



City of  
**Coeur d'Alene**  
IDAHO

**City of Coeur d'Alene, Idaho**  
**Audited Financial Statements**  
**September 30, 2020**

City of Coeur d'Alene

TABLE OF CONTENTS  
September 30, 2020

**FINANCIAL SECTION:**

<b>Independent Auditor's Report</b> .....	1 – 3
<b>Management's Discussion and Analysis</b> .....	4 – 14
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position .....	15
Statement of Activities .....	16 – 17
Fund Financial Statements:	
Balance Sheet-Governmental Funds .....	18
Reconciliation of the Governmental Funds Balance	
Sheet to the Statement of Net Position.....	19
Statement of Revenues, Expenditures and Changes in Fund Balances	
Governmental Funds .....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Statement of Net Position – Proprietary Funds .....	22
Statement of Revenues, Expenses and Changes in Fund Net Position	
Proprietary Funds .....	23
Statement of Cash Flows – Proprietary Funds.....	24
Statement of Fiduciary Net Position – Fiduciary Funds .....	25
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	26
Notes to the Financial Statements .....	27 – 73
<b>Required Supplementary Information:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances	
Budget and Actual – General Fund.....	74
Notes to the Budget to Actual Schedule .....	75
Police Retirement Trust Fund:	
Schedule of Net Pension Liability and Contributions – Police Retirement Pension Plan.....	76
Schedule of Changes in Net Pension Liability and Related Ratios – Police Retirement Pension Plan.....	77
Schedule of Investment Returns – Police Retirement Pension Plan .....	78
Schedule of City's Share of Net Pension Liability and Contributions – PERSI Base Plan.....	79
Schedule of City's Share of Net Pension Liability and Contributions – PERSI FRF Plan.....	80

**City of Coeur d'Alene**

**TABLE OF CONTENTS**  
**September 30, 2020**

**Other Supplementary Information:**

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds .....	81
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	82
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	83 – 84
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Special Revenue Funds .....	85 – 86
Combining Balance Sheet - Nonmajor Debt Service Funds .....	87
Combining Statement of Revenues, Expenditures and Changes In Fund Balances - Nonmajor Debt Service Funds.....	88
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	89 – 90
Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Capital Projects Funds .....	91 – 92
Combining Statement of Net Position – Nonmajor Proprietary Funds .....	93
Combining Statement of Revenue, Expenses and Changes in Fund Net Position – Nonmajor Proprietary Funds .....	94
Combining Statement of Cash Flows – Nonmajor Proprietary Funds.....	95

**SINGLE AUDIT SECTION:**

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 <i>Government Auditing Standards</i> .....	96 – 97
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133.....	98 – 99
Schedule of Expenditures of Federal Awards .....	100
Notes to Schedule of Expenditures of Federal Awards.....	101
Schedule of Findings and Questioned Costs .....	102 – 103

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, 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, 2020, 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, based on our audit and the report of other auditors, 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, 2020, 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 required supplementary information, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other 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 29, 2021 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. CPAs  
Post Falls, Idaho  
March 29, 2021

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS



## City of Coeur d Alene

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended September 30, 2020

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, 2020.

#### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$348,080,040 (net position). Of this amount, \$49,469,804 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased \$495,467. This decrease is made up of a 2.48% increase in the business activities and a 3.7% decrease in the governmental activities.
- At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$18,603,358 an increase of \$4,631,917. This increase is attributed to an increase in the general fund of \$5,809,678 due to the receipt of Coronavirus Aid, Relief & Economic Security (CARES) Act funding from the State of Idaho that was attributable to police and fire wages and benefits for the period of March 1, 2020 through December 30, 2020. The City chose to participate in the Governor's Public Safety Initiative which allowed the City to be reimbursed through the CARES Act for police and fire wages and benefits. The funds received from this program in fiscal year 2019-20 will be used to cover tax relief (reduced tax revenue to the City) that will occur in fiscal year 2020-21.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$9,183,668, or 19.5% of the amended 2020 budget of general fund expenditures. The percentage for the year before was 21.4%, a decrease of 2%.
- The City's total debt decreased by \$1,679,405 during fiscal year 2019-2020. The City's loan payable to the Department of Environmental Quality for improvements to tertiary treatment of wastewater increased \$859,860 in fiscal year 2019-20. The only other increase was an increase in compensated absences of \$166,666. The other changes to long-term debt were payments of \$786,024 on general obligation bond debt and \$1,822,658 on revenue bonds and \$97,247 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

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended September 30, 2020

#### 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 discretely 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 26 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 Capital Projects Fund which are considered to be major funds. Data from the other 24 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

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended September 30, 2020

#### 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 84.23% 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 1.56% 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, 14.21%, may be used to meet the City's ongoing obligations to citizens and creditors.

## City of Coeur d Alene

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended September 30, 2020

#### 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, 2020 and 2019:

**Table 1  
Statements of Net Position  
September 30, 2020 and 2019**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>ASSETS</b>						
Current and other assets	\$ 23,107,565	\$ 18,437,700	\$ 42,767,565	\$ 40,816,684	\$ 65,875,130	\$ 59,254,384
Net pension asset-FRF plan	12,481,826	11,091,489	-	-	12,481,826	11,091,489
Capital assets	131,603,054	142,161,231	208,292,711	207,139,674	339,895,765	349,300,905
Total assets	<u>167,192,445</u>	<u>171,690,420</u>	<u>251,060,276</u>	<u>247,956,358</u>	<u>418,252,721</u>	<u>419,646,778</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred pension outflows-base plan	4,131,319	1,973,881	518,292	237,650	4,649,611	2,211,531
Deferred pension outflows-FRF plan	599,851	72,725	-	-	599,851	72,725
Total deferred outflows of resources	<u>4,731,170</u>	<u>2,046,606</u>	<u>518,292</u>	<u>237,650</u>	<u>5,249,462</u>	<u>2,284,256</u>
<b>LIABILITIES</b>						
Other liabilities	4,167,141	4,058,587	964,052	2,275,096	5,131,193	6,333,683
Net pension liability-base plan	15,835,399	7,718,489	2,043,893	988,034	17,879,292	8,706,523
Other long-term liabilities	8,826,953	9,560,223	42,836,762	43,782,897	51,663,715	53,343,120
Total liabilities	<u>28,829,493</u>	<u>21,337,299</u>	<u>45,844,707</u>	<u>47,046,027</u>	<u>74,674,200</u>	<u>68,383,326</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred pension inflows-base plan	707,525	3,790,656	40,418	441,476	747,943	4,232,132
Deferred pension inflows-FRF plan	-	740,070	-	-	-	740,070
Total deferred inflows of resources	<u>707,525</u>	<u>4,530,726</u>	<u>40,418</u>	<u>441,476</u>	<u>747,943</u>	<u>4,972,202</u>
<b>NET POSITION</b>						
Net investment in capital assets	126,787,335	136,493,211	166,383,269	164,269,230	293,170,604	300,762,441
Restricted	5,439,632	4,538,444	-	-	5,439,632	4,538,444
Unrestricted	10,159,630	6,837,346	39,310,174	36,437,275	49,469,804	43,274,621
Total net position	<u>\$ 142,386,597</u>	<u>\$ 147,869,001</u>	<u>\$ 205,693,443</u>	<u>\$ 200,706,505</u>	<u>\$ 348,080,040</u>	<u>\$ 348,575,506</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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2020**

**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, 2020 and 2019:

**Table 2  
Changes in Net Position  
September 30, 2020 and 2019**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 4,210,900	\$ 4,049,797	\$ 25,073,934	\$ 24,607,417	\$ 29,284,834	\$ 28,657,214
Operating grants and contributions	8,705,270	607,796	-	-	8,705,270	607,796
Capital grants and contributions	436,466	393,802	5,157,947	3,895,992	5,594,413	4,289,794
General revenues:						
Property taxes	23,999,708	22,881,535	-	-	23,999,708	22,881,535
Sales tax	4,339,452	4,152,212	-	-	4,339,452	4,152,212
Franchise fees	3,383,414	3,342,783	-	-	3,383,414	3,342,783
Motor fuel taxes	2,410,601	2,451,828	-	-	2,410,601	2,451,828
Alcoholic beverage taxes	1,283,567	1,227,288	-	-	1,283,567	1,227,288
Grants and contributions not restricted to specific purposes	3,296,519	5,249,763	-	-	3,296,519	5,249,763
Interest and investment earnings	354,965	559,989	684,305	899,862	1,039,270	1,459,851
Miscellaneous	924,722	337,572	-	-	924,722	337,572
Special assessments	-	-	-	-	-	-
Donated assets	-	121,662	-	-	-	121,662
Total revenues	53,345,584	45,376,027	30,916,186	29,403,271	84,261,770	74,779,298
<b>EXPENSES</b>						
General government	8,646,136	6,738,480	-	-	8,646,136	6,738,480
Public safety	25,159,161	23,347,591	-	-	25,159,161	23,347,591
Public works	9,373,704	8,983,071	-	-	9,373,704	8,983,071
Culture and recreation	5,510,810	5,390,775	-	-	5,510,810	5,390,775
Administrative expense	50,150	74,426	-	-	50,150	74,426
Interest on long-term debt	224,243	241,506	-	-	224,243	241,506
Water services	-	-	6,445,007	6,261,852	6,445,007	6,261,852
Wastewater	-	-	9,478,804	9,281,413	9,478,804	9,281,413
Sanitation	-	-	3,610,245	3,401,979	3,610,245	3,401,979
Other enterprise	-	-	2,525,991	2,506,561	2,525,991	2,506,561
Loss (gain) on asset disposal	657,577	(115,700)	338,337	(135,477)	995,914	(251,177)
Net pension expense (revenue)	3,435,782	1,014,374	748,363	197,262	4,184,145	1,211,636
Total expenses	53,057,563	45,674,523	23,146,747	21,513,590	76,204,310	67,188,113
Increase (decrease) in net position before Transfers	288,021	(298,496)	7,769,439	7,889,681	8,057,460	7,591,185
Transfers	2,782,502	2,343,846	(2,782,502)	(2,343,846)	-	-
Special items	(8,552,927)	479,887	-	9,051,318	(8,552,927)	9,531,205
Change in net position	\$ (5,482,404)	\$ 2,525,237	\$ 4,986,937	\$ 14,597,153	\$ (495,467)	\$ 17,122,390

Major changes in governmental activities were as follows:

Governmental activities decreased the City's net position by \$5,482,404 which impacted the City's Governmental net position by approximately 3.7%.

City of Coeur d Alene

MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

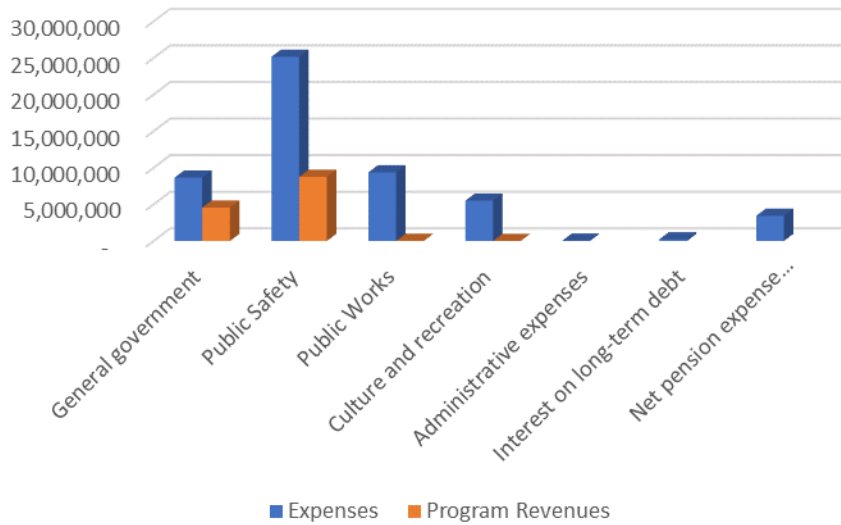
Property taxes collected were \$1,240,006 higher in fiscal year 2019-20 compared to fiscal year 2018-19 due to new growth and the City Council deciding to take the allowed 3% increase to property tax revenue. The change in total governmental fund revenue from fiscal year 2019-20 compared to fiscal year 2018-19 was an increase of 8,212,529. This increase was due to the receipt of \$1,766,300 in COVID-19 CARES grant funding from the State of Idaho and \$6,730,459 from the Governor’s property tax relief CARES Act funding that will be used to offset a reduction in property tax revenues that will occur in fiscal year 2020-21.

Public safety expenses increased \$2,019,285 from fiscal year 2018-19 to 2019-20. 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 2020 and 2019.

Expenses and Program Revenues – Government Activities FY 2019-20



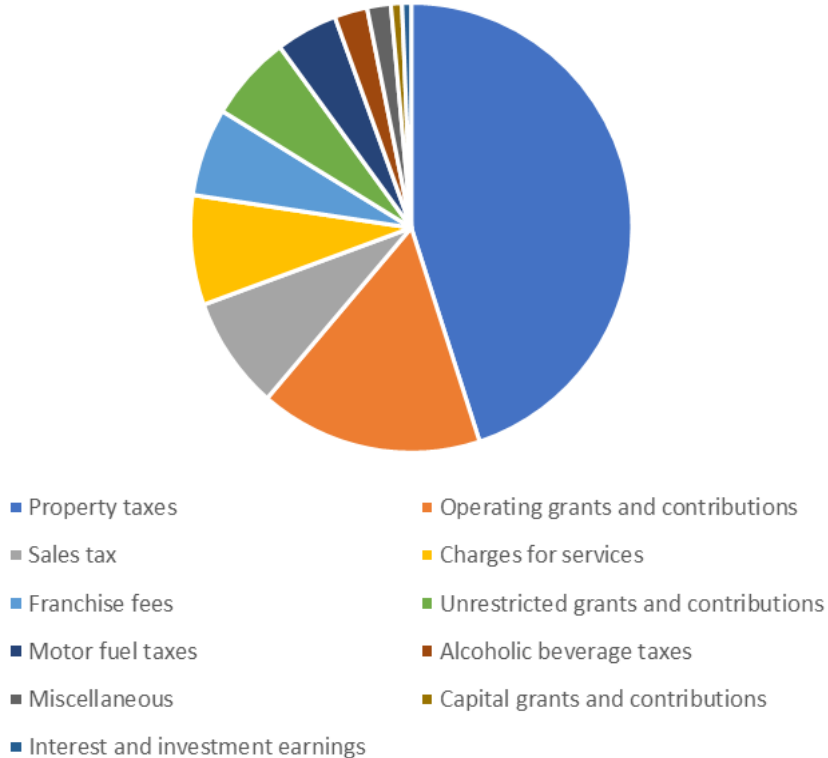
City of Coeur d Alene

MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities:

Revenues by Source – Governmental Activities



Business-Type Activities:

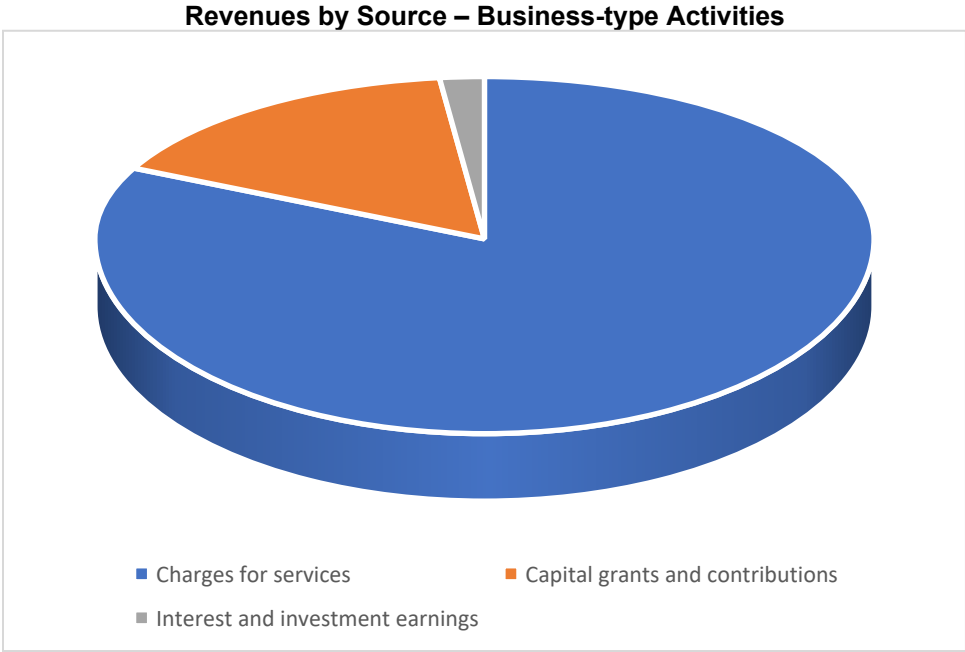
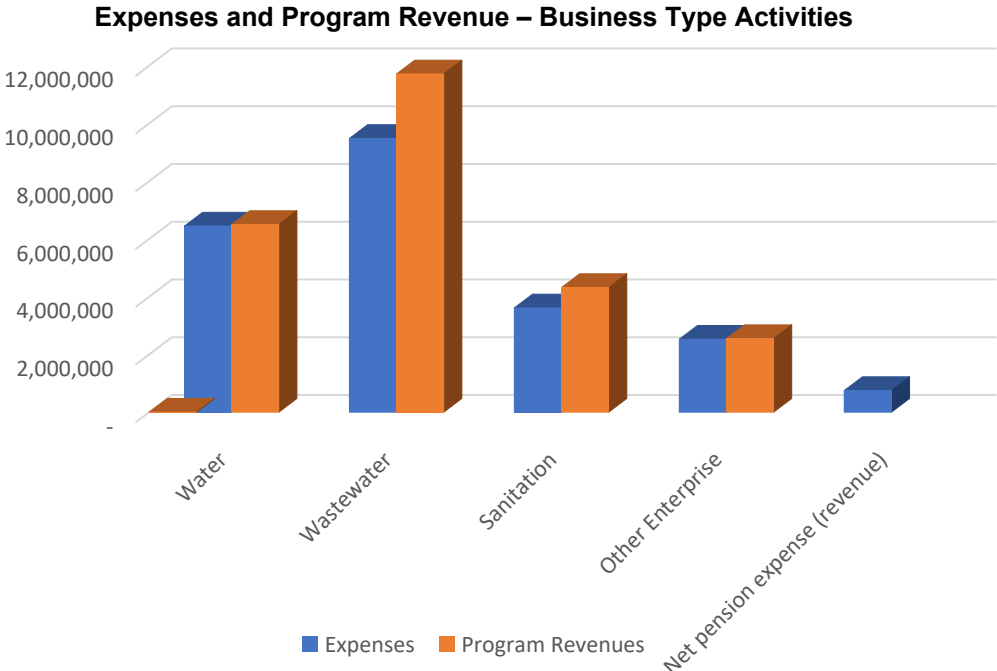
Business-type activities increased the City’s net position by \$4,986,937, which impacted the City’s business-type net position by 2.48%. There was an increase in revenue from charges for services in the amount of \$466,517. This increase was mainly due to an increase in the number of accounts billed due to growth in the city and also an increase in water, wastewater, and street lighting rates. Wastewater fund revenue increased by \$582,440 and drainage revenue increased by \$50,567. Water revenue decreased by \$85,380 due to a cooler and wetter summer and parking revenues decreased by \$126,752 due to event cancellations in the downtown area due to the pandemic.

City of Coeur d Alene

MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities:





## City of Coeur d Alene

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended September 30, 2020

#### 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 \$18,603,358 an increase of \$4,631,917. Of the \$18,603,358 fund balance \$1,985,076 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 property tax relief in fiscal year 2020-21, 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 \$17,768,375. 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 37.77% of 2020 budgeted expenditures and the unassigned fund balance of \$9,183,668 represents 19.5% of 2020 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 2021 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 is accruing at an annual rate of 1.5% with the understanding that future tax increment funds from ignite's atlas district will begin to pay this down beginning in 2021.

General Fund cash balance decreased by \$1,810,760. This decrease can be attributed to an increase of \$2,019,285 in public safety expenditures, mostly attributed to increased wages and benefits from fiscal year 2018-19 to 2019-20. Revenues increased \$10,451,684 and due from other governments increased \$8,046,654 from the previous year. These increases can be attributed to CARES Act funding from the State that was received in January 2021 but attributed to public safety wage and benefit expenses from fiscal year 2019-20. These funds will be used to offset property tax relief in fiscal year 2020-21.

The undesignated fund balance of the City's General Fund increased \$126,423.

LID Fund 149 had a fund balance deficit in the amounts of \$51. This deficit will disappear in fiscal year 2020-21 as past due funds are collected from affected property owners in the special assessment boundaries. The capital projects fund had a fund balance deficit of \$7,198,541 at September 30, 2020. This deficit will disappear as funds are received from ignite cda as development of the Atlas Riverfront Site generates tax increment funding.

**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 \$39,310,174. The total increase in net position for the funds was \$4,986,937. The majority of this increase is attributed to the wastewater funds operating revenues and capitalization fees being \$4.4 million dollars higher than operating expenses for the fiscal year.

## City of Coeur d Alene

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended September 30, 2020

#### 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 \$3,794,734. An amendment in the amount of \$1,400,000 was approved to create the City of Coeur d'Alene Employee Benefits Trust which provides health care benefits to employees of the City through a self-insured Trust. Other amendments include \$850,000 for COVID-19 related expenses that were funded through the Coronavirus Aid, Relief & Economic Security (CARES) Act, \$326,750 for the purchase of property on East Sherman and \$289,000 to cover the expense of constant manning in the fire department. Amendment were also approved for the street overlay budget in the Street Department in the amount of \$233,358 to account for overlay projects that were not completed in fiscal year 2018-19 and were carried over and completed in fiscal year 2019-20 and \$233,870 for police and fire department expenditures that were paid for with federal and state grants received.

The budget amendment included the use of \$1,976,944 of General Fund Fund Balance but in actuality the fund balance grew by \$5,806,678 due to the receipt of \$6,730,459 from the Governor's Public Safety Initiative property tax relief that will occur in fiscal year 2020-21. The unassigned portion of the General Fund Fund Balance increased by \$126,423.

Overall expenditures before transfers were \$1,465,237 under the final amended budget and \$2,329,497 over the original budget. Overall revenues before transfers were \$7,320,766 over the final amended budget of \$41,336,038 and \$9,104,068 over the original budget of \$39,552,736.

#### CAPITAL ASSETS

The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of September 30, 2020, amounts to \$339,895,765. This investment in capital assets includes land, buildings, infrastructure, construction in progress, machinery and equipment and vehicles. This balance represents a net decrease of \$9,398,553 from the prior year. Additional details of capital asset activity for the year can be found in Note 5 of the notes to the basic financial statements.

The majority of the decrease in the net capital assets can be attributed to the contribution from the City to ignite cda of 45.48 acres known as the Atlas Mill Property in the amount of \$9,172,408. ignite cda intends to reimburse the City for the City's acquisition costs for the property to the extent that ignite's board determines its revenues from development of the property exceed ignite's costs of development.

#### LONG-TERM DEBT

The City's long-term bonded debt decreased by \$2,608,684 in 2020; leaving a balance of \$25,543,587 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 2020 from \$19,640,140 to \$20,500,000. This loan was converted to revenue bonds in October of 2020 to be repaid in biannual installments over 20 years. 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 \$105,161,495 which is significantly higher than the City's net outstanding general obligation debt of \$4,169,559.

## City of Coeur d Alene

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended September 30, 2020

#### 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 2020-21 budget. In the last 10 years the Council has only taken a portion of the allowed increase 4 times as follows – fiscal year 2019-20 – 3%, fiscal year 2016-17 – 2.5%, fiscal year 2012-13 – 2% and in fiscal year 2010-11 – 1.5%.

Building growth is still strong in both the residential and commercial real estate sectors. Building permit revenue for fiscal year 2019-20 was \$1,325,789 compared to \$1,366,201 the previous year. The building department issued 1,307 permits in fiscal year 2019-20 with a total valuation of \$131 million and 1,186 in fiscal year 2018-19 with a valuation of \$156 million. Home prices are up around 15% in Kootenai County with median prices just above \$400,000. On a per capita level Idaho tends to slightly lag the nation in terms of income growth. Personal income growth for 2020 is projected at 5.8%, with 4.9% to follow in 2021. In Coeur d'Alene the unemployment rate in December of 2020 was 5.7% with the unemployment count around 4,401. The Idaho unemployment rate for the same month was 4.4% and the national rate was 6.7%.

There will be scheduled fee increases in 2021 in the water fund and wastewater 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, 2020

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		ignite cda
<b>ASSETS</b>				
Cash and cash equivalents	\$ 19,064,987	\$ 29,532,004	\$ 48,596,991	\$ 5,604,463
Investments	1,304,374	-	1,304,374	-
Receivables:				
Taxes delinquent	351,052	-	351,052	285,678
Accounts receivable	791,472	4,149,774	4,941,246	-
Special assessments	241,134	8,893	250,027	-
Prepaid expenses	-	-	-	-
Internal balances	(9,065,980)	9,065,980	-	-
Due from other governments	10,420,526	10,914	10,431,440	-
Deposits	-	-	-	146,500
Restricted cash - bond reserve	-	-	-	623,814
Net pension asset-FRF plan	12,481,826	-	12,481,826	-
Capital assets:				
Land	19,131,529	4,125,450	23,256,979	1,303,264
Construction in Progress	101,403	1,337,600	1,439,003	11,041,885
Capital assets, net of accumulated depreciation	112,370,122	202,829,661	315,199,783	199,262
Total assets	167,192,445	251,060,276	418,252,721	19,204,866
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension outflows-base plan	4,131,319	518,292	4,649,611	-
Deferred pension outflows-FRF plan	599,851	-	599,851	-
Total deferred outflows of resources	4,731,170	518,292	5,249,462	-
<b>LIABILITIES</b>				
Accounts payable	3,735,115	812,943	4,548,058	540,890
Accrued payroll and related costs	-	-	-	3,903
Other accrued liabilities	-	100,000	100,000	-
Due to other governments	-	-	-	190
Deposits	417,989	-	417,989	331,850
Accrued interest payable	14,037	51,109	65,146	-
Long-term liabilities:				
Due within one year	1,083,817	1,799,777	2,883,594	4,812,045
Due in more than one year	7,743,136	41,036,985	48,780,121	3,049,195
Other liabilities due in more than one year:				
Net pension liability-base plan	15,835,399	2,043,893	17,879,292	-
Total liabilities	28,829,493	45,844,707	74,674,200	8,738,073
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension inflows-base plan	707,525	40,418	747,943	-
Deferred pension inflows-FRF plan	-	-	-	-
Total deferred inflows of resources	707,525	40,418	747,943	-
<b>NET POSITION</b>				
Net investment in capital assets	126,787,335	166,383,269	293,170,604	12,544,411
Restricted	5,439,632	-	5,439,632	-
Unrestricted	10,159,630	39,310,174	49,469,804	(2,077,618)
Total net position	\$ 142,386,597	\$ 205,693,443	\$ 348,080,040	\$ 10,466,793

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, 2020**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs</b>				
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 8,646,136	\$ 4,210,900	\$ 346,300	\$ -
Public safety	25,159,161	-	8,352,070	412,728
Public works	9,373,704	-	-	23,738
Culture and recreation	5,510,810	-	6,900	-
Administrative expense	50,150	-	-	-
Interest on long-term debt	224,243	-	-	-
Net pension expense (revenue)	3,435,782	-	-	-
Total governmental activities	<u>52,399,986</u>	<u>4,210,900</u>	<u>8,705,270</u>	<u>436,466</u>
Business-type activities:				
Water	6,445,007	6,498,741	-	2,423,788
Wastewater	9,478,804	11,713,018	-	2,734,159
Sanitation	3,610,245	4,315,425	-	-
Other Enterprise	2,525,991	2,546,750	-	-
Net pension expense (revenue)	748,363	-	-	-
Total business-type activities	<u>22,808,410</u>	<u>25,073,934</u>	<u>-</u>	<u>5,157,947</u>
Total primary government	<u>\$ 75,208,396</u>	<u>\$ 29,284,834</u>	<u>\$ 8,705,270</u>	<u>\$ 5,594,413</u>
<b>Component unit:</b>				
Lake City Development Corporation	\$ 6,353,605	\$ 5,432	\$ -	\$ -
Total component unit	<u>\$ 6,353,605</u>	<u>\$ 5,432</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 City
- Property donated from 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**

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	ignite cda
\$ (4,088,936)	\$ -	\$ (4,088,936)	\$ -
(16,394,363)	-	(16,394,363)	-
(9,349,966)	-	(9,349,966)	-
(5,503,910)	-	(5,503,910)	-
(50,150)	-	(50,150)	-
(224,243)	-	(224,243)	(179,742)
<u>(3,435,782)</u>	-	<u>(3,435,782)</u>	-
<u>(39,047,350)</u>	-	<u>(39,047,350)</u>	<u>(179,742)</u>
-	2,477,522	2,477,522	-
-	4,968,373	4,968,373	-
-	705,180	705,180	-
-	20,759	20,759	-
-	<u>(748,363)</u>	<u>(748,363)</u>	-
-	<u>7,423,471</u>	<u>7,423,471</u>	-
<u>(39,047,350.00)</u>	<u>7,423,471.00</u>	<u>(31,623,879)</u>	<u>(179,742)</u>
			<u>(6,359,037)</u>
			<u>(6,538,779)</u>
23,999,708	-	23,999,708	6,599,102
4,339,452	-	4,339,452	-
3,383,414	-	3,383,414	-
2,410,601	-	2,410,601	-
1,283,567	-	1,283,567	-
3,296,519	-	3,296,519	-
354,965	684,305	1,039,270	53,466
924,722	-	924,722	37,116
-	-	-	-
-	-	-	-
(657,577)	(338,337)	(995,914)	-
2,782,502	(2,782,502)	-	-
619,481	-	619,481	-
(9,172,408)	-	(9,172,408)	9,172,408
-	-	-	100,646
<u>33,564,946</u>	<u>(2,436,534)</u>	<u>31,128,412</u>	<u>15,962,738</u>
<u>(5,482,404)</u>	<u>4,986,937</u>	<u>(495,467)</u>	<u>9,423,959</u>
147,869,001	200,706,506	348,575,507	1,042,834
-	-	-	-
<u>\$ 142,386,597</u>	<u>\$ 205,693,443</u>	<u>\$ 348,080,040</u>	<u>\$ 10,466,793</u>

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2020**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,532,765	\$ 734,192	\$ 6,798,030	\$ 19,064,987
Investments	-	-	1,304,374	1,304,374
Receivables:			-	-
Taxes delinquent	283,682	-	67,370	351,052
Accounts receivable	790,713	-	759	791,472
Special assessments	-	-	241,134	241,134
Due from other governments	10,413,736	-	6,790	10,420,526
Due from other funds	241,134	-	-	241,134
Total assets	<u>\$ 23,262,030</u>	<u>\$ 734,192</u>	<u>\$ 8,418,457</u>	<u>\$ 32,414,679</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,658,737	\$ -	\$ 76,378	\$ 3,735,115
Due to other funds	1,133,247	7,932,733	241,134	9,307,114
Deposits	417,989	-	-	417,989
Total liabilities	<u>5,209,973</u>	<u>7,932,733</u>	<u>317,512</u>	<u>13,460,218</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue- property taxes	283,682	-	67,370	351,052
Unavailable revenue- special assessments	-	-	51	51
Total deferred inflows of resources	<u>283,682</u>	<u>-</u>	<u>67,421</u>	<u>351,103</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	971,886	-	4,467,746	5,439,632
Committed	7,375,262	-	3,470,490	10,845,752
Assigned	237,559	-	95,339	332,898
Unassigned	9,183,668	(7,198,541)	(51)	1,985,076
Total fund balances	<u>17,768,375</u>	<u>(7,198,541)</u>	<u>8,033,524</u>	<u>18,603,358</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 23,262,030</u>	<u>\$ 734,192</u>	<u>\$ 8,418,457</u>	<u>\$ 32,414,679</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, 2020**

Total fund balances at September 30, 2020 - Governmental Funds		\$ 18,603,358
Cost of capital assets at September 30, 2020	\$ 230,391,943	
Less: Accumulated depreciation as of September 30, 2020		
Buildings	(11,058,252)	
Equipment	(18,689,001)	
Infrastructure	(63,857,206)	
Other improvements	<u>(5,184,430)</u>	131,603,054
Net pension asset		12,481,826
Deferred pension outflows-base plan		4,131,319
Deferred pension outflows-FRF plan		599,851
Elimination of deferred revenue		351,103
Accrued interest		(14,037)
Net pension liability		(15,835,399)
Net deferred (inflows)/outflows of resources-base plan		(707,525)
Net deferred (inflows)/outflows of resources-FRF plan		-
Long-term liabilities at September 30, 2020		
Leases	(632,123)	
General obligation debt	(4,130,896)	
Bond premium net of amortization	(38,663)	
Compensated absences	<u>(4,025,271)</u>	<u>(8,826,953)</u>
Net position at September 30, 2020		<u>\$ 142,386,597</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, 2020**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$ 21,412,243	\$ -	\$ 2,654,495	\$ 24,066,738
Licenses and permits	5,365,788	-	-	5,365,788
Intergovernmental	20,159,316	135,000	10,400	20,304,716
Charges for services	275,097	-	1,413,240	1,688,337
Fines and forfeits	540,033	-	156	540,189
Assessments collected	-	-	6,221	6,221
Investment (loss) earnings	191,178	15,794	147,993	354,965
Contributions	-	167,159	-	167,159
Miscellaneous	713,149	-	211,573	924,722
Total revenues	<u>48,656,804</u>	<u>317,953</u>	<u>4,444,078</u>	<u>53,418,835</u>
<b>EXPENDITURES</b>				
Current:				
General government	8,598,743	-	329,984	8,928,727
Public safety	26,206,007	-	-	26,206,007
Public works	5,950,285	-	-	5,950,285
Culture and recreation	2,918,994	-	1,726,781	4,645,775
Administrative expense	-	50,150	-	50,150
Capital outlay	1,827,487	1,298,738	1,585,707	4,711,932
Debt service:	-	-	-	-
Principal payments	63,632	-	778,293	841,925
Interest and fiscal agent fees	16,748	117,233	100,638	234,619
Total expenditures	<u>45,581,896</u>	<u>1,466,121</u>	<u>4,521,403</u>	<u>51,569,420</u>
(Deficiency) excess of revenues (under) over expenditures	<u>3,074,908</u>	<u>(1,148,168)</u>	<u>(77,325)</u>	<u>1,849,415</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issuance	-	-	-	-
Proceeds on sale of capital assets	-	-	-	-
Operating transfers in	2,859,770	411,707	426,782	3,698,259
Operating transfers out	(125,000)	(114,687)	(676,070)	(915,757)
Total other financing sources (uses)	<u>2,734,770</u>	<u>297,020</u>	<u>(249,288)</u>	<u>2,782,502</u>
Net change in fund balances	5,809,678	(851,148)	(326,613)	4,631,917
Fund balances (deficits) - beginning of year	11,958,697	(6,347,393)	8,360,137	13,971,441
Fund balances - end of year	<u>\$ 17,768,375</u>	<u>\$ (7,198,541)</u>	<u>\$ 8,033,524</u>	<u>\$ 18,603,358</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, 2020**

Total net changes in fund balances for year ended September 30, 2020	\$ 4,631,917
Add: Capital outlay which is considered expenditures	4,711,932
Less: Depreciation expense for the year ended September 30, 2020	(6,059,605)
Add: Donated assets	(8,552,927)
Less: Proceeds from asset disposal	-
Add: Gain on asset disposal	(657,577)
Add: Current year PERSI contributions	3,216,974
Less: PERSI pension plan expense (revenue)	(3,435,782)
Elimination of interfund revenues and expenditures:	
Add: Interfund transfers out	915,757
Less: Interfund transfers in	(915,757)
Less: Change in compensated absence accrual for the year ended September 30, 2020	(116,386)
Add: Debt principal payments considered as an expenditure	841,925
Less: Proceeds from capital lease	-
Add: Change in accrued interest	2,645
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	(67,030)
Less: Difference between revenue earned on special assessments on modified accrual basis versus revenue on special assessments on accrual basis	<u>(6,221)</u>
Change in net position for year ended September 30, 2020	<u>\$ (5,482,404)</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, 2020

	Business-type Activities - Enterprise Funds				Total Current Year
	Water Fund	Wastewater Fund	Sanitation Fund	Other Enterprise	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 8,331,520	\$ 17,827,132	\$ 1,705,111	\$ 1,668,241	\$ 29,532,004
Receivables:					
Accounts, net of allowance for uncollectible accounts	1,676,009	1,662,995	393,239	417,531	4,149,774
Special assessments receivable	8,893	-	-	-	8,893
Due from other governments	1,157	9,442	-	315	10,914
Due from other funds	-	9,065,980	-	-	9,065,980
Prepaid expenses	-	-	-	-	-
Total current assets	10,017,579	28,565,549	2,098,350	2,086,087	42,767,565
Capital assets:					
Land	382,758	1,528,020	-	2,214,672	4,125,450
Construction in Progress	1,010,514	327,086	-	-	1,337,600
Capital assets, net of accumulated depreciation	66,584,304	117,795,316	-	18,450,041	202,829,661
Total capital assets, net	67,977,576	119,650,422	-	20,664,713	208,292,711
Total non-current assets	67,977,576	119,650,422	-	20,664,713	208,292,711
Total assets	77,995,155	148,215,971	2,098,350	22,750,800	251,060,276
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred pension outflows	211,965	292,959	-	13,368	518,292
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	229,402	176,127	316,769	90,645	812,943
Claims liability	-	100,000	-	-	100,000
Accrued interest	4,994	46,115	-	-	51,109
Current portion of compensated absences	18,017	10,909	-	-	28,926
Current portion of leases payable	10,735	24,679	-	-	35,414
Current portion of bonds/loan payable	-	1,735,437	-	-	1,735,437
Total current liabilities	263,148	2,093,267	316,769	90,645	2,763,829
Non-current liabilities:					
Compensated absences	190,265	250,883	-	27,000	468,148
Leases Payable	130,061	300,185	-	-	430,246
Bonds/loan payable, net of unamortized discounts	-	40,138,591	-	-	40,138,591
Net pension liability	845,794	1,145,710	-	52,389	2,043,893
Total non-current liabilities	1,166,120	41,835,369	-	79,389	43,080,878
Total liabilities	1,429,268	43,928,636	316,769	170,034	45,844,707
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred pension inflows	16,869	22,654	-	895	40,418
<b>NET POSITION</b>					
Net investment in capital assets	67,966,841	77,751,715	-	20,664,713	166,383,269
Unrestricted	8,794,142	26,805,925	1,781,581	1,928,526	39,310,174
Total net position	\$ 76,760,983	\$ 104,557,640	\$ 1,781,581	\$ 22,593,239	\$ 205,693,443

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, 2020**

	Business-type Activities - Enterprise Funds				
	Water Fund	Wastewater Fund	Sanitation Fund	Other Enterprise	Total
<b>OPERATING REVENUES</b>					
Services	\$ 6,498,741	\$ 11,713,018	\$ 4,315,425	\$ 2,546,750	\$ 25,073,934
<b>OPERATING EXPENSES</b>					
Administration	2,433,992	720,013	-	110,714	3,264,719
Maintenance	-	-	-	280,911	280,911
Pumping	969,517	-	-	-	969,517
Treatment	44,701	3,163,884	-	-	3,208,585
Collection	-	719,091	-	-	719,091
Transportation and distribution	132,328	-	-	-	132,328
Supplies	28,321	-	-	37,428	65,749
Contracted services	-	-	3,609,076	824,524	4,433,600
Depreciation	2,827,801	4,378,604	-	1,272,190	8,478,595
Bad debt	631	1,492	1,169	224	3,516
Net pension expense (revenue)	316,019	413,333	-	19,011	748,363
Total operating expenses	6,753,310	9,396,417	3,610,245	2,545,002	22,304,974
Operating (loss) income	(254,569)	2,316,601	705,180	1,748	2,768,960
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Capitalization fees	945,731	2,043,763	-	-	2,989,494
Amortization	-	128,493	-	-	128,493
Investment income	147,627	360,688	24,443	23,054	555,812
Gain on sale of assets	(338,337)	-	-	-	(338,337)
Interest expense	(7,716)	(495,720)	-	-	(503,436)
Total non-operating revenues (expenses)	747,305	2,037,224	24,443	23,054	2,832,026
Income before contributions and transfers	492,736	4,353,825	729,623	24,802	5,600,986
Capital contributions	1,478,057	690,396	-	-	2,168,453
Operating transfers in	-	-	-	105,000	105,000
Operating transfers out	(604,518)	(790,376)	(646,235)	(846,373)	(2,887,502)
Change in net position	1,366,275	4,253,845	83,388	(716,571)	4,986,937
Total net position - beginning	75,394,708	100,303,795	1,698,193	23,309,810	200,706,506
Total net position - ending	\$ 76,760,983	\$ 104,557,640	\$ 1,781,581	\$ 22,593,239	\$ 205,693,443

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, 2020**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Total</b>
	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Sanitation Fund</b>	<b>Other Enterprise</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 6,260,327	\$ 11,473,873	\$ 4,315,030	\$ 2,631,050	\$ 24,680,280
Payments to suppliers	(1,906,554)	(3,149,047)	(3,591,106)	(1,362,848)	(10,009,555)
Payments to employees	(2,172,347)	(2,647,593)	-	120,220	(4,699,720)
Net cash provided by operating activities	<u>2,181,426</u>	<u>5,677,233</u>	<u>723,924</u>	<u>1,388,422</u>	<u>9,971,005</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating transfers in	-	-	-	105,000	105,000
Operating transfers out	(604,518)	(790,376)	(646,235)	(846,373)	(2,887,503)
Net cash (used) by noncapital financing activities	<u>(604,518)</u>	<u>(790,376)</u>	<u>(646,235)</u>	<u>(741,373)</u>	<u>(2,782,503)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Bond payments	-	(1,694,168)	-	-	(1,694,168)
Capital lease payments	(10,189)	(23,425)	-	-	(33,614)
New debt issuance	-	859,860	-	-	859,860
Interest paid	(8,076)	(499,069)	-	-	(507,145)
Capital asset purchases	(4,628,455)	(2,613,832)	-	(511,903)	(7,754,190)
Capitalization Fees	945,731	2,043,763	-	-	2,989,494
Contributions	-	-	-	(47,325)	(47,325)
Proceeds from the sale of assets	-	-	-	-	-
Net cash (used) by financing activities	<u>(3,700,989)</u>	<u>(1,926,871)</u>	<u>-</u>	<u>(559,228)</u>	<u>(6,187,088)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	147,627	360,688	24,443	23,054	555,812
Net cash provided by investing activities	<u>147,627</u>	<u>360,688</u>	<u>24,443</u>	<u>23,054</u>	<u>555,812</u>
Net (decrease) increase in cash and cash equivalents	(1,976,454)	3,320,674	102,132	110,875	1,557,228
Cash and cash equivalents, beginning of year	10,307,974	14,506,458	1,602,979	1,557,366	27,974,777
Cash and cash equivalents, end of year	<u>\$ 8,331,520</u>	<u>\$ 17,827,132</u>	<u>\$ 1,705,111</u>	<u>\$ 1,668,241</u>	<u>\$ 29,532,004</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating (loss) income	(254,569)	2,316,601	705,180	1,748	2,768,960
Adjustments to reconcile operating (loss) income to net cash provided by (used for) operating activities:					
Depreciation expense	2,827,801	4,378,604	-	1,272,190	8,478,596
(Gain) loss on sale of capital assets	-	-	-	-	-
(Increase) decrease in accounts receivable	(247,078)	(95,724)	(395)	84,615	(258,583)
(Increase) decrease in due from special assessment receivable	9,822	-	-	-	9,822
(Increase) decrease in due from other governments	(1,157)	(9,442)	-	(315)	(10,914)
(Increase) decrease in due from other funds	-	(133,980)	-	-	(133,980)
(Increase) decrease in prepaid expenses	-	-	-	-	-
(Increase) decrease in deferred outflows of resources	(118,510)	(155,003)	-	(7,129)	-
Increase (decrease) in accounts payable	(319,675)	(1,027,477)	19,139	20,678	(1,307,335)
Increase (decrease) in due to other funds	-	-	-	-	-
Increase (decrease) in compensated absences	8,283	41,997	-	-	50,280
Increase (decrease) increase in net pension liability	445,868	583,168	-	26,823	1,055,859
Increase (decrease) increase in deferred inflows of resources	(169,359)	(221,511)	-	(10,188)	(401,058)
Net cash provided by operating activities	<u>\$ 2,181,426</u>	<u>\$ 5,677,233</u>	<u>\$ 723,924</u>	<u>\$ 1,388,422</u>	<u>\$ 9,971,005</u>
<b>Non-cash capital and related financing activities:</b>					
\$1,478,057 of water lines were donated to the water fund by developers.					
\$690,396 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, 2020**

	<b>Police Retirement Pension Trust Funds</b>	<b>Sales Tax Custodial Fund</b>	<b>Business Improvement District Custodial Fund</b>	<b>Kootenai County Solid Waste Custodial Fund</b>	<b>City of Coeur d'Alene Employee Benefits Trust</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 32,544	\$ 1,878	\$ 225,687	\$ 222,167	\$ 2,383,888
Investments	764,551	-	-	-	-
Due from other government unit	-	-	-	-	-
Due from other funds	-	13	-	-	-
Accounts receivable	-	-	27,808	264,934	1,597
Total assets	<u>797,095</u>	<u>1,891</u>	<u>253,495</u>	<u>487,101</u>	<u>2,385,485</u>
<b>DEFERRED OUTFLOWS</b>					
	<u>730,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>					
Claims payable	-	-	-	-	63,293
Health claims incurred but not paid	-	-	-	-	379,665
Due to other governments	-	1,891	-	222,167	-
Net pension liability	1,142,378	-	-	-	-
Total liabilities	<u>1,142,378</u>	<u>1,891</u>	<u>-</u>	<u>222,167</u>	<u>442,958</u>
<b>DEFERRED INFLOWS</b>					
	<u>100,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>					
Restricted for:					
Police retirement	284,928	-	-	-	-
Sales tax	-	-	-	-	-
Homeless	-	-	-	-	-
Business improvement district	-	-	253,495	-	-
Kootenai County solid waste	-	-	-	264,934	-
City of Coeur d'Alene Employee Benefits Trust	-	-	-	-	1,942,527
Total net position	<u>\$ 284,928</u>	<u>\$ -</u>	<u>\$ 253,495</u>	<u>\$ 264,934</u>	<u>\$ 1,942,527</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, 2020**

	<b>Police Retirement Pension Trust Fund</b>	<b>Sales Tax Custodial Fund</b>	<b>Homeless Trust Custodial Fund</b>	<b>Business Improvement District Custodial Fund</b>	<b>Kootenai County Solid Waste Custodial Fund</b>	<b>City of Coeur d'Alene Employee Benefits Trust</b>
<b>ADDITIONS</b>						
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,171,351
Interest	19,639	-	-	3,606	-	-
Net increase (decrease) in the fair value of investments	14,049	-	-	-	-	-
Sales tax collected for other governments	-	26,927	-	-	-	-
Contributions for homeless	-	-	6,251	-	-	-
Revenues for the business improvement district	-	-	-	101,989	-	-
Revenues for Kootenai County solid waste	-	-	-	-	2,735,854	-
Interest	-	-	-	-	-	8,065
<b>Total additions</b>	<b>33,688</b>	<b>26,927</b>	<b>6,251</b>	<b>105,595</b>	<b>2,735,854</b>	<b>5,179,416</b>
<b>DEDUCTIONS</b>						
Pension expense	179,641	-	-	-	-	-
Payments of sales tax collected for other governments	-	26,927	-	-	-	-
Beneficiary payments to individuals	-	-	6,251	-	-	-
Payments to other entities	-	-	-	161,000	-	-
Payments of solid waste revenue for other governments	-	-	-	-	2,728,077	-
Insurance claim benefits	-	-	-	-	-	2,138,928
Change in health claims incurred but not paid	-	-	-	-	-	379,665
Stop loss premiums	-	-	-	-	-	432,013
Administrative expenses	3,458	-	-	-	-	286,283
<b>Total deductions</b>	<b>183,099</b>	<b>26,927</b>	<b>6,251</b>	<b>161,000</b>	<b>2,728,077</b>	<b>3,236,889</b>
Net increase (decrease) in fiduciary net position	(149,411)	-	-	(55,405)	6,777	1,942,527
Net position, beginning of year - restated	434,339	-	-	308,900	258,157	-
Net position, end of year	\$ 284,928	\$ -	\$ -	\$ 253,495	\$ 264,934	\$ 1,942,527

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, 2020

#### 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 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 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 found at <http://www.ignitecda.org/resources/financials/> or obtained directly from:

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

## City of Coeur d'Alene

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2020

#### 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, 2020

#### 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 invested funds.

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.

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.

## City of Coeur d'Alene

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2020

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

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

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 Comptroller.

The Comptroller is the budget officer, and as such, it is the Comptroller's duty to compile and prepare a preliminary budget for consideration by the City Council. On or before the first Tuesday in August, the Comptroller 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 Comptroller, 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.

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.

## City of Coeur d'Alene

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2020

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

##### Budgetary Accounting - Budgetary Basis (Concluded)

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, 2020, 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 October 31st for the payment of claims incurred against such appropriations prior to the close of the fiscal year. After October 31st, 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.

##### 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.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020.

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.

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.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

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

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.

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 71% 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, 2020, the total compensated absences payable by the City was \$4,522,345.

Compensated absences are reported as follows in the financial statements:

Governmental activities	\$ 4,025,271
Business-type activities	497,074
	<u>\$ 4,522,345</u>

## City of Coeur d'Alene

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2020

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

##### 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.

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.



## City of Coeur d'Alene

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2020

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

##### 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.

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 2019-20 fiscal year were as follows: library fund - .000332, general obligation bonds .000146, and general fund -.00398.

##### 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, 2020

#### 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, 2020 included debt service fund LID #149 for (\$51), and street capital projects funds and Riverstone Mill Site for (\$7,932,733).

##### 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.

##### Recently issued and Adopted Accounting Pronouncements

Due to the COVID-19 pandemic, the Governmental Accounting Standards Board issued GASB 95 - Postponement of the Effective Dates of Certain Authoritative Guidance. The City will be implementing one new pronouncement for the fiscal year ending September 30, 2021:

GASB 90: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities.

GASB 87: The City is also preparing for the implementation of GASB 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The City is preparing to implement this standard as of October 1, 2021 in order to prepare Fiscal Year 2022 financial statements in compliance with this new standard.

#### 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.

*See accompanying independent auditors' report.*

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

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

**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 \$53,532,080 and the bank balance is \$54,365,284. As of September 30, 2020, the City's deposits and investments were exposed to custodial credit risk as follows:

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

**Deposits:**

Amounts insured by FDIC	\$ 2,827,527
	<u>2,827,527</u>

**Investments:**

Amount registered in the name of the City	2,068,925
Total deposits and investments without exposure to custodial credit risk	<u>4,896,452</u>

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

**Deposits:**

Amount collateralized with securities held in trust, but not in the City's name	48,681,873
	<u>48,681,873</u>

**Investments:**

Amount registered in the name of the City	786,959
Total deposits and investments with exposure to custodial credit risk	<u>49,468,832</u>
Total Deposits and Investments	<u>\$ 54,365,284</u>

**Cash and cash equivalents at September 30, 2020 consist of the following:**

Deposits (checks in excess of deposits)	\$ 1,998,501
Cash on hand	2,125
Short-term certificates of deposit	1,536,958
Money market	1,377,587
Idaho State Investment Pool	46,547,984
Total	<u>51,463,155</u>

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

Governmental activities	19,064,987
Business-type activities	29,532,004
Police retirement pension trust fund	32,544
Sales tax agency fund	1,878
Business improvement district agency fund	225,687
City of Coeur d'Alene employee benefits trust	2,383,888
Kootenai county solid waste agency fund	222,167
Total	<u>51,463,155</u>

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

Governmental activities	1,304,374
Police retirement pension trust fund	764,551
Total	<u>2,068,925</u>
Total Cash and Investments	<u>\$ 53,532,080</u>

See accompanying independent auditors' report.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

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

**Credit risk:**

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

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Concentration of credit risk as defined by GASB exists when more than 5% of an investment portfolio is allocated to one security. As of September 30, 2020, the City had the following investments (and associated maturities) in its internal investment portfolio:

Investment	Cost	% of Total	Fair Value & Carrying Amount	Maturity			
				Less than 1 year	Less than 2 years	2-5 years	6-10 years
The Coca Cola Co	\$ 105,183	5%	\$ 104,509	\$ -	\$ -	\$ 104,509	\$ -
United Health Group Inc	50,773	3%	51,571	-	51,571	-	-
Federal Farm Credit Bks	100,000	5%	100,434	-	-	100,434	-
US Treasury Note	99,977	5%	99,922	-	-	99,922	-
Toronto Dominion Bank	50,222	3%	50,232	50,232	-	-	-
Federal Farm Credit Bks	49,470	2%	50,262	50,262	-	-	-
Federal Home Loan Bks	49,829	3%	50,497	50,497	-	-	-
Bank of New York Mellon Corp	102,590	5%	101,020	101,020	-	-	-
US Treasury Note	50,295	1%	50,369	50,369	-	-	-
US Treasury Note	98,367	5%	101,742	101,742	-	-	-
Federal Home Loan Bks	100,162	5%	102,045	-	102,045	-	-
Federal Home Loan Bks	49,688	2%	51,022	-	51,022	-	-
United Health Group Inc	50,685	3%	51,571	-	51,571	-	-
The Coca Cola Co	52,591	3%	52,254	-	-	52,254	-
Branch Banking Trust	50,105	3%	51,387	-	51,387	-	-
US Treasury Note	57,880	3%	58,139	-	58,139	-	-
Branch Banking Trust	70,147	4%	71,941	-	71,941	-	-
US Treasury Note	96,367	5%	102,574	-	102,574	-	-
Apple Inc	50,591	3%	51,926	-	51,926	-	-
Federal Home Loan Bks	104,495	5%	103,776	-	103,776	-	-
Federal Home Loan Bks	49,792	3%	51,809	-	51,809	-	-
Oracle Corp	49,826	3%	52,185	-	-	52,185	-
Anheuser Busch Inbev Fin	45,676	2%	47,737	-	-	47,737	-
John Deere Capital Corp	49,244	2%	52,933	-	-	52,933	-
JPMorgan Chase Co	50,110	3%	51,708	-	-	51,708	-
Chevron Corporation	51,164	3%	52,752	-	-	52,752	-
Federal Home Loan Bks	51,072	3%	52,550	-	-	52,550	-
Covidien Intl Finance Sa	50,780	3%	53,005	-	-	53,005	-
Caterpillar Financial SE	101,733	5%	110,397	-	-	110,397	-
Federal Home Loan Bks	50,792	3%	54,184	-	-	54,184	-
Simon Property Group LP	30,559	2%	32,472	-	-	32,472	-
	<u>\$ 2,020,165</u>		<u>\$ 2,068,925</u>	<u>\$404,122</u>	<u>\$ 747,761</u>	<u>\$ 917,042</u>	<u>\$ -</u>

See accompanying independent auditors' report.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

**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	\$ 412,746	\$152,112	\$ 160,713	\$ 99,922	\$ -
U.S. Agencies	616,580	100,760	308,653	207,168	-
U.S. Corporations	936,362	101,019	278,396	556,946	-
Foreign Corporations	103,237	50,231	-	53,005	-
	<u>\$ 2,068,925</u>	<u>\$404,122</u>	<u>\$ 747,762</u>	<u>\$ 917,041</u>	<u>\$ -</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 \$2,020,165. The net gain of \$48,760 (the difference between cost and fair value) has been recognized in the financial statements as a net gain on investments. There was a current year gain of \$30,528 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 \$46,547,984. The City's portion of the State Investment Pool had an unrealized gain of \$187,391 as of September 30, 2020, which has been recognized in the financial statements.

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

**NOTE 3: ACCOUNTS RECEIVABLE**

**Governmental activities:**

Accounts receivable consist of the following as of September 30, 2020:

Franchise and utility receivables	\$ 769,211
Equipment auction	14,264
Property lien	7,239
Miscellaneous receivables	758
	<u>\$ 791,472</u>

See accompanying independent auditors' report.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

NOTE 3: ACCOUNTS RECEIVABLE (CONCLUDED)

**Business-type activities:**

Accounts receivable consist of the following as of September 30, 20:

Amounts due from customers	\$ 4,158,064
Less allowance for uncollectible accounts	(8,290)
	<u>\$ 4,149,774</u>

NOTE 4: SPECIAL ASSESSMENTS RECEIVABLE

Special assessments receivable from benefited property owners of public improvements consist of the following as of September 30, 2020 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>\$ 241,134</u>
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**Business-type activities:**

Deferred principal amounts not currently due, but due at a future date	<u>\$ 8,893</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, 2020**

**NOTE 5: CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2020 is as follows:

Plant and equipment and accumulated depreciation for governmental activities are as follows:

	<b>September 30, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers Adjustments</b>	<b>Adjustments</b>	<b>September 30, 2020</b>
Governmental activities:						
Land	\$ 27,906,356	\$ 935,839	\$ 9,390,646	\$ (620,020)	\$ 300,000	\$ 19,131,529
Construction in progress	3,242,754	56,317	-	(3,197,668)	-	101,403
Total capital assets, not being depreciated	<u>31,149,110</u>	<u>992,156</u>	<u>9,390,646</u>	<u>(3,817,688)</u>	<u>300,000</u>	<u>19,232,932</u>
Buildings	23,488,046	1,026,101	325,468	886,066	-	25,074,745
Other Improvements	17,362,357	270,275	312,723	632,956	-	17,952,865
Equipment	27,404,454	2,317,141	352,040	335,469	-	29,705,024
Infrastructure	135,549,610	239,092	-	2,637,679	-	138,426,381
	<u>203,804,467</u>	<u>3,852,609</u>	<u>990,231</u>	<u>4,492,170</u>	<u>-</u>	<u>211,159,015</u>
Less: accumulated depreciation						
Buildings	10,053,457	734,738	97,640	367,698	-	11,058,253
Other Improvements	4,609,593	559,068	-	15,769	-	5,184,430
Equipment	17,526,779	1,511,110	348,888	-	-	18,689,001
Infrastructure	60,602,517	3,254,692	-	-	-	63,857,209
	<u>92,792,346</u>	<u>6,059,608</u>	<u>446,528</u>	<u>383,467</u>	<u>-</u>	<u>98,788,893</u>
Total capital assets being depreciated, net	<u>111,012,121</u>	<u>(2,206,999)</u>	<u>543,703</u>	<u>4,875,637</u>	<u>-</u>	<u>112,370,122</u>
Governmental activities capital assets net	<u>\$ 142,161,231</u>	<u>\$ (1,214,843)</u>	<u>\$ 9,934,349</u>	<u>\$ 1,057,949</u>	<u>\$ 300,000</u>	<u>\$ 131,603,054</u>

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

<b>Governmental activities:</b>	
General government	\$ 170,037
Public Works	3,734,288
Culture and Recreation	1,108,090
Public Safety	1,047,193
	<u>\$ 6,059,608</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

NOTE 5: CAPITAL ASSETS (CONCLUDED)

	September 30, 2019	Additions	Deletions	Adjustments	September 30, 2020
<b>Business-type activities:</b>					
Land	\$ 4,180,450	\$ -	\$ -	\$ (55,000)	\$ 4,125,450
Construction in progress	17,479,730	589,733	-	(16,731,863)	1,337,600
Total capital assets, not being depreciated'	<u>21,660,180</u>	<u>589,733</u>	<u>-</u>	<u>(16,786,863)</u>	<u>5,463,050</u>
Reservoir	6,292,489	-	-	727,748	7,020,237
Wells and booster stations	10,379,951	127,247	-	-	10,507,198
Distribution system	92,071,691	5,241,206	-	680,919	97,993,816
Collection	48,663,806	1,941,728	-	-	50,605,534
Plant	123,821,979	1,149,795	-	14,958,426	139,930,200
Street lights	790,986	-	-	-	790,986
Equipment	12,214,924	872,936	40,320	(279,211)	12,768,329
Improvements	25,486,588	-	-	24,500	25,511,088
	<u>319,722,414</u>	<u>9,332,912</u>	<u>40,320</u>	<u>16,112,382</u>	<u>345,127,388</u>
Less: accumulated depreciation					
Reservoir	4,709,596	310,606	-	-	5,020,202
Wells and booster stations	4,857,995	184,555	-	-	5,042,550
Distribution system	40,383,042	2,073,520	-	(255,202)	42,201,360
Collection	14,220,111	854,386	-	-	15,074,497
Plant	55,054,710	3,307,219	-	-	58,361,929
Street lights	704,400	9,877	-	-	714,277
Equipment	6,958,655	711,780	40,320	(128,265)	7,501,850
Improvements	7,354,410	1,026,652	-	-	8,381,062
	<u>134,242,919</u>	<u>8,478,595</u>	<u>40,320</u>	<u>(383,467)</u>	<u>142,297,727</u>
Total capital assets being depreciated, net	<u>185,479,495</u>	<u>854,317</u>	<u>-</u>	<u>15,728,915</u>	<u>202,829,661</u>
Business-type activities capital assets net	<u>\$ 207,139,675</u>	<u>\$ 1,444,050</u>	<u>\$ -</u>	<u>\$ (1,057,948)</u>	<u>\$ 208,292,711</u>

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

<b>Business-type activities:</b>	
Water	\$ 2,827,801
Wastewater	4,378,604
Street Lighting	9,877
Drainage	370,435
Public Parking	891,878
	<u>\$ 8,478,595</u>

See accompanying independent auditors' report.



**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

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

Long-term liability activity for the year ended September 30, 2020, was as follows:

	Balance 10/1/2019	Additions	Deletions	Balance 9/30/2020	Due Within One Year
<i>Governmental activities:</i>					
General obligation bonds payable	\$ 4,909,189	\$ -	\$ 778,293	\$ 4,130,896	\$ 791,598
Deferred amounts:					
For issuance premium	46,394	-	7,731	38,663	-
Total bonds payable	4,955,583	-	786,024	4,169,559	791,598
Capital leases	695,755	-	63,632	632,123	69,709
Compensated absences	3,908,885	116,386	-	4,025,271	222,510
Governmental activities Long-term liabilities	<u>\$ 9,560,223</u>	<u>\$ 116,386</u>	<u>\$ 849,656</u>	<u>\$ 8,826,953</u>	<u>\$ 1,083,817</u>
<i>Business-type activities:</i>					
Revenue bonds payable	\$22,168,741	\$ -	\$1,694,166	\$20,474,575	\$1,735,437
Deferred amounts:					
For issuance premium	1,027,947	-	128,494	899,453	
Total bonds payable	23,196,688	-	1,822,660	21,374,028	1,735,437
Capital Leases	499,275	-	33,615	465,660	35,414
State loan payable	19,640,140	859,860	-	20,500,000	-
Compensated absences	446,794	50,280	-	497,074	28,926
Business-type activities Long-term liabilities	<u>\$43,782,897</u>	<u>\$910,140</u>	<u>\$1,856,275</u>	<u>\$42,836,762</u>	<u>\$1,799,777</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, 2020, 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, 2020**

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

Issue	FY End		Principal	Interest	Total
	30-Sep	Rate			
2012D Sewer Revenue Refunding Bonds	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>\$ 5,855,000</u>	<u>\$ 1,185,300</u>	<u>\$ 7,040,300</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	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%	321,621	797	322,418
	Total 2013 Sewer Revenue Bonds			<u>\$ 7,804,278</u>	<u>\$ 256,232</u>

See accompanying independent auditors' report.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

**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		Principal	Interest	Total
	30-Sep	Rate			
2015 Sewer Revenue Bonds	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			<u>\$ 6,815,297</u>	<u>\$1,108,029</u>	<u>\$ 7,923,326</u>

See accompanying independent auditors' report.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

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

General Obligation Bonds payable for the governmental activities at September 30, 2019, consist of the following issue:

Issue	FY End 30-Sep	Rate	Principal	Interest	Total
2015A Public Safety Bonds:	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
Bonds			3,209,512	200,054	3,409,566
Issue	FY End 30-Sep	Rate	Principal	Interest	Total
2015B Public Safety Bonds:	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			921,384	57,432	978,816
Total General Obligation Bonds			\$4,130,896	\$ 257,486	\$4,388,382

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, 2020**

**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. The City chose not to make the final balloon payment on this lease and returned the loaders to John Deere in fiscal year 2018-19 removing the liability to the City.

An additional lease was entered into with John Deere on December 31, 2014 for the purchase of a grader. The total purchase price for the grader was \$238,075. Annual payments of \$20,591 were due December 31<sup>st</sup> of each year for five years beginning on December 31, 2014. A balloon payment of \$156,700 was due on December 31, 2019. The City chose not to make the balloon payment and instead renegotiated and extended the lease for an additional 5 years on June 30, 2020. Annual payments of \$33,881 are due June 30<sup>th</sup> of each year for five years beginning on June 30, 2020.

The City entered into a lease with Caterpillar Global Services LLC on January 28, 2019 for the purchase of 4 loaders. Three of the loaders will be used for governmental activities and one will be used for business-type activities in the water fund. An additional lease was entered into on March 19, 2019 also with Caterpillar for the purchase of 2 loaders that will be used for business-type activities in the wastewater fund.

The total purchase price for the business-type loaders for the water and wastewater funds was \$556,815. Annual payments of \$42,059 for the wastewater loaders are due March 5<sup>th</sup> of each year for five years beginning on March 5, 2019 with a balloon payment of \$246,796 due on March 5, 2024. Annual payments for the water fund loader of \$18,267 are due each year on for five years beginning on January 1, 2019 with a balloon payment of \$106,838 due on January 31, 2024. The total purchase price for the governmental loaders was \$607,397. Annual payments of \$65,253 are due January 31<sup>st</sup> of each year for five years beginning on January 31, 2019. A balloon payment of \$381,650 is due on January 31, 2024. The interest rate 5.35%.

Capital leases payable from governmental activities at September 30, 2020 consist of the following:

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

Issue	FY End		Principal	Interest	Total
	30-Sep	Rate			
General Fund - John Deere Financial Lease for 2014 Grader	2021	1.9%	\$ 31,362	\$ 2,519	\$ 33,881
	2022		31,974	1,907	33,881
	2023		32,598	1,283	33,881
	2024		33,233	648	33,881
			<u>129,167</u>	<u>6,357</u>	<u>135,524</u>
General Fund - Caterpillar Financial Lease for 2018 Loaders	FY End		Principal	Interest	Total
	30-Sep	Rate			
	2021	5.35%	38,347	26,906	65,253
	2022		40,399	24,854	65,253
	2023		42,560	22,693	65,253
2024		381,650	20,417	402,067	
		<u>502,956</u>	<u>94,870</u>	<u>597,826</u>	
		<u>\$ 632,123</u>	<u>\$ 101,227</u>	<u>\$ 733,350</u>	

See accompanying independent auditors' report.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

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

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

Year ending September 30	Governmental Activities
2021	\$ 99,134
2022	99,134
2023	99,134
2024	435,948
Total minimum lease payments	733,350
Less: amount representing interest	101,227
Present value of minimum lease payments	<u>\$ 632,123</u>

Capital leases payable from business-type activities at September 30, 2020 consist of the following issues:

Issue	FY End 30-Sep	Rate	Principal	Interest	Total
Wastewater Fund - John Deere Financi Lease for a 2018 Wheel Loader	2021	5.35%	\$ 12,417	\$ 8,957	\$ 21,374
	2022		13,081	8,293	21,374
	2023		13,781	7,593	21,374
	2024		128,144	6,856	135,000
			<u>167,423</u>	<u>31,699</u>	<u>199,122</u>
Wastewater Fund - John Deere Financi Lease for a 2018 Wheel Loaders	2021	5.35%	12,262	8,423	20,685
	2022		12,918	7,767	20,685
	2023		13,609	7,076	20,685
	2024		118,652	6,348	125,000
			<u>157,441</u>	<u>29,614</u>	<u>187,055</u>
Water Fund - John Deere Financial Lease for a 2018 Wheel Loader	2021	5.35%	10,735	7,532	18,267
	2022		11,309	6,958	18,267
	2023		11,914	6,353	18,267
	2024		106,838	5,715	112,553
			<u>140,796</u>	<u>26,558</u>	<u>167,354</u>
			<u>\$ 465,660</u>	<u>\$ 87,871</u>	<u>\$ 553,531</u>

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

Year ending September 30	Business-type Activities
2021	60,326
2022	60,326
2023	60,326
2024	372,553
Total minimum lease payments	553,531
Less: amount representing interest	87,871
Present value of minimum lease payments	<u>\$ 465,660</u>

See accompanying independent auditors' report.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

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

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

Year	General Obligation Bonds	Capital Leases	Compensated Absences	Total (Memo Only)
Unknown	\$ -	\$ -	\$ 4,025,271	\$ 4,025,271
2021	791,598	69,709	-	861,307
2022	809,951	72,373	-	882,324
2023	828,230	75,158	-	903,388
2024	841,434	414,883	-	1,256,317
2025	859,683	-	-	859,683
Thereafter	-	-	-	-
	<u>4,130,896</u>	<u>632,123</u>	<u>4,025,271</u>	<u>8,788,290</u>
Plus issuance premium- net	38,663	-	-	38,663
	<u>\$ 4,169,559</u>	<u>\$ 632,123</u>	<u>\$ 4,025,271</u>	<u>\$ 8,826,953</u>

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

Year	Wastewater 2015 Revenue Bonds	Wastewater 2012D Revenue Bonds	Wastewater 2013 Revenue Bonds	State Loan Payable	Capital Leases	Compensated Absences	Total (Memo Only)
Unknown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 497,074	\$ 497,074
2021	393,854	735,000	606,583	-	35,414	-	1,770,851
2022	401,770	765,000	609,620	-	37,308	-	1,813,698
2023	409,846	790,000	612,672	-	39,304	-	1,851,822
2024	417,788	825,000	615,657	-	353,634	-	2,212,079
2025	426,481	870,000	618,821	-	-	-	1,915,302
Thereafter	4,765,558	1,870,000	4,740,925	20,500,000	-	-	31,876,483
	<u>6,815,297</u>	<u>5,855,000</u>	<u>7,804,278</u>	<u>20,500,000</u>	<u>465,660</u>	<u>497,074</u>	<u>41,937,309</u>
Plus issuance premium- net	899,453	-	-	-	-	-	899,453
	<u>\$ 7,714,750</u>	<u>\$ 5,855,000</u>	<u>\$ 7,804,278</u>	<u>\$ 20,500,000</u>	<u>\$ 465,660</u>	<u>\$ 497,074</u>	<u>\$ 42,836,762</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, 2020.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

**NOTE 8: INTERFUND TRANSACTIONS**

Due to/from other funds as of September, 30 2020:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Non-major governmental funds	\$ 241,134
Wastewater fund	General fund	1,133,247
Wastewater fund	Capital projects fund	7,932,733
		<u>\$ 9,307,114</u>

The interfund receivable between the general fund and debt service funds – LID 149 & 151 originated when the City financed the special assessments for improvements on 4<sup>th</sup> Street and improvements on Front Street through the general fund as opposed to selling bonds. The LID 149 receivable was paid back by the end of fiscal year 2020 and the LID 151 receivable will be paid back by the end of fiscal year 2025. The benefitted property owners are billed annually each year in April. Both LIDs are billed with an interest rate of 4%.

The interfund receivable 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 general fund is accruing interest on this receivable on a quarterly basis at 1.5%. The projected payback period is approximately nine years with payments projected to come from ignite, the City's urban renewal district, as tax increment on the property becomes available. The City donated approximately 45.48 acres of this property to ignite cda, the City's urban renewal agency during fiscal year 2019-20 with the desire that the Agency facilitate the development of the property. Please see note 14, special items, for more details regarding this transaction.

Interfund transfers as of September 30, 2020:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 2,859,770	\$ 125,000
Capital projects fund	411,707	114,687
Non major governmental funds	426,782	676,070
Water fund	-	604,518
Wastewater fund	-	790,376
Sanitation fund	-	646,235
Non major enterprise funds	105,000	846,373
	<u>\$ 3,803,259</u>	<u>\$ 3,803,259</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.



## City of Coeur d'Alene

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2020

#### 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

The City of Coeur d'Alene created the City of Coeur d'Alene Employee Benefits Trust, "The Plan", effective January 1, 2020 in order to provide healthcare coverage for its employees and dependents through a self-funded healthcare benefit plan. The Plan provides optional health care benefits to employees of the City who are full time regular employees who work at least 30 hours per week, their dependents, or COBRA eligible participants. Ignite, the City's urban renewal district employees are also eligible to participate in the Plan. Coverage commences on the first day of the month following a thirty-day waiting period.

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

#### 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, 2020, 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.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

**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	\$ 28,565,550
Capital assets	119,650,421
Total assets	148,215,971
Deferred outflows of resources:	292,959
Liabilities:	
Current liabilities	3,548,641
Noncurrent liabilities	40,379,995
Total liabilities	43,928,636
Deferred inflows of resources:	22,654
Net position:	
Net investment in capital assets	77,751,714
Unrestricted	26,805,926
Total net position	\$ 104,557,640

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

	Wastewater Funds
Charges for services	\$ 11,713,018
Depreciation expense	(4,378,604)
Other operating expenses	(4,604,480)
Net pension expense (revenue)	(413,333)
Operating income	2,316,601
Non-operating revenues (expenses):	
Capitalization fees	2,043,763
Investment earnings	360,688
Interest expense	(495,720)
Amortization	128,493
Gain on sale of assets	-
Capital contributions	690,396
Operating transfer out	(790,376)
Change in net position	4,253,845
Beginning net position	100,303,795
Ending net position	\$ 104,557,640

See accompanying independent auditors' report.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

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

CONDENSED STATEMENT OF CASH FLOWS

	Wastewater Funds
Net cash provided (used) by:	
Operating activities	\$ 5,677,233
Noncapital financing activities	(790,376)
Capital and related financing activities	(1,926,870)
Investing activities	360,688
Net increase (decrease)	3,320,675
Beginning cash and cash equivalents	14,506,458
Ending cash and cash equivalents	\$ 17,827,133

**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.

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, 2020**

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

<u>General Fund</u>	
Restricted	
KCJA drug task force	\$ 108,840
Coeur d'Alene Lake Drive - funds from Idaho Department of Transportation	840,000
Bellerive subdivision agreement	23,046
	<u>\$ 971,886</u>
Committed	
Governor's property tax relief CARES Act funding	\$ 6,730,459
COVID-19 expenses funded through CARES Act	350,000
Police training carryover per contract	9,901
Sick leave option 2	284,902
	<u>\$ 7,375,262</u>
Assigned	
Recreation department reserve	16,559
Carryover for police vehicles	46,688
Carryover for overlay / chipseal program	174,312
	<u>\$ 237,559</u>
<u>Other Governmental Funds</u>	
Restricted	
Special revenue funds - Impact fees	\$ 4,352,025
Special revenue funds - Jewett House	18,303
Debt Service funds - General Obligation Bonds	97,418
	<u>\$ 4,467,746</u>
Committed	
Special revenue funds - Library	\$ 278,860
Special revenue funds - Cemetery	76,028
Special revenue funds - Parks capital improvements	773,236
Special revenue funds - Cemetery perpetual care	1,316,232
Special revenue funds - Reforestation	210,017
Special revenue funds - Public art	816,117
	<u>\$ 3,470,490</u>
Assigned	
Special revenue funds - Annexation fees	<u>\$ 95,339</u>

See accompanying independent auditors' report.

## City of Coeur d'Alene

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2020

#### 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).

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 June 30, 2020, it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters, as of June 30, 2020. The City's contributions were \$3,268,923 for the year ended September 30, 2020.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

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

***PERSI BASE PLAN***

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

At September 30, 2020, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the City's proportion was .7699514 percent.

For the year ended September 30, 2020, the City recognized pension expense of \$6,501,411. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,396,920	\$ 583,798
Changes in assumptions or other inputs	302,372	-
Net difference between projected and actual earnings on pension plan investments	2,049,310	-
Changes in the City's proportion and differences between the City's contributions and the City's proportionate contributions	162,024	164,145
City's contributions subsequent to the measurement date	738,985	-
Total	<u>\$ 4,649,611</u>	<u>\$ 747,943</u>

\$738,985 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, 2020.

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, 2018 the beginning of the measurement period ended June 30, 2019 is 4.8 years and 4.8 years for the measurement period June 30, 2020.

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:	
2021	64,188
2022	751,068
2023	997,749
2024	1,349,677

See accompanying independent auditors' report.

## City of Coeur d'Alene

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2020

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

##### **PERSI BASE PLAN (continued)**

###### 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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2020 is based on the results of an actuarial valuation date of July 1, 2020.

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 2020.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

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

***PERSI BASE PLAN (continued)***

Actuarial Assumptions (continued)

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Nominal Rate of Return (Arithmetic)</b>	<b>Long-Term Expected Real Rate of Return (Arithmetic)</b>
<u>Capital Market Assumptions from Callen 2020</u>			
Core Fixed Income	30.00%	2.80%	0.55%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	8.70%	6.45%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25%	3.89%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Inves		5.85%	3.49%
<u>Investment Policy Assumptions from PERSI November 2019</u>			
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.14%
Portfolio Standard Deviation			14.16%
<u>Economic/Demographic Assumptions from Milliman 2018</u>			
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			7.05%

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.

See accompanying independent auditors' report.



**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

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

***PERSI BASE PLAN (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:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
City's proportionate share of the net pension liability (asset)			
Total Plan	<u>\$ 36,665,525</u>	<u>\$ 17,879,290</u>	<u>\$ 2,346,135</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, 2020, the City reported payables to the defined benefit pension plan of \$102,871 for which legally required employer contributions and \$66,476 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).

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.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

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

**PERSI FRF PENSION PLAN (continued)**

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, 2020, the total FRF employer contribution rate was 25.93% which includes the employer excess rate of 13.65% plus the PERSI class 2 firefighters' rate of 12.28%. The FRF member rate for the year for class B is 11.45% which is 3.00% above the class 2 rate of 8.81%. The City's contributions were \$333,796 for the year ended September 30, 2020.

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

At September 30, 2020, the City reported a liability for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020, 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, 2020, the City's proportion was 8.3827379 percent.

For the year ended September 30, 2020, the City recognized pension expense (revenue) of (\$2,317,265). At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	517,598	-
Changes in the City's proportion and differences between the City's contributions and the City's proportionate contributions	-	-
City's contributions subsequent to the measurement date	82,253	-
Total	<u>\$ 599,851</u>	<u>\$ -</u>

See accompanying independent auditors' report.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

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

**PERSI FRF PENSION PLAN (continued)**

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

\$82,253 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, 2020.

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, 2018 the beginning of the measurement period ended June 30, 2019 is 1 year and 1 year for the measurement period June 30, 2020.

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:	
2020	(148,877)
2021	142,304
2022	224,108
2023	300,063

**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 59-1394, Idaho Code, is 50 years.

The total pension asset in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases**	3.75%
Salary inflation	3.75%
Investment rate of return*	7.05%
Cost-of-living (COLA) adjustments	3.18%

\*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.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

NOTE 13: PENSION PLANS (CONTINUED)

**PERSI FRF PENSION PLAN (continued)**

Actuarial Assumptions (continued)

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, 2020 is based on the results of an actuarial valuation date of July 1, 2020.

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 2020.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

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)
<u>Capital Market Assumptions from Callen 2020</u>			
Core Fixed Income	30.00%	2.80%	0.55%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	8.70%	6.45%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25%	3.89%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Inves		5.85%	3.49%
<u>Investment Policy Assumptions from PERSI November 2019</u>			
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.14%
Portfolio Standard Deviation			14.16%
<u>Economic/Demographic Assumptions from Milliman 2018</u>			
<u>Valuation Assumptions Chosen by PERSI Board</u>			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			7.05%

See accompanying independent auditors' report.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

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

**PERSI FRF PENSION PLAN (continued)**

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.

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

The following presents the Employer's proportionate share of the net pension asset calculated using the discount rate of 7.05 percent, as well as what the Employer's proportionate share of the net pension asset 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:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
City's proportionate share of the net pension liability (asset)			
Total Plan	<u>\$ (10,260,992)</u>	<u>\$ (12,481,826)</u>	<u>\$ (14,384,378)</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).

At September 30, 2020, the City reported payables to the defined benefit pension plan of \$34,244 for which legally required employer contributions and \$13,943 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

## City of Coeur d'Alene

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2020

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

##### ***POLICE RETIREMENT FUND***

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

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

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

The City's police retirement fund is a closed group. No new members are permitted and no active members remained in the fund as of May 31, 1991. All members have retired and all benefit obligations except for future cost-of-living increases have been determined. There are three members and 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.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

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

***POLICE RETIREMENT FUND (continued)***

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

At September 30, 2019, the City reported a net pension liability of \$1,142,378 for the police retirement trust fund. The City recognized \$179,641 of pension expense related to the police retirement pension. Plan.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 231,985	\$ 84,780
Changes in assumptions	430,072	0
Net difference between projected and actual earnings on pension plan investments	68,164	15,230
	<u>730,221</u>	<u>100,010</u>

Changes in the Net Pension Liability

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

Year ended June 30:	
2021	99,518
2022	87,380
2023	75,334
2024	79,141
2025	79,141
2026	79,141
2027	23,290

The investment return was 5.44% for 2019 as is projected to not be materially different for 2020.

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, 2019. 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 0% and investment returns of 3.5%. Any adverse future experience of the fund will require an increase in the minimum recommended contribution of \$152,000.

See accompanying independent auditors' report.



**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

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

***POLICE RETIREMENT FUND (continued)***

There are no long-term contracts for contributions to the plan or any legally required reserves. Investments at year end included cash equivalents of \$21,422 and U.S. Government issues of \$764,551. The actuarial value of assets is fair market value.

Discount Rate

The following presents the City's net pension liability calculated using the discount rate of 3.0%, 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 (2.0%) or 1-percentage-point higher (4.0%) than the current rate:

	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
City's proportionate share of the net pension liability (asset)			
Total Plan	<u>\$ 1,388,944</u>	<u>\$ 1,142,378</u>	<u>\$ 944,263</u>

Changes in the Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at 9/30/18	\$ 1,981,905	\$ 1,068,328	\$ 913,577
Changes for the year:			
Interest cost	66,401	-	66,401
Experience (gain) loss	111,764	-	111,764
Changes of assumptions	104,074	-	104,074
Employer contributions		74	(74)
Net investment income		57,352	(57,352)
Benefit payments	(175,260)	(175,260)	-
Administrative Expenses		(3,988)	3,988
Net changes	<u>106,979</u>	<u>(121,822)</u>	<u>228,801</u>
Balances at 9/30/19	<u>\$ 2,088,884</u>	<u>\$ 946,506</u>	<u>\$ 1,142,378</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, 2019 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.

See accompanying independent auditors' report.

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

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

***POLICE RETIREMENT FUND (continued)***

Actuarial Assumptions

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

- Long-Term Rate of Return: 3.08%
- 20-Year AAA Municipal Bond Rate: 3.50%
- Return on Assets: 3.50%
- Discount Rate - Pre- and post-retirement interest rates were assumed at 3.00% per year.
- Cost of Living Adjustments - Benefits has been assumed to increase at 0% per year.
- Expenses - No assumption of asset expenses were made.
- Mortality Rates - RP2014 Mortality with 2018 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	2019	111,764	9	12,418	99,346	99,346	-
	2018	(63,527)	10	(6,353)	(50,822)	-	(50,822)
	2017	(56,597)	10	(5,660)	(39,618)	-	(33,958)
	2016	208,433	11	18,948	132,639	132,639	-
Assumption (Gain)/Loss	2019	104,074	9	11,564	92,510	92,510	-
	2018	-	10	-	-	-	-
	2017	39,502	10	3,950	27,651	27,651	-
	2016	487,003	11	44,273	309,911	309,911	-
Asset (Gain)/Loss	2019	(19,038)	5	(3,808)	(15,230)	-	(15,230)
	2018	60,233	5	12,047	36,140	36,140	-
	2017	60,691	5	12,138	24,276	24,276	-
	2016	38,739	5	7,748	7,748	7,748	-
	2015	37,173	5	7,435	-	-	-

See accompanying independent auditors' report.

## City of Coeur d'Alene

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2020

#### NOTE 14: SPECIAL ITEMS

During fiscal year ending September 30, 2020, the City had the following transactions with ignite cda, which qualify as and are presented as special items in the accompanying statement of activities.

##### Transfer of Atlas Mill property to ignite:

In June 2020, the City and ignite cda entered into an agreement for the transfer of property known as the "Atlas Mill Property". Under the agreement, the City transferred approximately 45.48 acres to ignite with the desire that ignite facilitate the development of the Atlas Mill property pursuant to the applicable urban renewal plan. The City's acquisition costs for the Atlas Mill properties was \$9,172,408.

Ignite cda intends to reimburse the City for the City's acquisition costs for the property to the extent that ignite's board determines its revenues from development of the property exceed ignite's costs of development. It is ignite's position that the stated intent to reimburse the City is not a legally enforceable obligation and does not rise to the level of a liability as defined under Governmental Accounting Standards. Accordingly, ignite and the City have recorded the transfer as a gain and a contribution, respectively, in the amount of \$9,172,408 in the accompanying statement of activities.

##### Transfer of building and outbuildings:

In fiscal year 2019-20 the Water Department completed and moved into a new water administration building located at 3145 N Howard Street. The Water Department was previously located on Ramsey Road adjacent to the Street Department. When the Water Department moved the previous building, building improvements and storage buildings that they occupied were transferred to the Street Department. The City has recorded this transfer with a value of \$619,481 as a special item in the accompanying statement of activities.

#### NOTE 15: SUBSEQUENT EVENTS

On September 16, 2015, the City entered into a loan agreement with the State of Idaho, Department of Environmental Quality for an amount not to exceed \$20,000,000 at a 2.75% interest rate to be repaid in biannual installments over 20 years. On March 2, 2018 the City requested and was granted an increase to the loan of \$500,000 which resulted in a total loan amount of up to \$20,500,000. 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 was for the construction of additional primary treatment improvements (including a new primary clarifier), secondary treatment improvements (including a new secondary clarifier), expansion of the tertiary filtration system to treat current and future plant flows, and modifications to the existing chemical systems. On October 15, 2020, this loan was closed out and converted to Sewer Revenue Bond, Series 2020, with a principal amount owing of \$20,500,000. The City paid \$1,455,374 in accrued interest owing from the loan on October 14, 2020. The first payment on the bond in the amount of \$1,346,470 is due on October 15, 2021 which includes \$782,720 in principal. Following the first payment October 15, 2021, payments will be semi-annual due on April 15<sup>th</sup> and October 15<sup>th</sup> of each year with a final maturity date of October 15, 2040. The City pledges income derived on the acquired or constructed assets to pay debt service

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020

**NOTE 16: PRIOR PERIOD ADJUSTMENT**

An adjustment was made to the net position, beginning of year for the police retirement pension trust fund, to properly reflect the end of the year net position at September 30, 2019 in the financial statements.

The following summarizes the prior period adjustment referred to above:

Balance at September 30, 2019, as previously reported	\$ 946,506
Prior period adjustment	(512,167)
Balance at September 30, 2019, as restated	<u>\$ 434,339</u>

**NOTE 17: 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 \$6,228,227 and the bank balance is \$6,232,657. As of 20, 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: \$6,232,657

The Agency maintains cash deposits with 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, 2020**

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

Capital Assets

Activity for ignite cda's capital assets for the fiscal year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,362,814	\$ -	\$ 59,550	\$ 1,303,264
Construction in Progress		11,041,885		11,041,885
Total Capital assets not being depreciated	<u>1,362,814</u>	<u>11,041,885</u>	<u>59,550</u>	<u>\$ 12,345,149</u>
Capital assets being depreciated:				
Buildings and sites	260,000		50,250	209,750
Total capital assets being depreciated	<u>260,000</u>	<u>-</u>	<u>50,250</u>	<u>209,750</u>
Less accumulated depreciation for:				
Buildings and sites	29,330		18,842	10,488
Total accumulated depreciation	<u>29,330</u>	<u>-</u>	<u>18,842</u>	<u>10,488</u>
Total capital assets being depreciated, net	230,670	-	31,408	199,262
Governmental activities capital assets, net	<u>\$ 1,593,484</u>	<u>\$ 11,041,885</u>	<u>\$ 90,958</u>	<u>\$ 12,544,411</u>

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 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, 2020, the remaining principal balance was \$1,819,851.

The annual requirements to retire the debt are as follows:

Fiscal year ending September 30,	Rate	Principal	Interest	Total
2021	1.25%	1,819,851	17,148	1,836,999
		<u>1,819,851</u>	<u>17,148</u>	<u>1,836,999</u>

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

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

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 fiscal year 2018.

The Agency is required to maintain an otherwise unrestricted Cash on Hand balance, as adjusted annually to an amount equal to 10% of the outstanding principal balance plus any unfunded balance of 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 as detailed below. 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. As of September 30, 2020, the outstanding principal balance was \$5,984,389.

As of September 30, 2019, the annual requirements to retire the outstanding balance are as follows:

Fiscal year ending September 30,	Rate	Principal	Interest	Total
2021	1.25%	2,992,194	117,302	3,109,496
2022	1.25%	2,992,195	50,194	3,042,389
		5,984,389	167,496	6,151,885

**City of Coeur d'Alene**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020**

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

Bond Payable – Washington Trust (2019 Series)

On January 11, 2019, the Agency entered into a third Revenue Allocation Bond agreement with Washington Trust Bank (2019 Series). The Agency may borrow up to \$7,000,000. This financing is intended to fund eligible strategic capital expenditure projects within the Agency's River District. Maturity was set for August 1, 2028 and the interest rate was set at the fixed rate of 3.3% per annum.

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 or August 1 following draws totaling \$1,000,000. As of September 30, 2020, the District has drawn a total of \$57,000 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 remaining 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, 2020:

	Beginning Balance	Principal Additions	Principal Payments	Ending Balance	Due in One Year
Bond Payable- Washington Trust 2019 Series	\$ 57,000			\$ 57,000	\$ -
Bond Payable- Washington Trust 2017 Series	5,551,333	2,283,500	1,850,444	5,984,389	2,992,194
Bond Payable- Washington Trust 2016 Series	3,594,077	-	1,774,226	1,819,851	1,819,851
	<u>\$ 9,202,410</u>	<u>\$ 2,283,500</u>	<u>\$ 3,624,670</u>	<u>\$ 7,861,240</u>	<u>\$ 4,812,045</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, 2020**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 21,160,045	\$ 21,160,045	\$ 21,412,243	\$ 252,198
Licenses and permits	5,707,786	5,671,786	5,365,788	(305,998)
Intergovernmental	11,422,005	13,037,007	20,159,316	7,122,309
Charges for services	308,500	345,500	275,097	(70,403)
Fines and forfeits	398,400	478,700	540,033	61,333
Investment (loss) earnings	210,000	210,000	191,178	(18,822)
Miscellaneous	346,000	433,000	713,149	280,149
Total revenues	<u>39,552,736</u>	<u>41,336,038</u>	<u>48,656,804</u>	<u>7,320,766</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,320,298	9,372,272	8,598,743	773,529
Public safety	26,386,496	27,431,167	26,206,007	1,225,160
Public works	5,823,685	6,114,343	5,950,285	164,058
Culture and recreation	3,124,026	3,132,562	2,918,994	213,568
Capital outlay	597,894	996,789	1,827,487	(830,698)
Debt service:				
Principal payments	-	-	63,632	(63,632)
Interest and fiscal agent fees	-	-	16,748	(16,748)
Total expenditures	<u>43,252,399</u>	<u>47,047,133</u>	<u>45,581,896</u>	<u>1,465,237</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(3,699,663)</u>	<u>(5,711,095)</u>	<u>3,074,908</u>	<u>8,786,003</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	-	-
Debt Issuance	-	-	-	-
Operating transfers in	2,824,090	2,858,578	2,859,770	1,192
Operating transfers out	(125,000)	(125,000)	(125,000)	-
Total other financing sources (uses)	<u>2,699,090</u>	<u>2,733,578</u>	<u>2,734,770</u>	<u>1,192</u>
Net change in fund balances	<u>(1,000,573)</u>	<u>(2,977,517)</u>	<u>5,809,678</u>	<u>8,787,195</u>
Fund balances - beginning of year	1,000,573	2,977,517	11,958,697	8,981,180
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,768,375</u>	<u>\$ 17,768,375</u>

**City of Coeur d'Alene**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
September 30, 2020**

**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, 2020.

**City of Coeur d'Alene**

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

	<u>9/30/2020</u>	<u>9/30/19</u>	<u>9/30/18</u>	<u>9/30/17</u>	<u>9/30/16</u>	<u>9/30/15</u>
City of Coeur d Alene's net pension liability percentage	100%	100%	100%	100%	100%	100%
City of Coeur d'Alene's net pension liability	\$ 1,142,378	\$ 1,142,378	\$ 913,577	\$ 903,304	\$ 852,633	\$ 273,211
City of Coeur d'Alene's total pension liability	\$ 2,088,884	\$ 2,088,884	\$ 1,981,905	\$ 2,150,043	\$ 2,265,698	\$ 1,671,680
City of Coeur d'Alene's fiduciary net position	\$ 434,339	\$ 434,339	\$ 1,068,328	\$ 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	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	20.79%	20.79%	53.90%	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, 2019 (measurement date)

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

	<u>9/30/2020</u>	<u>9/30/19</u>	<u>9/30/18</u>	<u>9/30/17</u>	<u>9/30/16</u>	<u>9/30/15</u>
City contributions		\$ 74	\$ 539	\$ 2,133	\$ 154,962	\$ 155,893
City's actuarially determined contributions	\$ 152,000	\$ 152,000	\$ 152,000	\$ 152,000	\$ 151,999	\$ 152,000
Difference between the actuarially determined contribution and the actual contribution	\$ (152,000)	\$ (151,926)	\$ (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	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, 2019 (measurement date)

**City of Coeur d'Alene**

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

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Total pension liability</b>						
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest cost	66,401	66,401	66,374	69,072	62,928	59,255
Changes in benefit terms	-	-	-	-	-	-
Experience (gain) loss	111,764	111,764	(63,527)	(56,597)	208,433	-
Changes of assumptions	104,074	104,074	-	39,502	487,003	-
Benefit payments	(175,260)	(175,260)	(170,985)	(167,632)	(164,346)	(161,123)
Net change in total pension liability	106,979	106,979	(168,138)	(115,655)	594,018	(101,868)
Total pension liability - beginning of year	1,981,905	1,981,905	2,150,043	2,265,698	1,671,680	1,773,548
Total pension liability - end of year (a)	<u>\$ 2,088,884</u>	<u>\$ 2,088,884</u>	<u>\$ 1,981,905</u>	<u>\$ 2,150,043</u>	<u>\$ 2,265,698</u>	<u>\$ 1,671,680</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ -	\$ 74	\$ 539	\$ 2,133	\$ 154,962	\$ 155,892
Net investment income	33,688	57,352	(3,394)	4,419	29,411	30,210
Benefit payments	(179,641)	(175,260)	(170,985)	(167,632)	(164,346)	(161,123)
Administrative expense	(3,458)	(3,988)	(4,571)	(5,246)	(5,430)	(5,448)
Other adjustment to agree to 9/30/19	27,589	-	-	-	-	-
Net change in fiduciary net position	(121,822)	(121,822)	(178,411)	(166,326)	14,597	19,531
Plan fiduciary net position - beginning of year	1,068,328	1,068,328	1,246,739	1,413,065	1,398,468	1,378,937
Plan fiduciary net position - end of year (b)	<u>\$ 946,506</u>	<u>\$ 946,506</u>	<u>\$ 1,068,328</u>	<u>\$ 1,246,739</u>	<u>\$ 1,413,065</u>	<u>\$ 1,398,468</u>
<b>Net pension liability (a) - (b)</b>	<u>\$ 1,142,378</u>	<u>\$ 1,142,378</u>	<u>\$ 913,577</u>	<u>\$ 903,304</u>	<u>\$ 852,633</u>	<u>\$ 273,212</u>

\* 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**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Annual Money-Weighted Rate of Return, Net of Investment Experience	5.44%	5.44%	-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 CITY'S SHARE OF NET PENSION LIABILITY  
PERSI - Base Plan  
Last 10 - Fiscal Years \***

	<b>9/30/20</b>	<b>9/30/19</b>	<b>9/30/18</b>	<b>9/30/17</b>	<b>9/30/16</b>	<b>9/30/15</b>
City of Coeur d'Alene's portion of the net pension liability	0.7699514%	0.7627450%	0.7816001%	0.7684929%	0.7700966%	0.7758284%
City of Coeur d'Alene's proportionate share of the net pension liability	\$ 17,879,292	\$ 8,706,522	\$ 11,528,738	\$ 12,079,388	\$ 15,611,041	\$ 10,216,398
City of Coeur d'Alene's covered-employee payroll	\$ 27,551,112	\$ 25,516,046	\$ 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-Plan fiduciary net position as a percentage of the total pension liability	64.89%	34.12%	46.57%	51.40%	70.36%	47.92%
	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

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

Data reported is measured as of June 30, 2020 (measurement date)

**SCHEDULE OF CITY OF COEUR D'ALENE'S CONTRIBUTIONS  
PERSI - Base Plan  
Last 10 - Fiscal Years \***

	<b>9/30/20</b>	<b>9/30/19</b>	<b>9/30/18</b>	<b>9/30/17</b>	<b>9/30/16</b>	<b>9/30/15</b>
Statutorily required contribution	\$ 3,020,835	\$ 2,918,570	\$ 3,035,277	\$ 2,591,451	\$ 2,289,207	\$ 2,537,750
Contributions in relation to the statutorily required contribution	\$ 3,315,704	\$ 2,975,323	\$ 2,885,192	\$ 2,738,658	\$ 2,572,387	\$ 2,603,758
Contribution (deficiency) excess	\$ 294,869	\$ 56,752	\$ (150,086)	\$ 147,207	\$ 283,180	\$ 66,009
City's covered-employee payroll	\$ 27,551,112	\$ 25,516,046	\$ 24,756,509	\$ 23,500,332	\$ 22,186,905	\$ 21,318,402
Contributions as a percentage of covered-employee payroll	12.03%	11.66%	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, 2020 (measurement date)

**City of Coeur d'Alene**

**SCHEDULE OF CITY'S SHARE OF NET PENSION LIABILITY  
PERSI - FRF Plan  
Last 10 - Fiscal Years \***

	<b>9/30/2020</b>	<b>9/30/19</b>	<b>9/30/18</b>	<b>9/30/17</b>	<b>9/30/16</b>	<b>9/30/15</b>
City of Coeur d Alene's portion of the net pension asset	8.3827379%	7.7156242%	7.9375918%	7.5070873%	7.3277629%	7.3707911%
City of Coeur d'Alene's proportionate share of the net pension asset	\$ 12,481,826	\$ 11,091,489	\$ 8,982,985	\$ 6,440,753	\$ 3,938,556	\$ 3,981,015
City of Coeur d'Alene's covered-employee payroll	\$ 6,636,100	\$ 6,059,963	\$ 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	188.09%	183.03%	151.16%	117.51%	78.61%	84.01%
Plan fiduciary net position as a percentage of the total pension asset	155.55%	152.74%	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 available.

Data reported is measured as of June 30, 2020 (measurement date)

**SCHEDULE OF CITY OF COEUR D'ALENE'S CONTRIBUTIONS  
PERSI - FRF Plan  
Last 10 - Fiscal Years \***

	<b>9/30/2020</b>	<b>9/30/19</b>	<b>9/30/18</b>	<b>9/30/17</b>	<b>9/30/16</b>	<b>9/30/15</b>
Statutorily required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contribution	\$ (725,978)	\$ (636,371)	\$ (611,689)	\$ (559,502)	\$ (527,496)	\$ (833,303)
Contribution (deficiency) excess	\$ (725,978)	\$ (636,371)	\$ (611,689)	\$ (559,502)	\$ (527,496)	\$ (833,303)
City's covered-employee payroll	\$ 6,636,100	\$ 6,059,963	\$ 5,942,693	\$ 5,480,973	\$ 5,010,150	\$ 4,738,865
Contributions as a percentage of covered-employee payroll	-10.94%	-10.50%	-10.29%	-10.21%	-10.53%	-17.58%

\* 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, 2020 (measurement date)

FINANCIAL SECTION

OTHER SUPPLEMENTARY INFORMATION



City of Coeur d'Alene, Idaho

**COMBINING BALANCE SHEET - BY FUND TYPE  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2020**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,702,749	\$ 95,281	\$ 6,798,030
Investments	1,304,374	-	1,304,374
Receivables:			
Taxes delinquent	34,916	32,454	67,370
Accounts	759	-	759
Assessments:			
Delinquent	-	733	733
Deferred	-	240,401	240,401
Due from other governments	4,653	2,137	6,790
Due from other funds	-	-	-
Total assets	<u>\$ 8,047,451</u>	<u>\$ 371,006</u>	<u>\$ 8,418,457</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 76,378	\$ -	\$ 76,378
Due to other funds	-	241,134	241,134
Total liabilities	<u>76,378</u>	<u>241,134</u>	<u>317,512</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue- property taxes	34,916	32,454	67,370
Unavailable revenue- special assessments	-	51	51
Total deferred inflows of resources	<u>34,916</u>	<u>32,505</u>	<u>67,421</u>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	4,370,328	97,418	4,467,746
Committed	3,470,490	-	3,470,490
Assigned	95,339	-	95,339
Unassigned	-	(51)	(51)
Total fund balances (deficits)	<u>7,936,157</u>	<u>97,367</u>	<u>8,033,524</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 8,047,451</u>	<u>\$ 371,006</u>	<u>\$ 8,418,457</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, 2020**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Taxes	\$ 1,764,571	\$ 889,924	\$ 2,654,495
Intergovernmental	10,400	-	10,400
Charges for services	1,413,240	-	1,413,240
Fines and forfeits	156	-	156
Assessments collected	-	6,221	6,221
Investment (loss) earnings	16,479	-	16,479
Interest	131,514	-	131,514
Miscellaneous	207,198	-	207,198
Penalty and interest	-	4,375	4,375
Total revenues	<u>3,543,558</u>	<u>900,520</u>	<u>4,444,078</u>
 <b>EXPENDITURES</b>			
Current:			
General government	329,984	-	329,984
Culture and recreation	1,726,781	-	1,726,781
Administrative expenses	-	-	-
Capital outlay	1,585,707	-	1,585,707
Debt service:			
Principal payments	-	778,293	778,293
Interest, fees and other	-	100,638	100,638
Total expenditures	<u>3,642,472</u>	<u>878,931</u>	<u>4,521,403</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(98,914)</u>	<u>21,589</u>	<u>(77,325)</u>
 <b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	426,782	-	426,782
Operating transfers out	<u>(676,070)</u>	-	<u>(676,070)</u>
Total other financing sources (uses)	<u>(249,288)</u>	-	<u>(249,288)</u>
Net change in fund balances	<u>(348,202)</u>	21,589	<u>(326,613)</u>
Fund balances (deficits) - beginning of year	8,284,359	75,778	8,360,137
Fund balances (deficits) - end of year	<u><u>\$ 7,936,157</u></u>	<u><u>\$ 97,367</u></u>	<u><u>\$ 8,033,524</u></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 for 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 ignitecda (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, 2020**

	<u>Library</u>	<u>Cemetery</u>	<u>Annexation Fees</u>	<u>Impact Fees</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 306,688	\$ 92,428	\$ 95,339	\$ 4,352,025
Investments	-	-	-	-
Receivables:				
Taxes delinquent	34,916	-	-	-
Accounts	-	759	-	-
Due from other governments	4,653	-	-	-
Total assets	<u>\$ 346,257</u>	<u>\$ 93,187</u>	<u>\$ 95,339</u>	<u>\$ 4,352,025</u>
<b>LIABILITIES</b>				
Accounts payable	<u>32,481</u>	<u>17,159</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>32,481</u>	<u>17,159</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue- property taxes	<u>34,916</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>34,916</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	-	-	-	4,352,025
Committed	278,860	76,028	-	-
Assigned	-	-	95,339	-
Total fund balances (deficits)	<u>278,860</u>	<u>76,028</u>	<u>95,339</u>	<u>4,352,025</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 346,257</u>	<u>\$ 93,187</u>	<u>\$ 95,339</u>	<u>\$ 4,352,025</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>
\$ 777,947	\$ 11,858	\$ 210,017	\$ 26,912	\$ 829,535	\$ 6,702,749
-	1,304,374	-	-	-	1,304,374
-	-	-	-	-	34,916
-	-	-	-	-	759
-	-	-	-	-	4,653
<u>\$ 777,947</u>	<u>\$ 1,316,232</u>	<u>\$ 210,017</u>	<u>\$ 26,912</u>	<u>\$ 829,535</u>	<u>\$ 8,047,451</u>
4,711	-	-	8,609	13,418	76,378
<u>4,711</u>	<u>-</u>	<u>-</u>	<u>8,609</u>	<u>13,418</u>	<u>76,378</u>
-	-	-	-	-	34,916
-	-	-	-	-	34,916
-	-	-	18,303	-	4,370,328
773,236	1,316,232	210,017	-	816,117	3,470,490
-	-	-	-	-	95,339
<u>773,236</u>	<u>1,316,232</u>	<u>210,017</u>	<u>18,303</u>	<u>816,117</u>	<u>7,936,157</u>
<u>\$ 777,947</u>	<u>\$ 1,316,232</u>	<u>\$ 210,017</u>	<u>\$ 26,912</u>	<u>\$ 829,535</u>	<u>\$ 8,047,451</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, 2020**

	<u>Library</u>	<u>Cemetery</u>	<u>Annexation Fees</u>	<u>Impact Fees</u>
<b>REVENUES</b>				
Taxes	\$ 1,764,571	\$ -	\$ -	\$ -
Intergovernmental	10,400	-	-	-
Charges for services	4,054	158,322	-	1,078,788
Fines and forfeits	156	-	-	-
Unrealized gain (loss) on investments	-	-	-	-
Interest	4,182	1,540	1,556	55,400
Miscellaneous	6,466	9,795	-	-
Total revenues	<u>1,789,829</u>	<u>169,657</u>	<u>1,556</u>	<u>1,134,188</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	273,729	-	-
Culture and recreation	1,564,025	-	-	-
Capital outlay	173,485	66,106	-	-
Total expenditures	<u>1,737,510</u>	<u>339,835</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>52,319</u>	<u>(170,178)</u>	<u>1,556</u>	<u>1,134,188</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	185,004	-	-
Operating transfers out	-	(31,778)	(99,000)	(320,288)
Total other financing sources (uses)	<u>-</u>	<u>153,226</u>	<u>(99,000)</u>	<u>(320,288)</u>
Net change in fund balances	52,319	(16,952)	(97,444)	813,900
Fund balances - beginning of year	226,541	92,980	192,783	3,538,125
Fund balances (deficits) - end of year	<u>\$ 278,860</u>	<u>\$ 76,028</u>	<u>\$ 95,339</u>	<u>\$ 4,352,025</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,764,571
					10,400
97,278	-	74,798	-	-	1,413,240
-	-	-	-	-	156
-	16,479	-	-	-	16,479
22,530	31,867	3,406	475	10,558	131,514
-	-	-	1,418	189,519	207,198
<u>119,808</u>	<u>48,346</u>	<u>78,204</u>	<u>1,893</u>	<u>200,077</u>	<u>3,543,558</u>
-	5,490	-	10,613	40,152	329,984
73,583	-	89,173	-	-	1,726,781
1,287,816	-	-	-	58,300	1,585,707
<u>1,361,399</u>	<u>5,490</u>	<u>89,173</u>	<u>10,613</u>	<u>98,452</u>	<u>3,642,472</u>
<u>(1,241,591)</u>	<u>42,856</u>	<u>(10,969)</u>	<u>(8,720)</u>	<u>101,625</u>	<u>(98,914)</u>
190,000	51,778	-	-	-	426,782
<u>(40,000)</u>	<u>(185,004)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(676,070)</u>
<u>150,000</u>	<u>(133,226)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(249,288)</u>
(1,091,591)	(90,370)	(10,969)	(8,720)	101,625	(348,202)
1,864,827	1,406,602	220,986	27,023	714,492	8,284,359
<u>\$ 773,236</u>	<u>\$ 1,316,232</u>	<u>\$ 210,017</u>	<u>\$ 18,303</u>	<u>\$ 816,117</u>	<u>\$ 7,936,157</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, 2020

	LID #149	LID #151	General Obligation Bonds	Total Nonmajor Debt Service Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 95,281	\$ 95,281
Receivables:				
Taxes Delinquent	-	-	32,454	32,454
Assessments				
Delinquent	733	-	-	733
Deferred	51	240,350	-	240,401
Due from other governments	-	-	2,137	2,137
Total assets	<u>\$ 784</u>	<u>\$ 240,350</u>	<u>\$ 129,872</u>	<u>\$ 371,006</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Deposits	\$ -	\$ -	\$ -	\$ -
Due to other funds	784	240,350	-	241,134
Total liabilities	<u>784</u>	<u>240,350</u>	<u>-</u>	<u>241,134</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	-	-	32,454	32,454
Unavailable revenue-special assessments	51	-	-	51
Total deferred inflows of resources	<u>51</u>	<u>-</u>	<u>32,454</u>	<u>32,505</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	-	-	97,418	97,418
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(51)	-	-	(51)
Total fund balances (deficits)	<u>(51)</u>	<u>-</u>	<u>97,418</u>	<u>97,367</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 784</u>	<u>\$ 240,350</u>	<u>\$ 129,872</u>	<u>\$ 371,006</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, 2020**

	LID #149	General Obligation Bonds	Total Nonmajor Debt Service Funds
<b>REVENUES</b>			
Taxes	\$ -	\$ 889,924	\$ 889,924
Assessments collected	6,221	-	6,221
Penalty and interest	-	4,375	4,375
Total revenues	6,221	894,299	900,520
<b>EXPENDITURES</b>			
Bond principal	-	778,293	778,293
Interest, fees and other	-	100,638	100,638
Total expenditures	-	878,931	878,931
Excess (deficiency) of revenues over (under) expenditures	6,221	15,368	21,589
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	6,221	15,368	21,589
Fund balances (deficits)-beginning of year	(6,272)	82,050	75,778
Fund balances (deficits) - end of year	\$ (51)	\$ 97,418	\$ 97,367

***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**

**LaCrosse Project:** To administer expenditures for the purpose of constructing an extension of LaCrosse Ave from Northwest Boulevard to Lakewood Drive and installing a traffic signal at Northwest Boulevard

**Downtown Signal Improvements:** To administer expenditures for the purpose of improving traffic signal lighting at Sherman Avenue and Lakeside Avenue.

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

**Northwest Boulevard Signal Improvements:** To administer expenditures for the purpose of improving traffic signal lighting on Northwest Boulevard

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

**Industrial Park Loop and Atlas:** To administer expenditures for the purpose of improving traffic signal lighting at Industrial Park Loop and Atlas Road.

**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, 2020**

	<b>Misc. Capital Projects</b>	<b>LaCrosse Project</b>	<b>Govt Way Hanley to Prairie</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,388	\$ 167,159	\$ 41,435
Accounts Receivable	-	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Total assets	<u>\$ 15,388</u>	<u>\$ 167,159</u>	<u>\$ 41,435</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	-	\$ -
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>			
Unassigned	15,388	167,159	41,435
Total fund balances (deficits)	<u>15,388</u>	<u>167,159</u>	<u>41,435</u>
Total liabilities and fund balances (deficits)	<u>\$ 15,388</u>	<u>\$ 167,159</u>	<u>\$ 41,435</u>

<b>Margaret Avenue</b>	<b>15th St Harrison to Best</b>	<b>Kathleen Avenue Widening</b>	<b>Traffic Calming</b>	<b>Atlas Waterfront Site</b>	<b>Total Capital Projects Funds</b>
	\$ 53,602	\$ 412,395	\$ 44,213	\$ -	\$ 734,192
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 53,602</u>	<u>\$ 412,395</u>	<u>\$ 44,213</u>	<u>\$ -</u>	<u>\$ 734,192</u>
\$ -	\$ -	\$ -		\$ -	\$ -
-	-	-	-	7,932,733	7,932,733
-	-	-	-	7,932,733	7,932,733
-	53,602	412,395	44,213	(7,932,733)	(7,198,541)
-	53,602	412,395	44,213	(7,932,733)	(7,198,541)
<u>\$ -</u>	<u>\$ 53,602</u>	<u>\$ 412,395</u>	<u>\$ 44,213</u>	<u>\$ -</u>	<u>\$ 734,192</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, 2020**

	Misc. Capital Projects	LaCrosse Project	Down- town Signal Improve- ments	Govt Way Hanley to Prairie	Northwest Boulevard Signal Improve- ments	US 95 / Ironwood Drive Intersection
<b>REVENUES</b>						
Contributions	\$ -	\$ 167,159	\$ -	\$ -	\$ -	
Intergovernmental	-		23,738	10,152	100,109	
Investment income	-		-		-	-
Total revenues	-	167,159	23,738	10,152	100,109	-
<b>EXPENDITURES</b>						
Services and supplies	-		-	-	-	-
Interest and fiscal agent fees	-		-	-	-	-
Capital outlay	-		120,066		348,863	-
Total expenditures	-	-	120,066	-	348,863	-
Excess (deficiency) of revenues over (under) expenditures	-	167,159	(96,328)	10,152	(248,754)	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	-		106,402		248,754	
Operating transfers out	-		-	-	-	(61,948)
Total other financing sources (uses)	-	-	106,402	-	248,754	(61,948)
Net change in fund balances	-	167,159	10,074	10,152	-	(61,948)
Fund balance (deficit) - beginning of year	15,388		(10,074)	31,283	-	61,948
Fund balance (deficit) - end of year	\$ 15,388	\$ 167,159	\$ -	\$ 41,435	\$ -	\$ -

<b>15th St Harrison to Best</b>	<b>Kathleen Avenue Widening</b>	<b>Seltice Way Sidewalks</b>	<b>Seltice Way</b>	<b>Industrial Park Loop and Atlas</b>	<b>US 95 Upgrade Project</b>	<b>Traffic Calming</b>	<b>Atlas Waterfront Site</b>	<b>Total Nonmajor Capital Projects Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,159
-	-	-	(10,152)	-	-	11,153	-	135,000
396	8,197	-	-	7,201	-	-	-	15,794
396	8,197	-	(10,152)	7,201	-	11,153	-	\$ 317,953
-	-	-	275	49,875	-	-	-	50,150
-	-	-	-	-	-	-	117,233	117,233
7,766	35,802	-	15,000	535,357	224,100	11,784	-	1,298,738
7,766	35,802	-	15,275	585,232	224,100	11,784	117,233	1,466,121
(7,370)	(27,605)	-	(25,427)	(578,031)	(224,100)	(631)	(117,233)	(1,148,168)
16,551	-	-	-	-	-	40,000	-	411,707
-	-	(8,789)	(27,399)	(16,551)	-	-	-	(114,687)
16,551	-	(8,789)	(27,399)	(16,551)	-	40,000	-	297,020
9,181	(27,605)	(8,789)	(52,826)	(594,582)	(224,100)	39,369	(117,233)	(851,148)
44,421	440,000	8,789	52,826	594,582	224,100	4,844	(7,815,500)	(6,347,393)
\$ 53,602	\$ 412,395	\$ -	\$ -	\$ -	\$ -	\$ 44,213	\$ (7,932,733)	\$ (7,198,541)

*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, 2020

	Business-type Activities - Nonmajor Enterprise Funds				Total Nonmajor Enterprise Funds
	Wastewater Property Management	Street Lighting	Public Parking Lot	Drainage	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 60,668	\$ 69,792	\$ 314,429	\$ 1,223,352	\$ 1,668,241
Receivables:					
Accounts, net of allowance for uncollectible accounts	-	53,442	265,998	98,091	417,531
Due from other governments				315	315
Total current assets	<u>60,668</u>	<u>123,234</u>	<u>580,427</u>	<u>1,321,758</u>	<u>2,086,087</u>
Non-current assets:					
Capital assets:					
Land	-	-	2,214,672	-	2,214,672
Construction in Progress	-	-	-	-	-
Other capital assets, net of accumulated depreciation	-	76,709	13,398,678	4,974,654	18,450,041
Total non-current assets	<u>-</u>	<u>76,709</u>	<u>15,613,350</u>	<u>4,974,654</u>	<u>20,664,713</u>
Total assets	<u>60,668</u>	<u>199,943</u>	<u>16,193,777</u>	<u>6,296,412</u>	<u>22,750,800</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred pension outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,368</u>	<u>13,368</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	-	68,182	11,928	10,535	90,645
Due to other Funds	-	-	-	-	-
Total current liabilities	<u>-</u>	<u>68,182</u>	<u>11,928</u>	<u>10,535</u>	<u>90,645</u>
Non-current liabilities:					
Compensated absences	-	-	-	27,000	27,000
Net pension liability	-	-	-	52,389	52,389
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,389</u>	<u>79,389</u>
Total liabilities	<u>-</u>	<u>68,182</u>	<u>11,928</u>	<u>89,924</u>	<u>170,034</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred pension inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>895</u>	<u>895</u>
<b>NET POSITION</b>					
Net investment in capital assets	-	76,709	15,613,350	4,974,654	20,664,713
Unrestricted	60,668	55,052	568,499	1,244,307	1,928,526
Total net position	<u>\$ 60,668</u>	<u>\$ 131,761</u>	<u>\$ 16,181,849</u>	<u>\$ 6,218,961</u>	<u>\$ 22,593,239</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, 2020**

	<b>Business-type Activities - Nonmajor Enterprise Funds</b>				<b>Total Nonmajor Enterprise Funds</b>
	<b>Wastewater Property Management</b>	<b>Street Lighting</b>	<b>Public Parking Lot</b>	<b>Drainage</b>	
<b>OPERATING REVENUES</b>					
Services	\$ -	\$ 596,041	\$ 850,456	\$ 1,100,253	\$ 2,546,750
<b>OPERATING EXPENSES</b>					
Administration	-	-	-	110,714	110,714
Maintenance	-	29,068	53,622	198,221	280,911
Supplies	-	-	-	37,428	37,428
Contracted services	-	658,825	132,336	33,363	824,524
Depreciation	-	9,877	891,878	370,435	1,272,190
Bad debt expense	-	82	-	142	224
Net pension expense (revenue)	-	-	-	19,011	19,011
Total operating expenses	-	697,852	1,077,836	769,314	2,545,002
Operating income (loss)	-	(101,811)	(227,380)	330,939	1,748
<b>NONOPERATING REVENUES</b>					
Investment income	-	1,408	4,080	17,566	23,054
Gain on sale of assets	-	-	-	-	-
Total nonoperating revenues	-	1,408	4,080	17,566	23,054
Income (loss) before contributions and transfers	-	(100,403)	(223,300)	348,505	24,802
Capital contributions	-	-	-	-	-
Operating transfers in	-	105,000	-	-	105,000
Operating transfers out	-	-	(664,232)	(182,141)	(846,373)
Change in net position	-	4,597	(887,532)	166,364	(716,571)
Total net position - beginning	60,668	127,164	17,069,381	6,052,597	23,309,810
Prior period adjustment	-	-	-	-	-
Total net position - ending	\$ 60,668	\$ 131,761	\$ 16,181,849	\$ 6,218,961	\$ 22,593,239

## City of Coeur d'Alene, Idaho

### COMBINING STATEMENT OF CASH FLOWS NONMAJOR PROPRIETARY FUND TYPES For the Year Ended September 30, 2020

	<b>Business-type Activities - Enterprise Funds</b>				<b>Total Nonmajor Enterprise Funds</b>
	<b>Waste- water Property Mgmt</b>	<b>Street Lighting</b>	<b>Public Parking Lot</b>	<b>Drainage</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ -	\$ 595,748	\$ 931,243	\$ 1,104,059	\$ 2,631,050
Payments to suppliers	-	(632,438)	(179,205)	(551,205)	(1,362,848)
Payments to employees	-	-	-	120,220	120,220
Net cash provided (used) by operating activities	-	(36,690)	752,038	673,074	1,388,422
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating transfers in	-	105,000	-	-	105,000
Operating transfers out	-	-	(664,232)	(182,141)	(846,373)
Net cash provided (used) by noncapital financing activities	-	105,000	(664,232)	(182,141)	(741,373)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital asset purchases	-	-	(83,376)	(428,527)	(511,903)
Contributions	-	-	-	(47,324)	(47,324)
Proceeds from the sale of assets	-	-	-	-	-
Net cash provided (used) by financing activities	-	-	(83,376)	(475,851)	(559,227)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	-	1,408	4,080	17,566	23,054
Net cash provided (used) by investing activities	-	1,408	4,080	17,566	23,054
Net increase (decrease) in cash and cash equivalents	-	69,718	8,510	32,648	110,876
Cash and cash equivalents, beginning of year	60,668	74	305,920	1,190,704	1,557,366
Cash and cash equivalents, end of year	<u>\$ 60,668</u>	<u>\$ 69,792</u>	<u>\$ 314,430</u>	<u>\$ 1,223,352</u>	<u>\$ 1,668,242</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$ -	\$ (101,811)	\$ (227,380)	\$ 330,939	\$ 1,748
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
(Increase) decrease in assets:					
Depreciation	-	9,877	891,878	370,435	1,272,190
Accounts receivable	-	(293)	80,787	4,121	84,615
Due from other governments	-	-	-	(315)	(315)
Deferred outflows of resources	-	-	-	(7,129)	(7,129)
Increase (decrease) in liabilities:					
Accounts payable	-	55,537	6,753	(41,612)	20,678
Due to other funds	-	-	-	-	-
Compensated absences	-	-	-	-	-
(Decrease) increase in net pension liability	-	-	-	26,823	26,823
(Decrease) increase in deferred inflows of resources	-	-	-	(10,188)	(10,188)
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ (36,690)</u>	<u>\$ 752,038</u>	<u>\$ 673,074</u>	<u>\$ 1,388,422</u>

REPORT REQUIRED BY THE GAO



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**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, 2020, 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, 29, 2021. Our report includes a reference to other auditors who audited the financial statements of ignite cda, as described in our report on the City of Coeur d'Alene's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**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) as a basis for designing 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 financial statements. 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. CPAs  
Post Falls, Idaho  
March 29, 2021

SINGLE AUDIT REPORT



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## **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, 2020. 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, 2020.



## 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., CPAs  
Post Falls, Idaho  
March 29, 2021

City of Coeur d'Alene, Idaho

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the year ended September 30, 2020**

Program Title	Federal CFDA Number	Pass Through Number	Federal Expenditures
<b><u>U.S. Department of Housing and Urban Development:</u></b>			
<i>Direct programs:</i>			
CDBG Block Grants / Entitlement Grants	14.218		\$ 346,300
<b><u>U.S. Department of Justice</u></b>			
<i>Direct programs:</i>			
Bulletproof Vest Partnership Program	16.607		5,808
Edward Byrne Memorial Justice Assistance Grant Program	16.738		143,218
Subtotal direct			<u>149,026</u>
<i>Passed through the State of Idaho:</i>			
STOP Violence Against Women	16.588		55,748
Subtotal passed through the State of Idaho			<u>55,748</u>
Total U.S. Department of Justice			<u>204,774</u>
<b><u>U.S. Department of Transportation</u></b>			
<i>Passed through the State of Idaho:</i>			
<i>Highway Planning and Construction Cluster:</i>			
Highway Planning and Construction-FAHP	20.205	826000176	23,738
			<u>23,738</u>
<i>Passed through the State of Idaho:</i>			
<i>Transportation Cluster:</i>			
State and Community Highway Safety	20.600	826000176	5,174
National Priority Safety Programs	20.616	826000176	70,130
Total Transportation Cluster			<u>75,304</u>
Total U.S. Department of Transportation			<u>99,042</u>
<b><u>Department of the Treasury</u></b>			
<i>Passed through the State of Idaho:</i>			
The Coronavirus Aid, Relief, and Economics Security Act	21.019	826000176	8,452,299
<b><u>Institute of Museum and Library Services</u></b>			
<i>Passed through the State of Idaho:</i>			
Grants to States	45.310	826000176	6,900
<b><u>U.S. Department of Homeland Security</u></b>			
<i>Passed through the State of Idaho:</i>			
Homeland Security Grant Program	97.067	826000176	39,704
Total U.S. Department of Homeland Security			<u>39,704</u>
			<u>\$ 9,149,019</u>

## City of Coeur d'Alene

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS September 30, 2020

#### 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, 2020. 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.

City of Coeur d'Alene

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
September 30, 2020

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

*Federal Awards*

Internal control over major programs:

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

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)  Yes  No

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
21.019	The Coronavirus Aid, Relief and Economics Security Act
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**City of Coeur d'Alene**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
September 30, 2020**

**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.