018

#### NOTE 1: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

##### **Budgetary Data**

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the general fund. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the general fund.

This is in conformance with Idaho State Statutes, which require that appropriations lapse at the end of a fiscal year and are not available to be carried forward to be used in addition to the succeeding year's appropriation. The budget was amended in the current fiscal year.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- a) The City publishes a proposed budget for public review.
- b) Public hearings are set to obtain taxpayer comments.
- c) Prior to October 1, the budget is adopted by resolution of the City Council and published.

Lapsing of Appropriations – At the close of each year, all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriation.

The City properly prepared and published its budget for the year, as required by US generally accepted accounting principles and Idaho Code 33-2713A. The budget is adopted on a modified accrual basis, consistent with the fund financial statements and was amended during the year ended September 30, 2018.

**City of Coeur d'Alene**

**SCHEDULE OF CITY'S SHARE OF NET PENSION LIABILITY  
Police Retirement Pension Plan  
Last 10 - Fiscal Years \***

	<b>9/30/2018</b>	<b>9/30/2017</b>	<b>9/30/2016</b>	<b>9/30/2015</b>
City of Coeur d'Alene's net pension liability percentage	100%	100%	100%	100%
City of Coeur d'Alene's net pension liability	\$ 93,304	\$ 903,304	\$ 852,633	\$ 273,211
City of Coeur d'Alene's total pension liability	\$ 2,150,043	\$ 2,150,043	\$ 2,265,698	\$ 1,671,680
City of Coeur d'Alene's fiduciary net position	\$ 1,246,739	\$ 1,246,739	\$ 1,413,065	\$ 1,398,468
City of Coeur d'Alene's covered-employee payroll	-	\$ -	\$ -	\$ -
City of Coeur d'Alene's net pension liability as a percentage of it's covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	57.99%	57.99%	62.37%	83.66%

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

Data reported is measured as of September 30, 2018 (measurement date)

**SCHEDULE OF CITY OF COEUR D'ALENE'S CONTRIBUTIONS  
Police Retirement Pension Plan  
Last 10 - Fiscal Years \***

	<b>9/30/2018</b>	<b>9/30/2017</b>	<b>9/30/2016</b>	<b>9/30/2015</b>
City contributions	\$ 539	\$ 2,133	\$ 154,962	\$ 155,893
City's actuarially determined contributions	\$ 152,000	\$ 152,000	\$ 151,999	\$ 152,000
Difference between the actuarially determined contribution and the actual contribution	\$ (151,461)	\$ (149,867)	\$ 2,963	\$ 3,893
City's covered-employee payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

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

Data reported is measured as of September 30, 2018 (measurement date)

**City of Coeur d'Alene**

**Police Retirement Pension Plan  
Schedule of Changes in Net Pension Liability and Related Ratios**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total pension liability</b>				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest cost	69,072	69,072	62,928	59,255
Changes in benefit terms	-	-	-	-
Experience (gain) loss	(56,597)	(56,597)	208,433	-
Changes of assumptions	39,502	39,502	487,003	-
Benefit payments	<u>(167,632)</u>	<u>(167,632)</u>	<u>(164,346)</u>	<u>(161,123)</u>
Net change in total pension liability	(115,655)	(115,655)	594,018	(101,868)
Total pension liability - beginning of year	2,265,698	2,265,698	1,671,680	1,773,548
Total pension liability - end of year	<u>\$ 2,150,043</u>	<u>\$ 2,150,043</u>	<u>\$ 2,265,698</u>	<u>\$ 1,671,680</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 539	\$ 2,133	\$ 154,962	\$ 155,892
Net investment income	(3,394)	4,419	29,411	30,210
Benefit payments	(170,985)	(167,632)	(164,346)	(161,123)
Administrative expense	(4,571)	(5,246)	(5,430)	(5,448)
Other	-	-	-	-
Net change in fiduciary net position	<u>(178,411)</u>	<u>(166,326)</u>	<u>14,597</u>	<u>19,531</u>
Plan fiduciary net position - beginning of year	1,246,739	1,413,065	1,398,468	1,378,937
Plan fiduciary net position - end of year	<u>\$ 1,068,328</u>	<u>\$ 1,246,739</u>	<u>\$ 1,413,065</u>	<u>\$ 1,398,468</u>
<b>Net pension liability</b>	<u>\$ 903,304</u>	<u>\$ 903,304</u>	<u>\$ 852,633</u>	<u>\$ 273,212</u>
Plan fiduciary net position as a % of total pension liability	49.69%	57.99%	62.37%	83.66%
Covered payroll	\$ -	\$ -	\$ -	\$ -
Net pension liability as a % of covered employee payroll	N/A	N/A	N/A	N/A

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

**City of Coeur d'Alene**

**Police Retirement Pension Plan  
Schedule of the Investment Returns over Last 10 Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Money-Weighted Rate of Return, Net of Investment Experience	-0.06%	-0.06%	1.72%	1.80%

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

**City of Coeur d'Alene**

**Schedule of Changes in Net OPEB Liability and Related Ratios  
Post Employment Health Plan  
Last 10 Fiscal Years\***

	<u>2018</u>
<b>Total OPEB liability</b>	
Interest cost	\$ 2,024
Changes of benefit terms	(1,027,076)
Experience (gain) / loss	(18)
Changes of assumptions	58
Benefit payments	<u>(43,582)</u>
Net change in total OPEB liability	(1,068,594)
Total OPEB liability - beginning of year	<u>1,102,842</u>
Total OPEB liability - end of year	<u><u>\$ 34,248</u></u>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 43,582
Benefit payments	<u>(43,582)</u>
Net change in fiduciary net position	-
Plan fiduciary net position - beginning of year	-
Plan fiduciary net position - end of year	<u><u>-</u></u>
 <b>Net OPEB liability</b>	 <u><u>34,248</u></u>
 <b>Plan fiduciary net position as a % of total OPEB liability</b>	 0.00%

**Schedule of the City's Contributions  
Post Employment Health Plan  
Last 10 Fiscal Years\***

Contractually required contribution	\$ 43,582
Contributions in relation to the contractually required contribution	<u>43,582</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
 <b>Covered payroll</b>	 \$ -
 <b>Net OPEB liability as a % of covered employee payroll</b>	 N/A

\* Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately 10 years of data will be presented.

## City of Coeur d'Alene

### SCHEDULE OF CITY'S SHARE OF NET PENSION LIABILITY

#### PERSI - Base Plan

#### Last 10 - Fiscal Years \*

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
City of Coeur d'Alene's portion of the net pension liability	0.7816001%	0.7684929%	0.7700966%	0.7758284%
City of Coeur d'Alene's proportionate share of the net pension liability	\$ 11,528,738	\$ 12,079,388	\$ 15,611,041	\$ 10,216,398
City of Coeur d'Alene's covered-employee payroll	\$ 24,756,509	\$ 23,500,332	\$ 22,186,905	\$ 21,318,402
City of Coeur d'Alene's proportional share of the net pension liability as a percentage of its covered-employee payroll	46.57%	51.40%	70.36%	47.92%
Plan fiduciary net position as a percentage of the total pension liability	91.69%	90.68%	87.26%	91.38%

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

Data reported is measured as of June 30, 2018 (measurement date)

### SCHEDULE OF CITY OF COEUR D'ALENE'S CONTRIBUTIONS

#### PERSI - Base Plan

#### Last 10 - Fiscal Years \*

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
Statutorily required contribution	\$ 3,035,277	\$ 2,591,451	\$ 2,289,207	\$ 2,537,750
Contributions in relation to the statutorily required contribution	\$ (2,885,192)	\$ (2,738,658)	\$ (2,572,387)	\$ (2,603,758)
Contribution (deficiency) excess	\$ 150,086	\$ (147,207)	\$ (283,180)	\$ (66,009)
City's covered-employee payroll	\$ 24,756,509	\$ 23,500,332	\$ 22,186,905	\$ 21,318,402
Contributions as a percentage of covered-employee payroll	11.65%	11.65%	11.59%	12.21%

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

Data reported is measured as of June 30, 2018 (measurement date)

## City of Coeur d'Alene

### SCHEDULE OF CITY'S SHARE OF NET PENSION LIABILITY

#### PERSI - FRF Plan

#### Last 10 - Fiscal Years \*

	9/30/2018	9/30/2017	9/30/2016	9/30/2015
City of Coeur d'Alene's portion of the net pension asset	7.9375918%	7.5070873%	7.3277629%	7.3707911%
City of Coeur d'Alene's proportionate share of the net pension asset	\$ 8,982,985	\$ 6,440,753	\$ 3,938,556	\$ 3,981,015
City of Coeur d'Alene's covered-employee payroll	\$ 5,942,693	\$ 5,480,973	\$ 5,010,150	\$ 4,738,865
City of Coeur d'Alene's proportional share of the net pension asset as a percentage of its covered-employee payroll	151.16%	117.51%	78.61%	84.01%
Plan fiduciary net position as a percentage of the total pension asset	140.15%	129.65%	118.42%	118.08%

\* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, City of Coeur d'Alene will present information for those to use for which information is

Data reported is measured as of June 30, 2018 (measurement date)

### SCHEDULE OF CITY OF COEUR D'ALENE'S CONTRIBUTIONS

#### PERSI - FRF Plan

#### Last 10 - Fiscal Years \*

	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Statutorily required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contribution	\$ (611,689)	\$ (559,502)	\$ (527,496)	\$ (833,303)
Contribution (deficiency) excess	\$ (611,689)	\$ (559,502)	\$ (527,496)	\$ (833,303)
City's covered-employee payroll	\$ 5,942,693	\$ 5,480,973	\$ 5,010,150	\$ 4,738,865
Contributions as a percentage of covered-employee payroll	10.29%	10.21%	10.53%	17.58%

year trend is compiled, City of Coeur d'Alene will present information for those to use for which information is available.

Data reported is measured as of June 30, 2018 (measurement date)

FINANCIAL SECTION

OTHER SUPPLEMENTARY INFORMATION

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

**COMBINING BALANCE SHEET - BY FUND TYPE  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2018**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,678,786	\$ 67,517	\$ 5,746,303
Investments	1,444,031	-	1,444,031
Receivables:			
Taxes delinquent	36,785	32,463	69,248
Accounts	9,264	-	9,264
Assessments:			
Delinquent	-	743	743
Deferred	-	339,230	339,230
Due from other governments	105,231	2,769	108,000
Due from other funds	-	-	-
Total assets	<u>\$ 7,274,097</u>	<u>\$ 442,722</u>	<u>\$ 7,716,819</u>
 <b>LIABILITIES</b>			
Accounts payable	\$ 140,479	\$ -	\$ 140,479
Due to other funds	-	339,973	339,973
Total liabilities	<u>140,479</u>	<u>339,973</u>	<u>480,452</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue- property taxes	36,785	32,463	69,248
Unavailable revenue- special assessments	-	13,016	13,016
Total deferred inflows of resources	<u>36,785</u>	<u>45,479</u>	<u>82,264</u>
 <b>FUND BALANCES (DEFICITS)</b>			
Restricted	3,112,092	70,286	3,182,378
Committed	3,680,095	-	3,680,095
Assigned	304,646	-	304,646
Unassigned	-	(13,016)	(13,016)
Total fund balances (deficits)	<u>7,096,833</u>	<u>57,270</u>	<u>7,154,103</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 7,274,097</u>	<u>\$ 442,722</u>	<u>\$ 7,716,819</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, 2018**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Taxes	\$ 1,617,578	\$ 899,949	\$ 2,517,527
Intergovernmental	1,710,035	-	1,710,035
Charges for services	1,691,343	-	1,691,343
Fines and forfeits	16,724	-	16,724
Assessments collected	-	6,729	6,729
Investment (loss) earnings	(42,801)	-	(42,801)
Interest	106,340	-	106,340
Miscellaneous	183,911	-	183,911
Penalty and interest	-	8,573	8,573
Total revenues	<u>5,283,130</u>	<u>915,251</u>	<u>6,198,381</u>
<b>EXPENDITURES</b>			
Current:			
General government	352,103	-	352,103
Culture and recreation	1,675,885	-	1,675,885
Administrative expenses	-	-	-
Capital outlay	1,657,121	-	1,657,121
Debt service:			
Principal payments	-	748,112	748,112
Interest, fees and other	-	131,568	131,568
Total expenditures	<u>3,685,109</u>	<u>879,680</u>	<u>4,564,789</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,598,021</u>	<u>35,571</u>	<u>1,633,592</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	282,835	-	282,835
Operating transfers out	<u>(1,141,676)</u>	<u>(500,000)</u>	<u>(1,641,676)</u>
Total other financing sources (uses)	<u>(858,841)</u>	<u>(500,000)</u>	<u>(1,358,841)</u>
Net change in fund balances	739,180	(464,429)	274,751
Fund balances (deficits) - beginning of year	<u>6,357,653</u>	<u>521,699</u>	<u>6,879,352</u>
Fund balances (deficits) - end of year	<u>\$ 7,096,833</u>	<u>\$ 57,270</u>	<u>\$ 7,154,103</u>

***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:** Annexation fees are charged when a new subdivision is annexed into the City. These funds are then transferred to the General Fund and used for one-time capital purchases.

**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.

**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 30% 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.

**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.

**Public Art Fund:** To account for funds received from construction projects of the City of Coeur d'Alene and contributions from ignite cda (urban renewal district) to be used for the purchase and maintenance of public art.

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

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
September 30, 2018**

	<u>Library</u>	<u>Cemetery</u>	<u>Annexation Fees</u>	<u>Impact Fees</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 235,401	\$ 44,823	\$ 304,646	\$ 3,078,492
Investments	-	-	-	-
Receivables:				
Taxes delinquent	36,785	-	-	-
Accounts	-	3,705	-	-
Due from other governments	5,665	-	-	-
Total assets	<u>\$ 277,851</u>	<u>\$ 48,528</u>	<u>\$ 304,646</u>	<u>\$ 3,078,492</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 36,704	\$ 8,339	\$ -	\$ -
Total liabilities	<u>36,704</u>	<u>8,339</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue- property taxes	36,785	-	-	-
Total deferred inflows of resources	<u>36,785</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	-	-	-	3,078,492
Committed	204,362	40,189	-	-
Assigned	-	-	304,646	-
Total fund balances (deficits)	<u>204,362</u>	<u>40,189</u>	<u>304,646</u>	<u>3,078,492</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 277,851</u>	<u>\$ 48,528</u>	<u>\$ 304,646</u>	<u>\$ 3,078,492</u>

<b>Parks Capital Improvements</b>	<b>Cemetery Perpetual Care</b>	<b>Reforestation</b>	<b>Jewett House</b>	<b>Public Art</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 932,672	\$ 36,235	\$ 223,281	\$ 37,045	\$ 786,191	\$ 5,678,786
-	1,444,031	-	-	-	1,444,031
-	-	-	-	-	36,785
5,559	-	-	-	-	9,264
99,566	-	-	-	-	105,231
<u>\$ 1,037,797</u>	<u>\$ 1,480,266</u>	<u>\$ 223,281</u>	<u>\$ 37,045</u>	<u>\$ 786,191</u>	<u>\$ 7,274,097</u>
<u>\$ 90,791</u>	<u>\$ -</u>	<u>\$ 160</u>	<u>\$ 3,445</u>	<u>\$ 1,040</u>	<u>\$ 140,479</u>
<u>90,791</u>	<u>-</u>	<u>160</u>	<u>3,445</u>	<u>1,040</u>	<u>140,479</u>
-	-	-	-	-	36,785
-	-	-	-	-	36,785
-	-	-	33,600	-	3,112,092
947,006	1,480,266	223,121	-	785,151	3,680,095
-	-	-	-	-	304,646
<u>947,006</u>	<u>1,480,266</u>	<u>223,121</u>	<u>33,600</u>	<u>785,151</u>	<u>7,096,833</u>
<u>\$ 1,037,797</u>	<u>\$ 1,480,266</u>	<u>\$ 223,281</u>	<u>\$ 37,045</u>	<u>\$ 786,191</u>	<u>\$ 7,274,097</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, 2018

	<u>Library</u>	<u>Cemetery</u>	<u>Annexation Fees</u>	<u>Impact Fees</u>
<b>REVENUES</b>				
Taxes	\$ 1,617,578	\$ -	\$ -	\$ -
Intergovernmental	9,237	-	-	-
Charges for services	7,970	175,985	186,574	1,029,993
Fines and forfeits	16,724	-	-	-
Unrealized gain (loss) on investments	-	-	-	-
Interest	3,813	361	3,349	38,860
Miscellaneous	16,439	11,605	-	-
Total revenues	<u>1,671,761</u>	<u>187,951</u>	<u>189,923</u>	<u>1,068,853</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	271,012	-	-
Culture and recreation	1,461,833	-	-	-
Capital outlay	166,287	-	-	-
Total expenditures	<u>1,628,120</u>	<u>271,012</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>43,641</u>	<u>(83,061)</u>	<u>189,923</u>	<u>1,068,853</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	150,000	-	-
Operating transfers out	-	(34,717)	(398,240)	(555,319)
Total other financing sources (uses)	<u>-</u>	<u>115,283</u>	<u>(398,240)</u>	<u>(555,319)</u>
Net change in fund balances	43,641	32,222	(208,317)	513,534
Fund balances - beginning of year	160,721	7,967	512,963	2,564,958
Fund balances (deficits) - end of year	<u>\$ 204,362</u>	<u>\$ 40,189</u>	<u>\$ 304,646</u>	<u>\$ 3,078,492</u>

<b>Parks Capital Improvements</b>	<b>Cemetery Perpetual Care</b>	<b>Reforestation</b>	<b>Jewett House</b>	<b>Public Art</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,617,578
1,700,798	-	-	-	-	1,710,035
209,333	-	81,488	-	-	1,691,343
-	-	-	-	-	16,724
-	(42,801)	-	-	-	(42,801)
9,301	36,549	3,350	420	10,337	106,340
7,964	-	-	24,095	123,808	183,911
<u>1,927,396</u>	<u>(6,252)</u>	<u>84,838</u>	<u>24,515</u>	<u>134,145</u>	<u>5,283,130</u>
-	6,141	-	11,998	62,952	352,103
112,579	-	101,473	-	-	1,675,885
1,392,134	-	-	-	98,700	1,657,121
<u>1,504,713</u>	<u>6,141</u>	<u>101,473</u>	<u>11,998</u>	<u>161,652</u>	<u>3,685,109</u>
<u>422,683</u>	<u>(12,393)</u>	<u>(16,635)</u>	<u>12,517</u>	<u>(27,507)</u>	<u>1,598,021</u>
74,717	54,718	-	-	3,400	282,835
(3,400)	(150,000)	-	-	-	(1,141,676)
<u>71,317</u>	<u>(95,282)</u>	<u>-</u>	<u>-</u>	<u>3,400</u>	<u>(858,841)</u>
494,000	(107,675)	(16,635)	12,517	(24,107)	739,180
453,006	1,587,941	239,756	21,083	809,258	6,357,653
<u>\$ 947,006</u>	<u>\$ 1,480,266</u>	<u>\$ 223,121</u>	<u>\$ 33,600</u>	<u>\$ 785,151</u>	<u>\$ 7,096,833</u>

***Debt service funds are established to account for the invoicing and collecting of special assessment payments owed to the City from property owners included in specific local improvement City projects:***

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

**LID #151**: Accounts for the accumulation of resources from special assessment levies created for the purpose of paving, installing curbs, sidewalks and for beautification of Front Avenue.

**General Obligation Bonds**: Accounts for the accumulation of resources from property taxes for the purpose of paying bonds and interest when due for the 2015 General Obligation Bond Issue.

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

**COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
September 30, 2018**

	<u>LID</u> <u>#149</u>	<u>LID</u> <u>#151</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Total</u> <u>Nonmajor</u> <u>Debt</u> <u>Service</u> <u>Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 67,517	\$ 67,517
Receivables:				
Taxes Delinquent	-	-	32,463	32,463
Assessments				
Delinquent	543	200	-	743
Deferred	13,016	326,214	-	339,230
Due from other governments	-	-	2,769	2,769
Total assets	<u>\$ 13,559</u>	<u>\$ 326,414</u>	<u>\$ 102,749</u>	<u>\$ 442,722</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Deposits	\$ -	\$ -	\$ -	\$ -
Due to other funds	13,559	326,414	-	339,973
Total liabilities	<u>13,559</u>	<u>326,414</u>	<u>-</u>	<u>339,973</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	-	-	32,463	32,463
Unavailable revenue-special assessments	13,016	-	-	13,016
Total deferred inflows of resources	<u>13,016</u>	<u>-</u>	<u>32,463</u>	<u>45,479</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	-	-	70,286	70,286
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(13,016)	-	-	(13,016)
Total fund balances (deficits)	<u>(13,016)</u>	<u>-</u>	<u>70,286</u>	<u>57,270</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 13,559</u>	<u>\$ 326,414</u>	<u>\$ 102,749</u>	<u>\$ 442,722</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, 2018

	LID #149	General Obligation Bonds	Total Nonmajor Debt Service Funds
<b>REVENUES</b>			
Taxes	\$ -	\$ 899,949	\$ 899,949
Assessments collected	6,729	-	6,729
Penalty and interest	-	8,573	8,573
Total revenues	6,729	908,522	915,251
<b>EXPENDITURES</b>			
Bond principal	-	748,112	748,112
Interest, fees and other	-	131,568	131,568
Total expenditures	-	879,680	879,680
Excess (deficiency) of revenues over (under) expenditures	6,729	28,842	35,571
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	-	-
Operating transfers out	-	(500,000)	(500,000)
Total other financing sources (uses)	-	(500,000)	(500,000)
Net change in fund balances	6,729	(471,158)	(464,429)
Fund balances (deficits)-beginning of year	(19,745)	541,444	521,699
Fund balances (deficits) - end of year	\$ (13,016)	\$ 70,286	\$ 57,270

***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.***

### **Miscellaneous Capital Projects**

**Garden Avenue Signal:** To administer expenditures for the purpose of installing a traffic signal light at Garden Avenue at the City / County shared use parking lot

**Medina Avenue:** To administer expenditures for the purpose of redesigning and constructing intersection and signal at Medina Avenue and Ironwood.

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

**Margaret Avenue:** To administer expenditures for the purpose of reconstructing curb, gutter, sidewalk, and drainage on Margaret Avenue.

**US 95 and Ironwood Drive:** To administer expenditures for the purpose of redesigning and constructing the intersection and signal at the US 95 and Ironwood intersection.

**15th Harrison to Best:** To administer expenditures for the purpose of reconstruction and widening of 15th Street from Harrison Avenue to Best Avenue.

**Kathleen Avenue Widening:** To administer expenditures for the purpose of property acquisition and widening Kathleen Avenue to 5 lanes from Government Way to Highway 95.

**Seltice Way Sidewalks:** To administer expenditures for the purpose of installing sidewalks along Seltice Way.

**Seltice Way Design:** To administer expenditures for the purpose of design for Seltice Way.

**Levee Certification:** To administer the expenditures for the purpose of making required improvements to the City of Coeur d'Alene floodworks certification.

**US 95 Upgrade Project:** To administer expenditures for the purpose of providing design and construction of improvements to the US 95 corridor.

**Traffic Calming:** To administer expenditures for various equipment and construction to reduce traffic speeds throughout the City.

**Atlas Waterfront Site:** to administer expenditures for the purchase of land and improvements to the Atlas Waterfront Site.

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

**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
September 30, 2018**

	<b>Misc. Capital Projects</b>	<b>Govt Way Hanley to Prairie</b>	<b>Margaret Avenue</b>	<b>15th St Harrison to Best</b>	<b>Kathleen Avenue Rewidening</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 15,388	\$ 316	\$ 52,030	\$ 53,404	\$ 138,000
Accounts Receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	107,000
Total assets	<u>\$ 15,388</u>	<u>\$ 316</u>	<u>\$ 52,030</u>	<u>\$ 53,404</u>	<u>\$ 245,000</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	59,000	-	-	-
Total liabilities	<u>-</u>	<u>59,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>					
Unassigned	15,388	(58,684)	52,030	53,404	245,000
Total fund balances (deficits)	<u>15,388</u>	<u>(58,684)</u>	<u>52,030</u>	<u>53,404</u>	<u>245,000</u>
Total liabilities and fund balances (deficits)	<u>\$ 15,388</u>	<u>\$ 316</u>	<u>\$ 52,030</u>	<u>\$ 53,404</u>	<u>\$ 245,000</u>

<b>Seltice Way Sidewalks</b>	<b>Seltice Way</b>	<b>US 95 Upgrade Project</b>	<b>Traffic Calming</b>	<b>Atlas Waterfront Site</b>	<b>Total Capital Projects Funds</b>
\$ 62,097	\$ 87	\$ 76,839	\$ 633	\$ 318	\$ 399,112
-	-	-	14,974	-	14,974
-	2,778	-	-	20,925	23,703
-	-	-	-	-	107,000
<u>\$ 62,097</u>	<u>\$ 2,865</u>	<u>\$ 76,839</u>	<u>\$ 15,607</u>	<u>\$ 21,243</u>	<u>\$ 544,789</u>
\$ -	\$ -	\$ -	\$ -	\$ 95,221	\$ 95,221
-	41,000	-	7,000	7,700,000	7,807,000
-	41,000	-	7,000	7,795,221	7,902,221
62,097	(38,135)	76,839	8,607	(7,773,978)	(7,357,432)
<u>62,097</u>	<u>(38,135)</u>	<u>76,839</u>	<u>8,607</u>	<u>(7,773,978)</u>	<u>(7,357,432)</u>
<u>\$ 62,097</u>	<u>\$ 2,865</u>	<u>\$ 76,839</u>	<u>\$ 15,607</u>	<u>\$ 21,243</u>	<u>\$ 544,789</u>

**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, 2018**

	<b>Misc. Capital Projects</b>	<b>Garden Avenue Signal</b>	<b>Medina Avenue</b>	<b>Govt Way Hanley to Prairie</b>	<b>Margaret Avenue</b>	<b>US 95 / Ironwood Drive Intersection</b>
<b>REVENUES</b>						
Contributions	\$ -	\$ -	\$ 126,036	\$ -	\$ -	\$ -
Intergovernmental	-	140,204	-	5,445	-	-
Investment income	-	-	-	4,674	-	-
Total revenues	<u>-</u>	<u>140,204</u>	<u>126,036</u>	<u>10,119</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>						
Services and supplies	-	-	-	5,584	-	-
Interest and fiscal agent fees	-	-	-	-	-	-
Capital outlay	-	180,204	15,421	-	-	-
Total expenditures	<u>-</u>	<u>180,204</u>	<u>15,421</u>	<u>5,584</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(40,000)</u>	<u>110,615</u>	<u>4,535</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	-	40,000	43,692	-	-	(313)
Operating transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>40,000</u>	<u>43,692</u>	<u>-</u>	<u>-</u>	<u>(313)</u>
Net change in fund balances	-	-	154,307	4,535	-	(313)
Fund balance (deficit) - beginning of year	15,388	-	(154,307)	(63,219)	52,030	313
Fund balance (deficit) - end of year	<u>\$ 15,388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (58,684)</u>	<u>\$ 52,030</u>	<u>\$ -</u>

15th St Harrison to Best	Kathleen Avenue Rewidening	Seltice Way Sidewalks	Seltice Way	Levee Certification	US 95 Upgrade Project	Traffic Calming	Atlas Waterfront Site	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,719	\$ -	\$ 133,755
-	-	-	147,086	-	-	-	-	292,735
-	-	-	-	-	-	-	-	4,674
-	-	-	147,086	-	-	7,719	-	\$ 431,164
-	-	1,073	645	-	-	-	43,900	51,202
-	-	-	-	-	-	-	86,018	86,018
8,296	-	-	-	-	118,161	32,203	8,318,432	8,672,717
8,296	-	1,073	645	-	118,161	32,203	8,448,350	8,809,937
(8,296)	-	(1,073)	146,441	-	(118,161)	(24,484)	(8,448,350)	(8,378,773)
-	195,000	-	-	-	200,039	33,000	674,372	1,185,790
-	-	-	-	(55,001)	-	-	-	(55,001)
-	195,000	-	-	(55,001)	200,039	33,000	674,372	1,130,789
(8,296)	195,000	(1,073)	146,441	(55,001)	81,878	8,516	(7,773,978)	(7,247,984)
61,700	50,000	63,170	(184,576)	55,001	(5,039)	91	-	(109,448)
\$ 53,404	\$ 245,000	\$ 62,097	\$ (38,135)	\$ -	\$ 76,839	\$ 8,607	\$ (7,773,978)	\$ (7,357,432)

*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.

**Drainage:** To account for the provision of drainage 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 POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**September 30, 2018**

	<b>Business-type Activities - Nonmajor Enterprise Funds</b>				
	<b>Wastewater Property Management</b>	<b>Street Lighting</b>	<b>Public Parking Lot</b>	<b>Drainage</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 60,668	\$ 28	\$ 230,178	\$ 1,148,021	\$ 1,438,895
Receivables:					
Accounts, net of allowance for uncollectible accounts	-	49,109	202,414	98,517	350,040
Total current assets	<u>60,668</u>	<u>49,137</u>	<u>432,592</u>	<u>1,246,538</u>	<u>1,788,935</u>
Non-current assets:					
Capital assets:					
Land	-	-	122,264	-	122,264
Construction in Progress	-	-	1,084,871	-	1,084,871
Other capital assets, net of accumulated depreciation	-	112,414	6,634,255	4,663,839	11,410,508
Total non-current assets	<u>-</u>	<u>112,414</u>	<u>7,841,390</u>	<u>4,663,839</u>	<u>12,617,643</u>
Total assets	<u>60,668</u>	<u>161,551</u>	<u>8,273,982</u>	<u>5,910,377</u>	<u>14,406,578</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred pension outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,539</u>	<u>8,539</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	-	49,344	6,485	12,637	68,466
Total current liabilities	<u>-</u>	<u>49,344</u>	<u>6,485</u>	<u>12,637</u>	<u>68,466</u>
Non-current liabilities:					
Compensated absences	-	-	-	25,493	25,493
Net pension liability	-	-	-	33,996	33,996
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,489</u>	<u>59,489</u>
Total liabilities	<u>-</u>	<u>49,344</u>	<u>6,485</u>	<u>72,126</u>	<u>127,955</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred pension inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,978</u>	<u>4,978</u>
<b>NET POSITION</b>					
Net investment in capital assets	-	112,414	7,841,390	4,663,839	12,617,643
Unrestricted	60,668	(207)	426,107	1,177,973	1,664,541
Total net position	<u>\$ 60,668</u>	<u>\$ 112,207</u>	<u>\$ 8,267,497</u>	<u>\$ 5,841,812</u>	<u>\$ 14,282,184</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
For the Year Ended September 30, 2018**

	<b>Business-type Activities - Nonmajor Enterprise Funds</b>				
	<b>Wastewater Property Management</b>	<b>Street Lighting</b>	<b>Public Parking Lot</b>	<b>Drainage</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>OPERATING REVENUES</b>					
Services	\$ -	\$ 537,925	\$ 630,119	\$ 1,040,010	\$ 2,208,054
<b>OPERATING EXPENSES</b>					
Administration	-	-	-	115,910	115,910
Maintenance	-	51,695	20,493	258,966	331,154
Supplies	-	-	-	36,660	36,660
Contracted services	-	610,528	123,536	2,454	736,518
Depreciation	-	25,828	487,781	255,341	768,950
Bad debt expense	-	196	-	123	319
Net pension expense (revenue)	-	-	-	7,327	7,327
Total operating expenses	-	688,247	631,810	676,781	1,996,838
Operating income (loss)	-	(150,322)	(1,691)	363,229	211,216
<b>NONOPERATING REVENUES</b>					
Investment income		370	925	13,874	15,169
Gain on sale of assets	-	-	990	-	990
Total nonoperating revenues	-	370	1,915	13,874	16,159
Income (loss) before contributions and transfers	-	(149,952)	224	377,103	227,375
Capital contributions			1,079,046		1,079,046
Operating transfers in	-	125,100	-	55,002	180,102
Operating transfers out	-	-	(155,315)	(151,808)	(307,123)
Change in net position		(24,852)	923,955	280,297	1,179,400
Total net position - beginning	60,668	137,059	7,343,542	5,561,515	13,102,784
Prior period adjustment	-	-	-		-
Total net position - ending	\$ 60,668	\$ 112,207	\$ 8,267,497	\$ 5,841,812	\$ 14,282,184

**City of Coeur d'Alene, Idaho**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUND TYPES**  
**For the Year Ended September 30, 2018**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Total Nonmajor Enterprise Funds</b>
	<b>Waste- water Property Mgt</b>	<b>Street Lighting</b>	<b>Public Parking Lot</b>	<b>Drainage</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ -	\$ 536,988	\$ 570,269	\$ 1,039,660	\$ 2,146,917
Payments to suppliers	-	(662,594)	(849,941)	(297,820)	(1,810,355)
Payments to employees	-	-	-	(116,013)	(116,013)
Net cash provided (used) by operating activities	-	(125,606)	(279,672)	625,827	220,549
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating transfers in	-	125,100	-	55,002	180,102
Operating transfers out	-	-	(155,315)	(151,808)	(307,123)
Net cash provided (used) by noncapital financing activities	-	125,100	(155,315)	(96,806)	(127,021)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital asset purchases	-	-	(657,784)	(198,691)	(856,475)
Contributions	-	-	1,079,046	-	1,079,046
Proceeds from the sale of assets	-	-	990	-	990
Net cash provided (used) by financing activities	-	-	422,252	(198,691)	223,561
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	-	370	925	13,874	15,169
Net cash provided (used) by investing activities	-	370	925	13,874	15,169
Net increase (decrease) in cash and cash equivalents	-	(136)	(11,810)	344,204	332,258
Cash and cash equivalents, beginning of year	60,668	164	241,988	803,817	1,106,637
Cash and cash equivalents, end of year	<u>\$ 60,668</u>	<u>\$ 28</u>	<u>\$ 230,178</u>	<u>\$ 1,148,021</u>	<u>\$ 1,438,895</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$ -	\$ (150,322)	\$ (1,691)	\$ 363,229	\$ 211,216
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
(Increase) decrease in assets:					
Depreciation	-	25,829	467,130	255,342	748,301
Accounts receivable	-	(937)	(59,850)	(350)	(61,137)
Deferred outflows of resources	-	-	-	(647)	(647)
Increase (decrease) in liabilities:					
Accounts payable	-	(176)	(685,261)	7,709	(677,728)
Compensated absences	-	-	-	1,243	1,243
(Decrease) increase in net pension liability	-	-	-	(1,674)	(1,674)
(Decrease) increase in deferred inflows of resources	-	-	-	975	975
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ (125,606)</u>	<u>\$ (279,672)</u>	<u>\$ 625,827</u>	<u>\$ 220,549</u>

**REPORT REQUIRED BY THE GAO**



1810 E Schneidmiller Ave. Ste. 310  
Post Falls, Idaho 83854  
208-777-1099 (phone) 208-773-5108 (fax)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2018, and the related notes to the financial statements, which collectively comprise the City of Coeur d'Alene's basic financial statements and have issued our report thereon dated March 25, 2019.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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



Anderson Bros. CPA's, P.A.  
Post Falls, Idaho  
March 25, 2019

SINGLE AUDIT REPORT



1810 E Schneidmiller Ave. Ste. 310  
Post Falls, Idaho 83854  
208-777-1099 (phone) 208-773-5108 (fax)

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Coeur d'Alene's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Coeur d'Alene's major federal programs for the year ended September 30, 2018. The City of Coeur d'Alene's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Coeur d'Alene's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the City of Coeur d'Alene'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Coeur d'Alene's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City of Coeur d'Alene complied, in all material respects, with the types of 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, 2018.

## Report on Internal Control over Compliance

Management of the City of Coeur d'Alene is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Coeur d'Alene's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the City of Coeur d'Alene's internal control over compliance.

*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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Anderson Bros., CPA's, P.A.  
Post Falls, Idaho  
March 25, 2019

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended September 30, 2018**

<b>Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Housing and Urban Development:</u></b>			
<i><b>Direct programs:</b></i>			
CDBG Block Grants / Entitlement Grants	14.218		\$ 184,976
<b><u>U.S. Department of Justice</u></b>			
<i><b>Direct programs:</b></i>			
Bulletproof Vest Partnership Program	16.607		9,638
Public Safety Partnership & Community Policing Grant	16.710		50,358
Edward Byrne Memorial Justice Assistance Grant Program	16.738		20,342
Subtotal direct			<u>80,338</u>
<i><b>Passed through the State of Idaho:</b></i>			
Juvenile Justice and Delinquency Prevention	16.540		4,526
Total U.S. Department of Justice			<u>84,864</u>
<b><u>U.S. Department of Transportation</u></b>			
<i><b>Passed through the State of Idaho:</b></i>			
<i><b>Transportation Cluster:</b></i>			
Highway Planning and Construction	20.205	826000176	9,605
Recreational Trails Program	20.219	826000176	142,000
			<u>151,605</u>
<i><b>Passed through the State of Idaho:</b></i>			
<i><b>Transportation Cluster:</b></i>			
State and Community Highway Safety	20.600	826000176	15,367
State and Community Highway Safety	20.608	826000176	19,796
National Priority Safety Programs	20.616	826000176	26,467
Total Transportation Cluster			<u>61,630</u>
Total U.S. Department of Transportation			<u>213,235</u>
<b><u>Institute of Museum and Library Services</u></b>			
<i><b>Passed through the State of Idaho:</b></i>			
Grants to States	45.310	826000176	5,167
<b><u>Environmental Protection Agency</u></b>			
<i><b>Passed through the State of Idaho:</b></i>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	826000176	3,668,013
<b><u>Department of Health and Human Services</u></b>			
<i><b>Passed through the State of Idaho:</b></i>			
Public Health Emergency Preparedness	93.243	826000176	10,000
<b><u>U.S. Department of Homeland Security</u></b>			
<i><b>Passed through the State of Idaho:</b></i>			
Disaster Grants - Public Assistance	97.036	826000176	12,199
Homeland Security Grant Program	97.067	826000176	37,641
Total U.S. Department of Homeland Security			<u>49,840</u>
			<u>\$ 4,216,095</u>

## City of Coeur d'Alene, Idaho

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the year ended September 30, 2018

#### NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Coeur d'Alene (the Government's) under programs of the federal government for the year ended September 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Government, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Government.

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

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

The Government has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Pass-through entity identifying numbers are presented where available.

#### NOTE 3: MATCHING REQUIREMENTS

Certain Federal programs require the Government to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Government has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

#### NOTE 4: LOANS OUTSTANDING

The following loan programs are administered on behalf of federal awarding agencies:

The City has a loan through the Environmental Protection Agency, capitalization grants for clean water state revolving funds, that has been passed down through the State of Idaho. The outstanding principal balance at September 30, 2018 is \$16,519,826, funds advanced in the current year were \$11,197,462. The schedule of expenditures of federal awards only includes the federal matching funds, which were \$3,668,013 in the current year.

City of Coeur d'Alene, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
Significant deficiency(ies) identified that are not considered to be material weakness(es)
Noncompliance material to financial statements noted

Federal Awards

Internal control over major programs:

- Material weakness(es) identified
Significant deficiency(ies) identified that are not considered to be material weakness(es)

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a)

Identification of major programs:

Table with 2 columns: CFDA Number(s) and Name of Federal Program or Cluster. Row 1: 66.458, Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee

## City of Coeur d'Alene, Idaho

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS September 30, 2018

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

We noted no findings relating to the Financial Statement Audit 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**

No prior year audit findings relating to Federal Awards.