



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

Audited Financial Statements

September 30, 2015

City of Coeur d'Alene, Idaho

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City of Coeur d'Alene, Idaho

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Coeur d'Alene as of and for the year ended September 30, 2015, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Coeur d'Alene, as of September 30, 2015, 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.

Change in Accounting Principle

As described in Note 13 to the financial statements, in 2015, the City of Coeur d'Alene adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-14, the schedule of the City of Coeur d'Alene's share of net pension liability and pension contributions for the PERSI Base and FRF plans on pages 83-84, the schedule of employer's contributions, schedule of funding progress, five year trend information, annual development of pension costs and schedule of net pension liability and contributions for the police retirement trust fund on pages 79-81, the schedule of funding progress for postemployment benefit plans on page 82 and the budgetary comparison information on pages 77-78 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 non-major 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual non-major 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 non-major 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 7, 2016 on our consideration of 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 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 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 City of Coeur d'Alene's internal control over financial reporting and compliance.

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

Anderson Bros. CPA's, P.A.
March 7, 2016

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

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, 2015.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$304,883,658 (net position). Of this amount, \$20,550,227 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$6,979,057. This increase is made up of a 1.25% increase in the business activities and a 3.72% increase in the governmental activities.
- At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$21,648,189 an increase of \$7,706,840. \$6,000,000 of this increase is attributed to general obligation bond proceeds that were received in fiscal year 2014-15 but will not be spent until fiscal year 2015-16.
- Also, at the end of the fiscal year, unassigned fund balance for the General Fund was \$7,663,870, or 21.34% of the amended 2015 budget of general fund expenditures.
- The City's total debt increased by \$4,143,586 during fiscal year 2014-2015, due to the sale of \$6,000,000 in general obligation bonds for construction, acquisition and equipping of shared police / fire facilities, a mobile command / crime scene trailer and vehicle, construction and equipping of a covered parking areas for police vehicles, acquisition and installation of a public safety camera network, and acquisition of fire protection vehicles and equipment.

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.

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).

CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

The City maintains 27 individual governmental funds. Information is presented separately in the governmental Fund Balance sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the General Obligation Bonds Debt Service which are considered to be major funds. Data from the other 25 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements or schedules elsewhere in this report.

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

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

CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

Net positions – The City has 89.77% 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 3.49% 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, 6.74%, may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

A summary of the City's net position follows:

	Governmental Activities		Business-type Activities		Total	
	2015	Restated 2014	2015	Restated 2014	2015	Restated 2014
ASSETS						
Current and other assets	\$ 24,056,667	\$ 16,736,841	\$ 19,696,653	\$ 18,612,157	\$ 43,753,320	\$ 35,348,998
Net pension asset-FRF plan	3,981,015	2,749,176	-	-	\$ 3,981,015	\$ 2,749,176
Capital assets	131,148,212	131,418,732	182,073,669	182,537,064	313,221,881	313,955,796
Total assets	159,185,894	150,904,749	201,770,322	201,149,221	360,956,216	352,053,970
LIABILITIES						
Other liabilities	9,923,181	3,804,076	2,082,952	977,203	12,006,133	4,781,279
Net pension liability-base plan	6,575,089	3,532,628	1,342,593	721,341	7,917,682	4,253,969
Other long-term liabilities	5,210,075	6,471,725	29,705,312	32,217,759	34,915,387	38,689,484
Total liabilities	21,708,345	13,808,429	33,130,857	33,916,303	54,839,202	47,724,732
DEFERRED INFLOWS OF RESOURCES						
Net deferred pension inflows-base plan	856,494	4,187,119	174,889	854,984	1,031,383	5,042,103
Net deferred pension inflows-FRF plan	201,973	1,382,534	-	-	201,973	1,382,534
	1,058,467	5,569,653	174,889	854,984	1,233,356	6,424,637
NET POSITION						
Net investment in capital assets	122,245,778	127,850,860	151,457,629	150,736,089	273,703,407	278,586,949
Restricted	10,630,024	4,190,619	-	-	10,630,024	4,190,619
Unrestricted	3,543,280	(514,812)	17,006,947	15,641,845	20,550,227	15,127,033
Total net position	\$ 136,419,082	\$ 131,526,667	\$ 168,464,576	\$ 166,377,934	\$ 304,883,658	\$ 297,904,601

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

CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

	Governmental Activities		Business-type Activities		Total	
	2015	Restated 2014	2015	Restated 2014	2015	Restated 2014
REVENUES						
Program revenues:						
Charges for services	\$ 3,586,847	\$ 3,888,759	\$ 19,575,172	\$ 17,141,856	\$ 23,162,019	\$ 21,030,615
Operating grants and contributions	1,995,247	332,095	-	-	1,995,247	332,095
Capital grants and contributions	685,498	211,996	3,620,151	12,203,116	4,305,649	12,415,112
General revenues:						
Property taxes	20,451,448	19,406,499	-	-	20,451,448	19,406,499
Sales tax	3,062,069	2,818,471	-	-	3,062,069	2,818,471
Franchise fees	3,300,627	3,127,341	-	-	3,300,627	3,127,341
Motor fuel taxes	1,636,545	1,511,475	-	-	1,636,545	1,511,475
Alcoholic beverage taxes	1,084,985	1,099,362	-	-	1,084,985	1,099,362
Grants and contributions not restricted to specific purposes	2,628,337	3,838,081	-	-	2,628,337	3,838,081
Interest and investment earnings	64,442	(21,292)	156,142	76,360	220,584	55,068
Miscellaneous	585,398	610,467	-	-	585,398	610,467
Special assessments	862,105	16,270	-	-	862,105	16,270
Donated assets	1,592,864	11,785	-	-	1,592,864	11,785
Total revenues	<u>41,536,412</u>	<u>36,851,309</u>	<u>23,351,465</u>	<u>29,421,332</u>	<u>64,887,877</u>	<u>66,272,641</u>
EXPENSES						
General government	6,222,149	6,045,222	-	-	6,222,149	6,045,222
Public safety	17,999,890	19,067,331	-	-	17,999,890	19,067,331
Public works	8,094,927	7,434,524	-	-	8,094,927	7,434,524
Culture and recreation	4,864,034	4,801,003	-	-	4,864,034	4,801,003
Administrative expense	1,978,225	258,635	-	-	1,978,225	258,635
Interest on long-term debt	283,968	165,510	-	-	283,968	165,510
Change in OPEB obligation	17,653	69,128	-	-	17,653	69,128
Water services	-	-	5,491,849	5,274,167	5,491,849	5,274,167
Wastewater	-	-	8,420,867	7,741,019	8,420,867	7,741,019
Sanitation	-	-	3,256,731	3,103,204	3,256,731	3,103,204
Other enterprise	-	-	1,686,392	1,672,708	1,686,392	1,672,708
Loss (gain) on asset disposal	-	38,926	(8,246)	(88,472)	(8,246)	(49,546)
Net pension expense (revenue)	(667,161)	6,353,105	267,543	1,576,325	(399,618)	7,929,430
Total expenses	<u>38,793,685</u>	<u>44,233,384</u>	<u>19,115,136</u>	<u>19,278,951</u>	<u>57,908,821</u>	<u>63,512,335</u>
Increase (decrease) in net position before transfers	2,742,727	(7,382,075)	4,236,329	10,142,381	6,979,056	2,760,306
Transfers	2,149,688	1,820,023	(2,149,688)	(1,820,023)	-	-
Change in net position	<u>\$ 4,892,415</u>	<u>\$ (5,562,052)</u>	<u>\$ 2,086,641</u>	<u>\$ 8,322,358</u>	<u>\$ 6,979,056</u>	<u>\$ 2,760,306</u>

CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

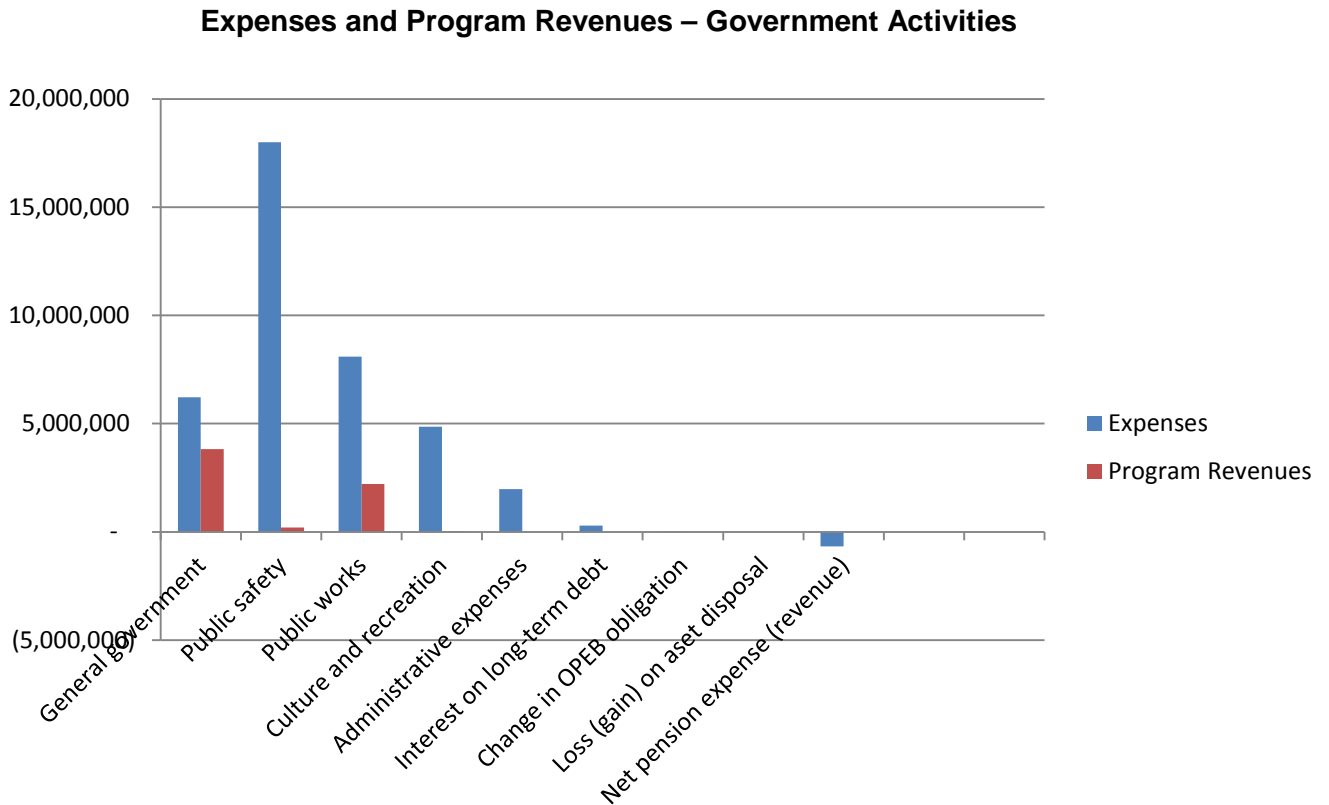
OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Major changes in governmental activities were as follows:

Governmental activities increased the City's net position by \$4,892,415, which impacted the City's Governmental net position by approximately 3.72%. Operating grants and contributions increased by \$1.66 million due to grant funds received from the State of Idaho to purchase right of way along Government Way that is needed to widen the street to 5 lanes. Donated assets increased by \$1.58 million which was primarily due to railroad property purchased by ignite cda from Burlington Northern and donated to the City. Administrative expenses increased by \$1.7 million mainly due to the right of way purchases on Government Way with the grant funds from the State. Pension expense decreased by \$7 million, due to changes in the net pension asset, net pension liability, and deferred inflows and outflows of resources.

Governmental Activities:

The following graphs depict various governmental activities and show the expenses and revenues for 2014 and 2015.



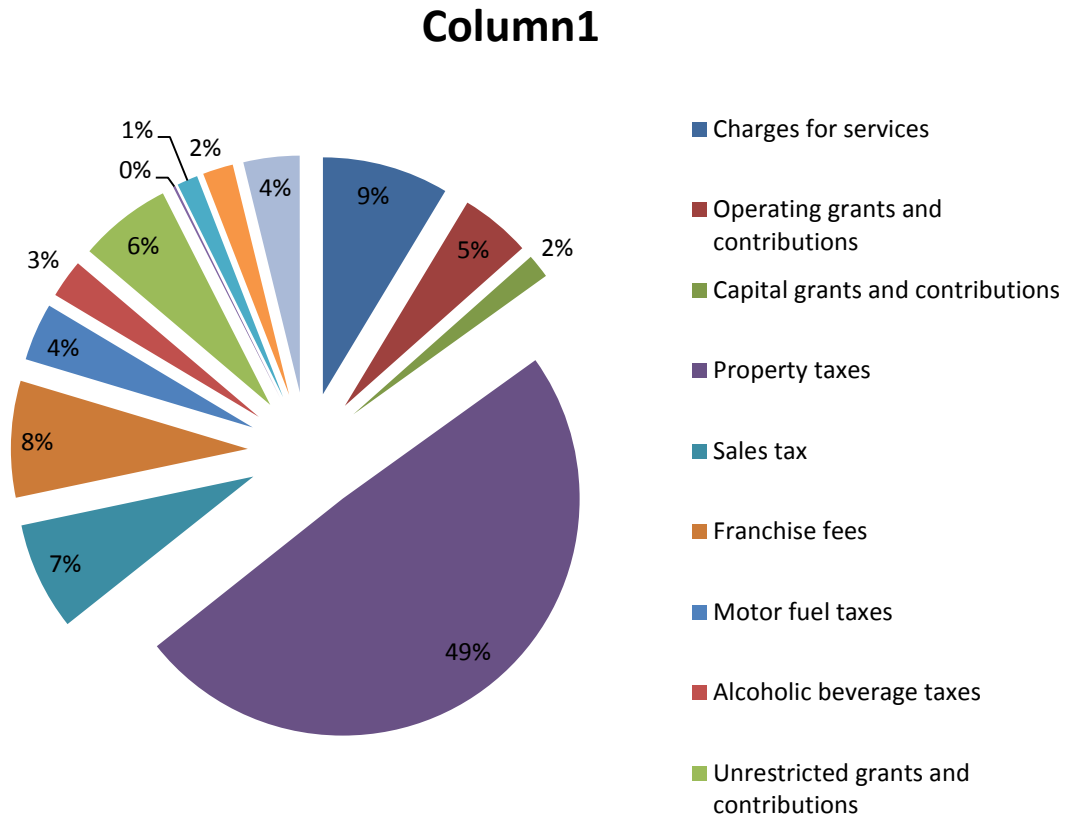
CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Activities:

Revenues by Source – Governmental Activities



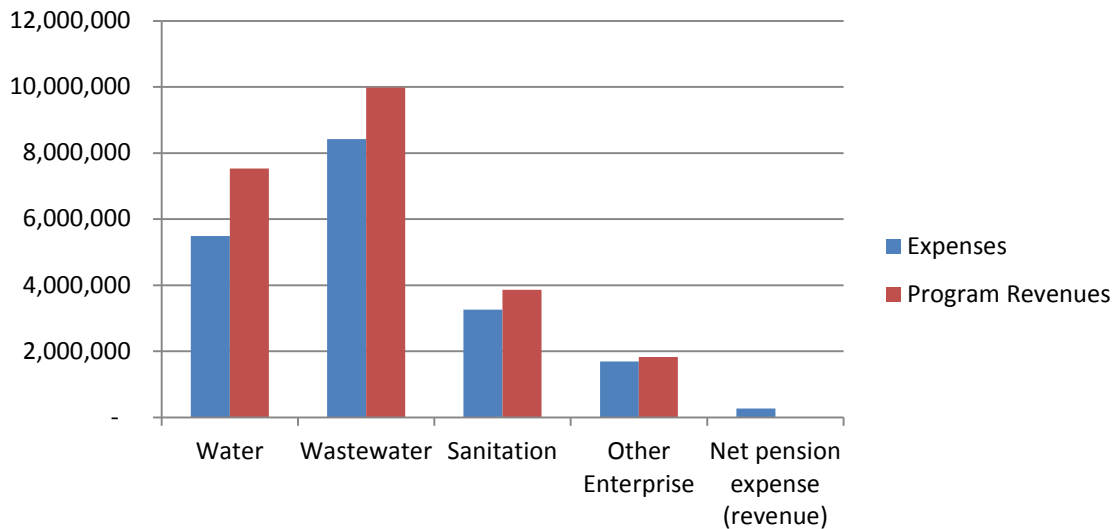
CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

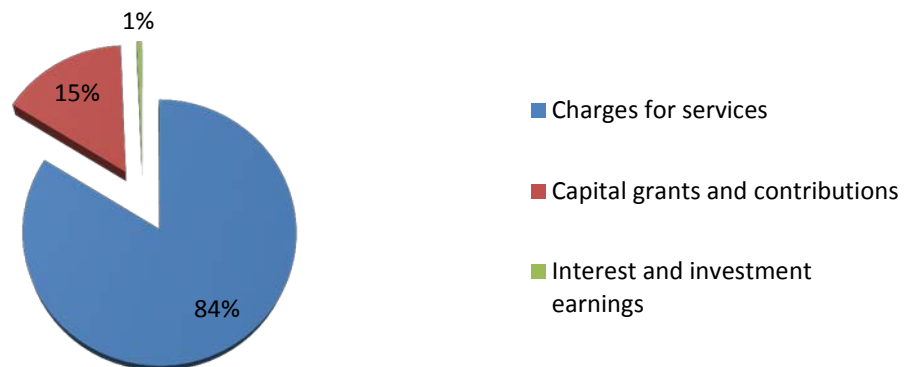
Business-Type Activities – Business-type activities increased the City's net position by \$2,086,641, which impacted the City's business-type net position by 1.25%. Revenue from charges for services increased by \$2.4 million mainly due to an increase in water revenues of \$1 million and an increase in wastewater revenue of \$1.1 million. Revenue received from capital grants and contributions revenue decreased by \$8.58 million, due partly to a decrease in the public parking fund of \$5.47 million. This decrease can be contributed to a portion of the McEuen parking lot being donated to the City in fiscal year 214-2015, by ignite cda. Other factors contributing to the decrease in capital grants and contributions is a decrease in water cap fees and contributed capital of \$1.49 million and a decrease in wastewater cap fees and contributed capital of \$1.61 million. Pension expense decreased by \$1.3 million, due to changes in the net pension liability, and deferred inflows and outflows of resources.

Expenses and Program Revenue – Business-Type Activities



Revenues by Source – Business-type Activities

Revenues



CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 \$21,648,189 an increase of \$7,706,840. Of the \$21,648,189 fund balance \$7,551,936 is unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted, committed or assigned to indicate that it is not available for new spending because it has already been committed to pay debt service, public safety capital needs (general obligation bond proceeds), future park, fire, police and street projects, and perpetual care of cemeteries.

The General Fund is the chief operating fund of the City. At the end of the current year, the fund balance of the General Fund was \$13,956,901. 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 38.87% of 2015 budgeted expenditures and the unassigned fund balance of \$7,663,870 represents 21.34% of 2015 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 2016 from the first current-year property tax settlement.

General Fund cash balance was increased by \$7,298,602. \$6,000,000 of this increase is attributed to general obligation bond proceeds that were received late in fiscal year 2014-15 and will be spent in fiscal year 2015-16. Revenues were \$1,331,341 higher than budgeted and expenses were \$1,992,646 lower than budgeted. Revenues increased \$2,010,368 from the previous year and expenses increased \$1,682,320. Transfers out decreased by \$767,153 and transfers in increased by \$156,349.

The fund balance of the City's General Fund increased \$7,246,269. This increase was due to \$6,000,000 in proceeds from general obligation bonds that will be spent in fiscal year 2015-16 and savings in public safety expenditures due to personnel vacancies in the police department.

The Cemetery Fund Special Revenue Fund had a fund balance deficit of \$17,037 at September 30, 2015 which will be corrected in fiscal year 2015-16 with an operating transfer in from the General Fund. LID 145 and LID 149 had fund balance deficits in the amounts of \$26,967 and \$50,272 respectively. These deficits will disappear as funds are collected each year from affected property owners in the special assessment boundaries.

The General Obligation Bonds Debt Service Fund has a total fund balance of \$521,129 all of which is designated to pay future debt service payments on the City's General Obligation Bonds.

CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the Government's Funds (continued)

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 \$17,006,947. The total increase in net position for the funds was \$2,086,641.

GENERAL FUND BUDGET HIGHLIGHTS

The City's General Fund budget was amended during the fiscal year. The amendment increased the General Fund budget before transfers out by \$2,720,710. The largest amendment was \$1,070,000 to purchase right of way from Burlington Northern Santa Fe. Amendments in the amount of \$511,700 were approved for public safety expenditures from the general obligation bond proceeds. These funds were not expended in fiscal year 2014-15 and will be carried over to the 2015-16 fiscal year. The street overlay budget in the Engineering Department was also amended in the amount of \$448,302 to account for overlay projects that were not completed in fiscal year 2013-14 and were carried over and completed in fiscal year 2014-15.

The budget amendment included the use of \$1,508,589 of General Fund Balance but in actuality the fund balance was increased by \$7,246,269 due to the restricted proceeds of \$6,000,000 of general obligation bonds. Also contributing to this increase was the collection of actual revenues being 5.82% higher than the City's original budget and actual expenditures being only 2.19% higher than the City's original budget.

Overall expenditures before transfers were \$1,992,646 under the final amended budget and \$728,064 over the original budget. Overall revenues before transfers were \$1,331,341 over the final amended budget of \$31,826,263 and \$1,824,387 over the original budget of \$31,333,217.

CAPITAL ASSETS

The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of September 30, 2015, amounts to \$313,221,881. This investment in capital assets includes land, buildings, infrastructure, construction in progress, machinery and equipment and vehicles. This balance represents a net decrease of \$733,915 from the prior year. Additional details of capital asset activity for the year can be found in Note 5 of the notes to basic financial statements.

The decrease in the net capital assets can be attributed to the depreciation expense for fiscal year 2014-15 being larger than the additional assets purchased in the year.

LONG-TERM DEBT

The City's long-term bonded debt increased by \$12,042,532 in 2015; leaving a balance of \$38,100,626 at year-end. Additional details of long-term debt activity for the year can be found in Note 6 in the notes to basic financial statements.

CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2015

LONG-TERM DEBT (CONTINUED)

The increase in debt for fiscal year 2014-15 can be attributed to the sale of \$6,000,000 in general obligation bonds as mentioned before and the addition of \$8,670,367 in sewer revenue bonds to pay for upgrades and construction of tertiary membrane filtration and nitrification improvements to the wastewater treatment facilities.

State statutes limit the amount of general obligation debt a government entity may issue to 2% of assessed market value. The current debt limitation for the City is \$61,308,316 which is significantly higher than the City's net outstanding general obligation debt of \$7,859,106.

GASB STATEMENT 68

In June 2012, the Governmental Accounting Standards Board (GASB) issued new public pension accounting rules that took effect for fiscal years beginning after June 15, 2014 for local and state governments. Specifically, GASB 68 requires PERSI employers to present their share of PERSI Net Pension Liability (NPL), as well as certain supplemental information on their financial statements.

This change in accounting required a prior period adjustment to the enterprise funds of the City that decreased beginning net position by \$1,576,324. Total net pension expense to the enterprise funds of \$267,543 for fiscal year 2015-16 was recorded which also decreased total net position, by this amount. This change also required a prior period adjustment to the governmental activities which decreased the beginning net position by \$6,353,105. Net pension revenue for the governmental funds for the 2015-16 year was \$667,161 which increased the ending net position by that same amount.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City Council chose not to take any of the available dollars through the 3% increase in property taxes last year. There is new single family building growth happening and moderate growth in the commercial real estate sector. The City added 7.5 public safety positions in the police department in fiscal year 2015-16. The fire department will be building Fire Station 4 in fiscal year 2015-16 and hiring 9 additional fire fighters in fiscal year 2016-17.

The City passed a public safety general obligation bond renewal in fiscal year 2014-15. The existing ten year bond was paid off and another 10 year bond was finalized to acquire needed equipment including fire trucks, rolling stock, an incident command vehicle and an office/storage building. This bond cannot be used to fund personnel. The challenge in future years will be to find funding for additional needed personnel.

There will be scheduled fee increases that occur in the water and wastewater funds. 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 the City of Coeur d'Alene, Finance Director, 710 Mullan Avenue, Coeur d'Alene, Idaho 83814.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

City of Coeur d'Alene, Idaho

STATEMENT OF NET POSITION September 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	ignite cda
ASSETS				
Cash and cash equivalents	\$ 19,606,830	\$ 15,811,025	\$ 35,417,855	\$ 9,085,704
Investments	1,639,810	-	1,639,810	-
Receivables:				
Taxes delinquent	262,346	-	262,346	393,138
Accounts receivable	745,084	3,253,742	3,998,826	-
Special assessments	536,334	104,565	640,899	-
Prepaid expenses	-	2,321	2,321	-
Internal balances	(525,000)	525,000	-	-
Due from other governments	1,791,263	-	1,791,263	-
Deposits	-	-	-	8,260
Restricted cash - bond reserve	-	-	-	1,305,337
Net pension asset-FRF plan	3,981,015	-	3,981,015	-
Capital assets:			-	
Land	17,692,630	2,031,210	19,723,840	3,599,863
Construction in Progress	355,664	72,804	428,468	-
Capital assets, net of accumulated depreciation	113,099,918	179,969,655	293,069,573	1,519,777
Total assets	<u>159,185,894</u>	<u>201,770,322</u>	<u>360,956,216</u>	<u>15,912,079</u>
LIABILITIES				
Accounts payable	1,945,617	592,258	2,537,875	-
Accrued payroll and related costs	1,259,313	-	1,259,313	3,854
Other accrued liabilities	-	100,000	100,000	-
Due to other governments	-	-	-	553
Deposits	111,183	-	111,183	11,435
Accrued interest payable	31,979	48,101	80,080	-
Net pension liability-base plan	6,575,089	1,342,593	7,917,682	-
Long-term liabilities:				
Due within one year	886,954	1,618,894	2,505,848	2,470,388
Due in more than one year	10,898,210	29,429,011	40,327,221	9,264,439
Total liabilities	<u>21,708,345</u>	<u>33,130,857</u>	<u>54,839,202</u>	<u>11,750,669</u>
DEFERRED INFLOWS OF RESOURCES				
Net deferred pension inflows-base plan	856,494	174,889	1,031,383	-
Net deferred pension inflows-FRF plan	201,973	-	201,973	-
Total deferred inflows of resources	<u>1,058,467</u>	<u>174,889</u>	<u>1,233,356</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	122,245,778	151,457,629	273,703,407	3,766,548
Restricted	10,630,024	-	10,630,024	(4,545,406)
Unrestricted	3,543,280	17,006,947	20,550,227	4,940,268
Total net position	<u>\$ 136,419,082</u>	<u>\$ 168,464,576</u>	<u>\$ 304,883,658</u>	<u>\$ 4,161,410</u>

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

City of Coeur d'Alene, Idaho
STATEMENT OF ACTIVITIES
For the year ended September 30, 2015

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,222,149	\$ 3,586,847	\$ 242,815	\$ -
Public safety	17,999,890	-	88,608	109,134
Public works	8,094,927	-	1,632,237	576,364
Culture and recreation	4,864,034	-	31,587	-
Administrative expense	1,978,225	-	-	-
Interest on long-term debt	283,968	-	-	-
Change in OPEB obligation	17,653	-	-	-
Net pension expense (revenue)	(667,161)			
Total governmental activities	38,793,685	3,586,847	1,995,247	685,498
Business-type activities:				
Water	5,491,849	5,644,472	-	1,886,184
Wastewater	8,420,867	8,246,567	-	1,733,967
Sanitation	3,256,731	3,858,011	-	-
Other Enterprise	1,686,392	1,826,122	-	-
Net pension expense (revenue)	267,543	-	-	-
Total business-type activities	19,123,382	19,575,172	-	3,620,151
Total primary government	\$ 57,917,067	\$ 23,162,019	\$ 1,995,247	\$ 4,305,649
Component unit:				
Lake City Development Corporation	\$ 2,328,583	\$ 145,064	\$ -	\$ -
Total component unit	\$ 2,328,583	\$ 145,064	\$ -	\$ -

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
- Total general revenues and transfers
- 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
\$ (2,392,487)	\$ -	\$ (2,392,487)	\$ -
(17,802,148)	-	(17,802,148)	-
(5,886,326)	-	(5,886,326)	-
(4,832,447)	-	(4,832,447)	-
(1,978,225)	-	(1,978,225)	-
(283,968)	-	(283,968)	-
(17,653)	-	(17,653)	-
667,161	-	667,161	-
(32,526,093)	-	(32,526,093)	-
-	2,038,807	2,038,807	-
-	1,559,667	1,559,667	-
-	601,280	601,280	-
-	139,730	139,730	-
-	(267,543)	(267,543)	-
-	4,071,941	4,071,941	-
\$ (32,526,093)	\$ 4,071,941	(28,454,152)	-
			\$ (2,183,519)
			\$ (2,183,519)
20,451,448	-	20,451,448	6,397,526
3,062,069	-	3,062,069	-
3,300,627	-	3,300,627	-
1,636,545	-	1,636,545	-
1,084,985	-	1,084,985	-
2,628,337	-	2,628,337	-
64,442	156,142	220,584	8,174
585,398	-	585,398	55,602
1,592,864	-	1,592,864	-
862,105	-	862,105	-
-	8,246	8,246	30,666
2,149,688	(2,149,688)	-	-
37,418,508	(1,985,300)	35,433,208	6,491,968
4,892,415	2,086,641	6,979,056	4,308,449
137,879,772	167,954,259	305,834,031	(147,039)
(6,353,105)	(1,576,324)	(7,929,429)	-
\$ 136,419,082	\$ 168,464,576	\$ 304,883,658	\$ 4,161,410

City of Coeur d'Alene, Idaho

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2015

	General	General Obligation Bonds Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 13,651,939	\$ 480,234	\$ 5,474,657	\$ 19,606,830
Investments	-	-	1,639,810	1,639,810
Receivables:				
Taxes delinquent	219,060	19,531	23,755	262,346
Accounts receivable	681,380	36,675	27,029	745,084
Special assessments	-	-	536,334	536,334
Due from other governments	1,742,060	4,220	44,983	1,791,263
Due from other funds	976,241	-	212,000	1,188,241
Total assets	<u>\$ 17,270,680</u>	<u>540,660</u>	<u>\$ 7,958,568</u>	<u>\$ 25,769,908</u>
LIABILITIES				
Accounts payable	\$ 1,886,082	\$ -	\$ 59,535	\$ 1,945,617
Due to other funds	1,100,000	-	613,241	1,713,241
Deposits	108,637	-	2,546	111,183
Total liabilities	<u>3,094,719</u>	<u>-</u>	<u>675,322</u>	<u>3,770,041</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue- property taxes	219,060	19,531	23,755	262,346
Unavailable revenue- special assessments	-	-	89,332	89,332
Total deferred inflows of resources	<u>219,060</u>	<u>19,531</u>	<u>113,087</u>	<u>351,678</u>
FUND BALANCES (DEFICITS)				
Restricted	6,064,442	521,129	4,044,453	10,630,024
Committed	207,553	-	2,993,087	3,200,640
Assigned	21,036	-	244,553	265,589
Unassigned	7,663,870	-	(111,934)	7,551,936
Total fund balances	<u>13,956,901</u>	<u>521,129</u>	<u>7,170,159</u>	<u>21,648,189</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 17,270,680</u>	<u>\$ 540,660</u>	<u>\$ 7,958,568</u>	<u>\$ 25,769,908</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, 2015

Total fund balances at September 30, 2015 - Governmental Funds		\$ 21,648,189
Cost of capital assets at September 30, 2015	\$ 203,962,281	
Less: Accumulated depreciation as of September 30, 2015		
Buildings	(7,906,977)	
Equipment	(14,270,078)	
Infrastructure	(48,135,267)	
Other improvements	<u>(2,501,747)</u>	131,148,212
Net pension asset		3,981,015
Elimination of deferred revenue		351,678
Accrued interest		(31,979)
OPEB Obligation		(1,259,313)
Net pension liability		(6,575,089)
Net deferred (inflows)/outflows of resources-base plan		(856,494)
Net deferred (inflows)/outflows of resources-FRF plan		(201,973)
Long-term liabilities at September 30, 2015		
Leases	(755,767)	
General obligation debt	(7,859,106)	
Bond premium net of amortization	(77,318)	
Compensated absences	<u>(3,092,973)</u>	<u>(11,785,164)</u>
Net position at September 30, 2015		<u>\$ 136,419,082</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, 2015

	General Fund	General Obligation Bonds Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 17,447,814	\$ 1,185,928	\$ 1,663,546	\$ 20,297,288
Licenses and permits	5,131,161	-	-	5,131,161
Intergovernmental	8,672,725	-	2,416,193	11,088,918
Charges for services	323,352	-	1,076,699	1,400,051
Fines and forfeits	337,712	-	18,550	356,262
Assessments collected	843,123	-	65,396	908,519
Investment (loss) earnings	14,463	1,075	48,904	64,442
Contributions	-	-	3,763	3,763
Miscellaneous	387,254	-	198,144	585,398
Total revenues	33,157,604	1,187,003	5,491,195	39,835,802
EXPENDITURES				
Current:				
General government	5,687,995	-	712,910	6,400,905
Public safety	18,629,149	-	-	18,629,149
Public works	4,981,013	-	-	4,981,013
Culture and recreation	2,517,829	-	1,505,041	4,022,870
Administrative expense	-	-	1,978,225	1,978,225
Capital outlay	2,048,487	-	1,090,331	3,138,818
Debt service:				
Principal payments	37,737	2,617,039	159,500	2,814,276
Interest and fiscal agent fees	15,059	250,500	5,016	270,575
Total expenditures	33,917,269	2,867,539	5,451,023	42,235,831
(Deficiency) excess of revenues				
(under) over expenditures	(759,665)	(1,680,536)	40,172	(2,400,029)
OTHER FINANCING SOURCES (USES)				
Debt issuance	6,238,075	1,719,106	-	7,957,181
Bond premium	-	-	-	-
Operating transfers in	1,816,876	-	849,798	2,666,674
Operating transfers out	(49,017)	-	(467,969)	(516,986)
Total other financing sources (uses)	8,005,934	1,719,106	381,829	10,106,869
Net change in fund balances	7,246,269	38,570	422,001	7,706,840
Fund balances (deficits) - beginning of year	6,710,632	482,559	6,748,158	13,941,349
Fund balances - end of year	\$ 13,956,901	\$ 521,129	\$ 7,170,159	\$ 21,648,189

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, 2015

Total net changes in fund balances for year ended September 30, 2015	\$ 7,706,840
Add: Capital outlay which is considered expenditures	3,138,818
Less: Depreciation expense for the year ended September 30, 2015	(5,002,202)
Add: Current year PERSI contributions	2,033,403
Less: PERSI pension plan expense (revenue)	667,161
Elimination of interfund revenues and expenditures:	
Add: Interfund transfers out	516,986
Less: Interfund transfers in	(516,986)
Less: Change in compensated absence accrual for the year ended September 30, 2015	(178,264)
Add: Debt principal payments considered as an expenditure	2,814,276
Less: Proceeds from capital lease	(238,075)
Less: Proceeds from GO Bonds	(7,719,106)
Add: Donated fixed asset additions	1,592,864
Add: Change in accrued interest	(21,124)
Add: Bond Premium Amortization	7,731
Less: Change in OPEB obligation	(17,653)
Less: Difference between revenue earned on property taxes on modified accrual basis versus revenue on property taxes on accrual basis	154,160
Less: Difference between revenue earned on special assessments on modified accrual basis versus revenue on special assessments on accrual basis	<u>(46,414)</u>
Change in net position for year ended September 30, 2015	<u><u>\$ 4,892,415</u></u>

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

City of Coeur d'Alene, Idaho
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2015

	Business-type Activities - Enterprise Funds				
	Water Fund	Wastewater Fund	Sanitation Fund	Other Enterprise	Total Current Year
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 4,270,389	\$ 11,132,857	\$ 3,207	\$ 404,572	\$ 15,811,025
Receivables:					
Accounts, net of allowance for uncollectible accounts	1,181,693	1,110,685	346,362	615,002	3,253,742
Special assessments receivable	104,565	-	-	-	104,565
Due from other funds	-	1,100,000	-	-	1,100,000
Prepaid expenses	267	2,054	-	-	2,321
Total current assets	<u>5,556,914</u>	<u>13,345,596</u>	<u>349,569</u>	<u>1,019,574</u>	<u>20,271,653</u>
Capital assets:					
Land	380,926	1,528,020	-	122,264	2,031,210
Construction in Progress	-	72,804	-	-	72,804
Capital assets, net of accumulated depreciation	<u>62,860,273</u>	<u>104,551,876</u>	<u>-</u>	<u>12,557,506</u>	<u>179,969,655</u>
Total capital assets, net	<u>63,241,199</u>	<u>106,152,700</u>	<u>-</u>	<u>12,679,770</u>	<u>182,073,669</u>
Total non-current assets	<u>63,241,199</u>	<u>106,152,700</u>	<u>-</u>	<u>12,679,770</u>	<u>182,073,669</u>
Total assets	<u>68,798,113</u>	<u>119,498,296</u>	<u>349,569</u>	<u>13,699,344</u>	<u>202,345,322</u>
LIABILITIES					
Current liabilities:					
Accounts payable	212,730	295,829	-	83,699	592,258
Claims liability	-	100,000	-	-	100,000
Due to other funds	-	-	145,000	430,000	575,000
Accrued interest	-	48,101	-	-	48,101
Current portion of compensated absences	14,676	7,773	-	-	22,449
Current portion of leases payable	7,716	26,150	-	-	33,866
Current portion of bonds/loan payable	-	1,562,579	-	-	1,562,579
Total current liabilities	<u>235,122</u>	<u>2,040,432</u>	<u>145,000</u>	<u>513,699</u>	<u>2,934,253</u>
Non-current liabilities:					
Compensated absences	173,110	214,031	-	22,275	409,416
Net pension liability	554,007	754,320	-	34,266	1,342,593
Leases payable	132,002	285,971	-	-	417,973
Bonds payable, net of unamortized discounts	-	28,601,622	-	-	28,601,622
Total non-current liabilities	<u>859,119</u>	<u>29,855,944</u>	<u>-</u>	<u>56,541</u>	<u>30,771,604</u>
Total liabilities	<u>1,094,241</u>	<u>31,896,376</u>	<u>145,000</u>	<u>570,240</u>	<u>33,705,857</u>
DEFERRED INFLOWS OF RESOURCES					
Net deferred pension inflows	<u>72,166</u>	<u>98,260</u>	<u>-</u>	<u>4,463</u>	<u>174,889</u>
NET POSITION					
Net investment in capital assets	63,101,481	75,676,378	-	12,679,770	151,457,629
Unrestricted	<u>4,530,225</u>	<u>11,827,282</u>	<u>204,569</u>	<u>444,871</u>	<u>17,006,947</u>
Total net position	<u>\$67,631,706</u>	<u>\$87,503,660</u>	<u>\$ 204,569</u>	<u>\$ 13,124,641</u>	<u>\$ 168,464,576</u>

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

City of Coeur d'Alene, Idaho

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds				
	Water Fund	Wastewater Fund	Sanitation Fund	Other Enterprise	Total
OPERATING REVENUES					
Services	\$ 5,644,472	\$ 8,246,567	\$ 3,858,011	\$ 1,826,122	\$ 19,575,172
OPERATING EXPENSES					
Administration	1,918,123	936,456	-	110,251	2,964,830
Maintenance	-	-	-	191,725	191,725
Pumping	891,516	-	-	-	891,516
Treatment	91,954	2,474,868	-	-	2,566,822
Collection	-	649,681	-	-	649,681
Transportation and distribution	90,976	-	-	-	90,976
Supplies	26,495	-	-	1,875	28,370
Contracted services	-	-	3,255,455	644,321	3,899,776
Depreciation	2,467,524	3,853,377	-	737,160	7,058,061
Bad debt	2,052	2,919	1,276	1,060	7,307
Net pension expense (revenue)	110,399	150,316	-	6,828	267,543
Total operating expenses	5,599,039	8,067,617	3,256,731	1,693,220	18,616,607
Operating (loss) income	45,433	178,950	601,280	132,902	958,565
NONOPERATING REVENUES (EXPENSES)					
Capitalization fees	865,643	1,580,286	-	-	2,445,929
Amortization	-	128,493	-	-	128,493
Investment income	12,162	14,979	3	505	27,649
Gain on sale of assets	8,246	-	-	-	8,246
Interest expense	(3,209)	(503,566)	-	-	(506,775)
Total non-operating revenues (expenses)	882,842	1,220,192	3	505	2,103,542
Income before contributions and transfers	928,275	1,399,142	601,283	133,407	3,062,107
Capital contributions	1,020,541	153,681	-	-	1,174,222
Operating transfers in	-	-	-	15,000	15,000
Operating transfers out	(525,766)	(835,419)	(468,089)	(335,414)	(2,164,688)
Change in net position	1,423,050	717,404	133,194	(187,007)	2,086,641
Total net position - beginning	66,859,110	87,671,895	71,375	13,351,879	167,954,259
Prior period adjustment	(650,454)	(885,639)	-	(40,231)	(1,576,324)
Total net position - ending	\$ 67,631,706	\$ 87,503,660	\$ 204,569	\$ 13,124,641	\$ 168,464,576

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, 2015

	Business-type Activities - Enterprise Funds				
	Water Fund	Wastewater Fund	Sanitation Fund	Other Enterprise	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 5,514,753	\$ 6,975,530	\$ 3,859,576	\$ 1,537,961	\$ 17,887,820
Payments to suppliers	(1,289,583)	(2,183,461)	(3,389,372)	(531,321)	(7,393,737)
Payments to employees	(1,824,956)	(2,386,863)	-	(105,645)	(4,317,464)
Net cash provided by operating activities	2,400,214	2,405,206	470,204	900,995	6,176,619
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfers in	-	-	-	15,000	15,000
Operating transfers out	(525,766)	(835,419)	(468,089)	(335,414)	(2,164,689)
Net cash (used) by noncapital financing activities	(525,766)	(835,419)	(468,089)	(320,414)	(2,149,688)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Bond payments	-	(9,785,529)	-	-	(9,785,529)
Capital lease payments	(7,540)	(25,556)	-	-	(33,096)
New debt issuance	-	8,762,183	-	-	8,762,183
Interest paid	(3,209)	(476,356)	-	-	(479,565)
Capital asset purchases	(1,886,592)	(2,981,425)	-	(552,428)	(5,420,445)
Capitalization Fees	865,643	1,580,286	-	-	2,445,929
Proceeds from the sale of assets	8,246	-	-	-	8,246
Net cash (used) by financing activities	(1,023,452)	(2,926,397)	-	(552,428)	(4,502,277)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	12,162	14,979	3	505	27,649
Net cash provided by investing activities	12,162	14,979	3	505	27,649
Net (decrease) increase in cash and cash equivalents	863,158	(1,341,631)	2,118	28,658	(447,696)
Cash and cash equivalents, beginning of year	3,407,231	12,474,488	1,089	375,914	16,258,722
Cash and cash equivalents, end of year	\$ 4,270,389	\$ 11,132,857	\$ 3,207	\$ 404,572	\$ 15,811,025

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

Operating (loss) income	\$ 45,433	\$ 178,950	\$ 601,280	\$ 132,902	\$ 958,565
Adjustments to reconcile operating (loss) income to net cash provided by (used for) operating activities:					
Depreciation expense	2,467,524	3,853,377	-	737,161	7,058,063
(Increase) decrease in accounts receivable	(148,835)	(171,037)	1,564	(288,161)	(606,470)
Decrease in due from special assessment receivable	19,116	-	-	-	19,116
(Increase) decrease in due from other funds	-	(1,100,000)	-	-	(1,100,000)
(Increase) decrease in prepaid expenses	-	160	-	-	160
Increase (decrease) in accounts payable	35,467	(330,864)	(2,640)	33,983	(264,054)
(Decrease) in due to other funds	-	-	(130,000)	285,000	155,000
(Decrease) increase in compensated absences	5,790	7,679	-	1,612	15,081
(Decrease) increase in net pension liability	256,353	349,043	-	15,856	621,252
(Decrease) increase in deferred inflows of resources	(280,634)	(382,102)	-	(17,358)	(680,094)
Net cash provided by operating activities	\$ 2,400,214	\$ 2,405,206	\$ 470,204	\$ 900,995	\$ 6,176,619

Non-cash capital and related financing activities:

\$1,020,541 of water lines were donated to the water fund by developers.

\$153,681 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, 2015

	Police Retirement Pension Trust Funds	Sales Tax Agency Fund	Homeless Agency Fund	Business Improvement District Agency Fund	Kootenai County Solid Waste Agency Fund
ASSETS					
Cash and cash equivalents	\$ 111,020	\$ 1,592	\$ -	\$ 165,370	\$ -
Investments	1,288,564	-	-	-	-
Due from other government unit	561	-	-	-	-
Accounts receivable	13,324	-	-	8,545	216,510
Total assets	<u>1,413,469</u>	<u>1,592</u>	<u>-</u>	<u>173,915</u>	<u>216,510</u>
LIABILITIES					
Deferred revenue	13,324	-	-	-	-
Deposits held and due to others	-	-	-	173,915	216,510
Due to other government unit	-	1,592	-	-	-
Total liabilities	<u>13,324</u>	<u>1,592</u>	<u>-</u>	<u>173,915</u>	<u>216,510</u>
NET POSITION					
Held in trust for pension benefits	<u>\$ 1,400,145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

City of Coeur d'Alene, Idaho

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

For the Year Ended September 30, 2015

	Police Retirement Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 157,569
	<u>157,569</u>
Investment earnings:	
Interest	35,006
Net decrease in the fair value of investments	<u>(5,605)</u>
Total investment earnings	<u>29,401</u>
Total additions	<u>186,970</u>
DEDUCTIONS	
Pension expense	161,123
Trust fees	<u>5,448</u>
Total deductions	<u>166,571</u>
Change in net position	20,399
Net position, beginning of year	<u>1,379,746</u>
Net position, end of year	<u><u>\$ 1,400,145</u></u>

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

City of Coeur d'Alene

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

Under Idaho Code, in December 1997, the Coeur d'Alene City Council passed an ordinance which created the Coeur d'Alene Urban Renewal Agency (the "Agency"), a legally separate entity from the City. The Agency was established to promote urban development and improvement in blighted areas within the Agency's boundaries. The Agency is governed by a maximum board of nine directors, two of which may be City Council members, who are appointed by the City Council. The City Council has the ability to appoint, hire, reassign, or dismiss those persons having responsibility for the day-to-day operations of the Agency. These powers of the City meet the criteria set forth in GASB No. 61 for having financial accountability for the Agency. Based on the above, the Agency has been discretely presented in the accompanying financial statements of the City as a component unit. Separate financial statements of the component unit are issued. The Agency adopted the name Lake City Development Corporation (LCDC) in the fiscal year 2001 and later changed their name to ignite cda in 2015. ignite cda is the only component unit of the City.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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.

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

Fiduciary fund financial statements consist of a statement of fiduciary net 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 23 and 24.

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

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Prepaid Items

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

Budgetary Accounting - Budgetary Basis

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

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

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

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Accounting - Budgetary Basis (Concluded)

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

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

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

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

The City Council may only increase the total adopted budget during the year for unanticipated revenues, such as state and federal grants, donations to departments, and other unscheduled revenues. The adopted budget may be increased only by the amount of revenues received. Budget revisions must be advertised, discussed in a public hearing, and adopted through a resolution by the City Council. The budget for the fiscal year ending September 30, 2015, was amended by the amount of unscheduled revenues. The financial statements reflect the amended budget.

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

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents, and Investments

The City pools all individual fund cash balances in bank accounts, the State Investment Pool, and certificates of deposit, except for the investments of the police retirement fund and the cemetery perpetual care fund which are held separately from those of other City funds.

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

Due To and From Other Funds

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

Inventory

The City had no significant inventories on September 30, 2015.

Capital Assets

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

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

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Concluded)

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

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

Long-Term Obligations

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

Bond Discounts and Bond Premiums

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

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

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

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

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

For governmental and proprietary funds, the City records a liability for accumulated unused vacation time when earned for all employees with more than 6 months of service. Accumulated unused comp time is recorded as a liability up to 240 hours. Accumulated unpaid sick leave in excess of 720 hours (1,440 for firefighters) is paid out to employees yearly at 33.3%. The only other time accumulated unpaid sick leave is paid by the City is upon retirement. Unpaid sick leave is recorded as a liability at 66% 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, 2015, the total compensated absences payable by the City was \$3,524,839.

Compensated absences are reported as follows in the financial statements:

Governmental activities	\$ 3,092,973
Business-type activities	431,866
	<u>\$ 3,524,839</u>

Deferred Outflows/Inflows of Resources

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (continued)

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

Fund Equity

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

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

Fund Balance Flow Assumptions

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

Net Position Flow Assumptions

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position Flow Assumptions (continued)

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

Contributed Capital

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

Maximum Property Tax Rates

State statute sets maximum property tax rates for the City of Coeur d'Alene. The City cannot certify a budget request to finance the ad valorem portion of its annual budget that has a dollar amount that exceeds 3% of the dollar amount of ad valorem taxes certified for its annual budget during the last year in which a levy was made. The levy rate for the City of Coeur d'Alene for the 2014-15 fiscal year were as follows: police retirement - .000046, library fund - .000446, general obligation bonds .000044, insurance fund - .000103 and general fund -.005262.

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, 2015

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, 2015 included the cemetery special revenue fund for (\$17,037), debt service funds LID #145 for (\$26,967), and LID #149 for (\$50,272), and capital projects funds Government Way – Hanley to Prairie for (\$10,658) and Seltice Sidewalks Project for (\$7,000).

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.

NOTE 2: CASH AND INVESTMENTS

General:

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

Custodial credit risk:

Custodial credit risk is the risk that in the event of a failure of a financial institution, the City's deposits and investments may not be returned to it. The City does not have a deposit policy for custodial credit risk. The carrying amount of the City's deposits and investments is \$38,624,211 and the bank balance is \$42,235,008. As of September 30, 2015, the City's deposits and investments were exposed to custodial credit risk as follows:

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Deposits and investments without exposure to custodial credit risk:

Deposits:

Amounts insured by FDIC	\$ 3,888,455
Amounts Collateralized	24,302,786
	<u>28,191,241</u>

Investments

Amount registered in the name of the City	2,928,374
Total deposits and investments without exposure to custodial credit risk	<u>\$ 31,119,615</u>

Deposits and investments with exposure to custodial credit risk:

Deposits:

Amounts uninsured	\$ 10,930,413
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Investments

Amount registered in the name of the City	184,980
Total deposits and investments without exposure to custodial credit risk	<u>\$ 11,115,393</u>
Total Deposits and Investments	<u><u>\$ 42,235,008</u></u>

Cash and cash equivalents at September 30, 2015 consist of the following:

Deposits (checks in excess of deposits)	\$ 8,231,699
Cash on hand	2,125
Short-term certificates of deposit	203,508
Repurchase agreements	2,929,628
Idaho State Investment Pool	24,328,877
Total	<u><u>\$ 35,695,837</u></u>

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

Governmental activities	\$ 19,606,830
Business-type activities	15,811,025
Police retirement pension trust fund	111,020
Sales tax agency fund	1,592
Business improvement district agency fund	165,370
Total	<u><u>\$ 35,695,837</u></u>

Investments are presented in the Financial Statements as follows:

Governmental activities	\$ 1,639,810
Police retirement pension trust fund	1,288,564
Total	<u><u>\$ 2,928,374</u></u>

Total Cash and Investments	<u><u>\$ 38,624,211</u></u>
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Credit risk:

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Interest rate risk and concentration of credit risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Concentration of credit risk as defined by GASB exists when more than 5% of an investment portfolio is allocated to one security. As of September 30, 2015, the City had the following investments (and associated maturities) in its internal investment portfolio:

Investment	% of Total	Fair Value & Carrying Amount	Maturity			
			Less than 1 year	Less than 2 years	2-5 years	6-10 years
FHLMCMTN	3%	\$ 102,032	\$ -	\$ -	\$ 102,032	\$ -
US Treasury Note	5%	159,544	-	159,544	-	-
FNMA	2%	51,156	-	-	51,156	-
FHLMCMTN	2%	50,710	50,710	-	-	-
FNMAMTN	4%	106,063	-	106,063	-	-
FNMAMTN	3%	100,100	100,100	-	-	-
Federal Home Loan Bks	2%	50,314	-	-	-	50,314
Federal Home Loan Bks	2%	51,894	-	-	-	51,894
US Treasury Note	2%	53,200	-	-	53,200	-
Federal Farm Credit Bks	4%	105,082	-	-	105,082	-
Federal Home Loan Bks	2%	50,856	-	-	50,856	-
US Treasury Note	3%	100,501	-	100,501	-	-
FHLMCDEB	2%	50,042	-	-	50,042	-
Federal Home Loan Bks	2%	50,953	-	-	-	50,953
US Treasury Note	2%	50,717	-	-	50,717	-
Federal Home Loan Bks	4%	106,848	-	106,848	-	-
Federal Home Loan Bks	2%	52,455	-	52,455	-	-
US Treasury Note	2%	51,741	-	-	51,741	-
Federal Farm Credit Bks	2%	50,213	-	-	50,213	-
Federal Home Loan Bks	2%	50,315	-	-	-	50,315
FNMAMTN	8%	233,339	-	233,339	-	-
US Treasury Note	3%	101,625	101,625	-	-	-
Federal Home Loan Bks	2%	50,856	-	-	50,856	-
Federal Farm Credit Bks	2%	50,516	-	-	50,516	-
Federal Home Loan Bks	4%	103,751	-	-	103,751	-
FHLMCMTN	4%	110,484	-	-	110,484	-
Federal Farm Credit Bks	2%	50,012	-	-	-	50,012
US Treasury Note	4%	105,642	-	105,642	-	-
US Treasury Note	4%	102,930	-	-	-	102,930
US Treasury Note	3%	102,009	-	-	-	102,009
US Treasury Inflation Protection Security	2%	51,375	-	-	-	51,375
US Treasury Inflation Protection Security	6%	167,869	167,869	-	-	-
US Treasury Note	2%	49,600	-	-	49,600	-
US Treasury Note	3%	100,148	-	-	100,148	-
US Treasury Note	4%	103,482	-	-	103,482	-
		<u>\$ 2,928,374</u>	<u>\$ 420,304</u>	<u>\$ 864,392</u>	<u>\$ 1,133,876</u>	<u>\$ 509,802</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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	1,300,383	269,494	365,687	408,888	256,314
U.S. Agencies	1,627,991	150,810	498,705	724,988	253,488
	<u>\$ 2,928,374</u>	<u>\$ 420,304</u>	<u>\$ 864,392</u>	<u>\$ 1,133,876</u>	<u>\$ 509,802</u>

Investments are presented in the Financial Statements as follows:

Governmental activities	\$1,639,810
Police retirement pension trust fund	1,288,564
Total	<u>\$2,928,374</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 \$3,014,759. The loss of \$98,594 (the difference between cost and fair value) has been recognized in the financial statements as a loss on investments. The current year loss was \$13,497.

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 \$24,328,877. The City's portion of the State Investment Pool had an unrealized gain of \$21,876 as of September 30, 2015, which has been recognized in the financial statements.

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 3: ACCOUNTS RECEIVABLE

Governmental activities:

Accounts receivable consist of the following as of September 30, 2015:

Franchise and utility receivables	\$ 672,562
Miscellaneous receivables	<u>72,522</u>
	<u>\$ 745,084</u>

Business-type activities:

Accounts receivable consist of the following as of September 30, 2015:

Amounts due from customers	\$ 3,262,032
Less allowance for uncollectible accounts	<u>(8,290)</u>
	<u>\$ 3,253,742</u>

NOTE 4: SPECIAL ASSESSMENTS RECEIVABLE

Special assessments receivable from benefited property owners of public improvements consist of the following as of September 30, 2015 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>\$536,334</u>
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Business-type activities:

Deferred principal amounts not currently due, but due at a future date	<u>\$104,565</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, 2015

NOTE 5: CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2015 is as follows:

Plant and equipment and accumulated depreciation are as follows:

	September 30, 2014	Additions	Deletions	September 30, 2015
Governmental activities:				
Land	\$ 14,718,934	\$ 2,973,696	\$ -	\$ 17,692,630
Construction in progress	243,343	112,321	-	355,664
Total capital assets, not being depreciated	<u>14,962,277</u>	<u>3,086,017</u>	<u>-</u>	<u>18,048,294</u>
Buildings	19,192,471	38,845	-	19,231,316
Other Improvements	14,833,967	289,479	-	15,123,446
Equipment	19,981,046	1,274,550	336,196	20,919,400
Infrastructure	<u>130,597,034</u>	<u>42,791</u>	<u>-</u>	<u>130,639,825</u>
	<u>184,604,518</u>	<u>1,645,665</u>	<u>336,196</u>	<u>185,913,987</u>
Less: accumulated depreciation				
Buildings	7,350,076	556,901	-	7,906,977
Other Improvements	2,006,368	495,379	-	2,501,747
Equipment	13,682,432	923,842	336,196	14,270,078
Infrastructure	<u>45,109,187</u>	<u>3,026,080</u>	<u>-</u>	<u>48,135,267</u>
	<u>68,148,063</u>	<u>5,002,202</u>	<u>336,196</u>	<u>72,814,069</u>
Total capital assets being depreciated, net	<u>116,456,455</u>	<u>(3,356,537)</u>	<u>-</u>	<u>113,099,918</u>
Governmental activities capital assets, net	<u><u>131,418,732</u></u>	<u><u>(270,520)</u></u>	<u><u>-</u></u>	<u><u>131,148,212</u></u>

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

Governmental activities:

General government	\$ 130,039
Public Works	3,336,166
Culture and Recreation	1,002,208
Public Safety	<u>533,788</u>
	<u><u>\$ 5,002,202</u></u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 5: CAPITAL ASSETS (CONCLUDED)

	September 30,				September 30,
	2014	Additions	Deletions	Transfers	2015
Business-type activities:					
Land	\$ 2,031,210	\$ -	\$ -	\$ -	\$ 2,031,210
Construction in progress	9,744,066	72,804	-	(9,744,066)	72,804
Total capital assets, not being depreciated	<u>11,775,276</u>	<u>72,804</u>	<u>-</u>	<u>(9,744,066)</u>	<u>2,104,014</u>
Reservoir	6,069,281	52,720	-	-	6,122,001
Wells and booster stations	8,600,494	523,527	-	751,516	9,875,537
Distribution system	81,448,676	2,014,883	-	-	83,463,559
Collection	42,317,090	847,596	-	-	43,164,686
Plant	104,348,170	2,171,918	-	8,992,550	115,512,638
Street lights	790,986	-	-	-	790,986
Equipment	9,862,390	561,189	14,000	-	10,409,579
Improvements	<u>16,220,058</u>	<u>350,028</u>	<u>-</u>	<u>-</u>	<u>16,570,086</u>
	<u>269,657,145</u>	<u>6,521,861</u>	<u>14,000</u>	<u>9,744,066</u>	<u>285,909,072</u>
Less: accumulated depreciation					
Reservoir	3,354,770	265,695	-	-	3,620,465
Wells and booster stations	3,924,548	175,038	-	-	4,099,586
Distribution system	31,227,620	1,732,754	-	-	32,960,374
Collection	10,361,292	725,047	-	-	11,086,339
Plant	40,950,499	2,912,003	-	-	43,862,502
Street lights	574,125	26,398	-	-	600,523
Equipment	4,729,918	585,941	14,000	-	5,301,859
Improvements	<u>3,772,584</u>	<u>635,185</u>	<u>-</u>	<u>-</u>	<u>4,407,769</u>
	<u>98,895,356</u>	<u>7,058,061</u>	<u>14,000</u>	<u>-</u>	<u>105,939,417</u>
Total capital assets being depreciated, net	<u>170,761,789</u>	<u>(536,200)</u>	<u>-</u>	<u>9,744,066</u>	<u>179,969,655</u>
Business-type activities capital activities, net	<u><u>\$ 182,537,065</u></u>	<u><u>\$(463,396)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 182,073,669</u></u>

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

Business-type activities:	
Water	\$ 2,467,524
Wastewater	3,853,377
Street Lighting	26,398
Drainage	259,789
Public Parking	<u>450,973</u>
	<u><u>\$ 7,058,062</u></u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 6: CHANGES IN LONG-TERM DEBT

Long-term liability activity for the year ended September 30, 2015, was as follows:

	Balance 10/1/2014	Additions	Deletions	Balance 9/30/2015	Due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 2,757,038	\$7,719,106	\$2,617,038	\$ 7,859,106	\$ 587,322
Special assessment bonds payable	45,000	-	45,000	-	-
Deferred amounts for issuance premium	85,049	-	7,731	77,318	-
Total bonds payable	2,887,087	7,719,106	2,669,769	7,936,424	587,322
Capital leases	669,929	238,075	152,237	755,767	153,513
Compensated absences	2,914,709	178,264	-	3,092,973	146,119
Governmental activities long-term liabilities	<u>\$ 6,471,725</u>	<u>\$8,135,445</u>	<u>\$2,822,006</u>	<u>\$11,785,164</u>	<u>\$ 886,954</u>
Business-type activities:					
Revenue bonds payable	\$ 21,500,591	\$ 8,670,367	\$ 1,548,679	\$ 28,622,279	\$ 1,562,579
Deferred amounts for issuance premium	1,670,416	-	128,493	1,541,923	-
Total bonds payable	23,171,007	8,670,367	1,677,172	30,164,202	1,562,579
Capital Leases	484,935		33,097	451,838	33,866
State loan payable	8,145,033	91,816	8,236,849	-	-
Compensated absences	416,784	15,082	-	431,866	22,449
Business-type activities long-term liabilities	<u>\$32,217,759</u>	<u>\$8,777,265</u>	<u>\$9,947,118</u>	<u>\$31,047,906</u>	<u>\$1,618,894</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, 2015, 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, 2015**

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

Issue	FY End 30-Sep	Rate	Principal	Interest	Total
2012D Sewer Revenue Refunding Bonds	2016	4.00%	615,000	389,000	1,004,000
	2017	4.00%	640,000	364,400	1,004,400
	2018	2.00%	665,000	338,800	1,003,800
	2019	4.00%	680,000	325,500	1,005,500
	2020	4.00%	705,000	298,300	1,003,300
	2021	4.00%	735,000	270,100	1,005,100
	2022	3.00%	765,000	240,700	1,005,700
	2023	5.00%	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>\$9,160,000</u>	<u>\$2,901,300</u>	<u>\$12,061,300</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.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

Issue	FY End	Rate	Principal	Interest	Total
	30-Sep				
2013 Sewer Revenue Bonds	2016	0.50%	591,478	53,363	644,841
	2017	0.50%	594,587	50,254	644,841
	2018	0.50%	597,564	47,277	644,841
	2019	0.50%	600,556	44,285	644,841
	2020	0.50%	603,447	41,394	644,841
	2021	0.50%	606,583	38,258	644,841
	2022	0.50%	609,620	35,221	644,841
	2023	0.50%	612,672	32,169	644,841
	2024	0.50%	615,657	29,184	644,841
	2025	0.50%	618,821	26,020	644,841
	2026	0.50%	621,919	22,922	644,841
	2027	0.50%	625,033	19,808	644,841
	2028	0.50%	628,114	16,727	644,841
	2029	0.50%	631,306	13,535	644,841
	2030	0.50%	634,467	10,374	644,841
	2031	0.50%	637,643	7,198	644,841
	2032	0.50%	640,822	4,019	644,841
	2033	0.50%	321,623	797	322,420
					-
Total 2013 Sewer Revenue Bonds			<u>\$10,791,912</u>	<u>\$492,805</u>	<u>\$11,284,717</u>

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.

City of Coeur d'Alene

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015**

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

Issue	FY End 30-Sep	Rate	Principal	Interest	Total
2015 Sewer Revenue Bonds	2016	2.00%	356,101	172,120	528,221
	2017	2.00%	363,724	164,497	528,221
	2018	2.00%	371,035	157,187	528,222
	2019	2.00%	378,493	149,729	528,222
	2020	2.00%	385,717	142,505	528,222
	2021	2.00%	393,854	134,368	528,222
	2022	2.00%	401,770	126,452	528,222
	2023	2.00%	409,846	118,376	528,222
	2024	2.00%	417,788	110,434	528,222
	2025	2.00%	426,481	101,741	528,222
	2026	2.00%	435,054	93,168	528,222
	2027	2.00%	443,798	84,424	528,222
	2028	2.00%	452,518	75,704	528,222
	2029	2.00%	461,814	66,408	528,222
	2030	2.00%	471,096	57,125	528,221
	2031	2.00%	480,566	47,656	528,222
	2032	2.00%	490,127	38,094	528,221
	2033	2.00%	500,076	28,145	528,221
	2034	2.00%	510,128	18,094	528,222
	2035	2.00%	520,381	7,840	528,221
Total 2015 Sewer Revenue Refunding Bonds			<u>\$8,670,367</u>	<u>\$1,894,067</u>	<u>\$10,564,434</u>
Total revenue refunding bonds payable			<u>\$28,622,279</u>	<u>\$5,288,172</u>	<u>\$33,910,451</u>

General Obligation Bonds payable for the governmental activities at September 30, 2015, consist of the following issue:

Issue	FY End 30-Sep	Rate	Principal	Interest	Total
2006 Public Safety and Library Bonds:	2016	4.50%	<u>140,000</u>	<u>79,650</u>	<u>219,650</u>
Total 2006 Public Safety and Library Bonds			<u>\$140,000</u>	<u>\$79,650</u>	<u>\$219,650</u>

City of Coeur d'Alene

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015**

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

Issue	FY End 30-Sep	Rate	Principal	Interest	Total
2015A Public Safety Bonds:	2016	2.05%	447,322	121,975	569,297
	2017	2.05%	568,083	113,830	681,913
	2018	2.05%	579,729	102,184	681,913
	2019	2.05%	591,613	90,300	681,913
	2020	2.05%	603,741	78,172	681,913
	2021	2.05%	616,118	65,795	681,913
	2022	2.05%	628,749	53,164	681,913
	2023	2.05%	641,638	40,275	681,913
	2024	2.05%	654,792	27,122	681,914
	2025	2.05%	668,215	13,698	681,913
Total 2015A Public Safety Bonds			<u>\$6,000,000</u>	<u>\$706,515</u>	<u>\$6,706,515</u>
Issue	FY End 30-Sep	Rate	Principal	Interest	Total
2015B Public Safety Bonds:	2016	2.05%	124,106	34,962	159,068
	2017	2.05%	161,596	32,698	194,294
	2018	2.05%	168,383	29,385	197,768
	2019	2.05%	169,085	25,933	195,018
	2020	2.05%	174,552	22,466	197,018
	2021	2.05%	175,480	18,888	194,368
	2022	2.05%	181,202	15,291	196,493
	2023	2.05%	186,592	11,577	198,169
	2024	2.05%	186,642	7,751	194,393
	2025	2.05%	191,468	3,925	195,393
Total 2015B Public Safety Bonds			<u>\$1,719,106</u>	<u>\$202,876</u>	<u>\$1,921,982</u>
Total General Obligation Bonds			<u>\$7,859,106</u>	<u>\$989,041</u>	<u>\$8,848,147</u>

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 1st of August and shall bear interest at the rate of 2.05% payable semiannually on February 1st and August 1st in each year until maturity.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

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 1st and shall bear interest at the rate of 2.05% payable semiannually on February 1st and August 1st in each year until maturity. The economic gain due to the refunding was \$142,599 and the cash flow gain was \$167,468.

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.

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

The City of Coeur d'Alene also entered into a real estate purchase and sale agreement with the Coeur d'Alene Aerie No.486, Fraternal Order of Eagles Inc. on March 20, 2012, to purchase real estate to be used as parkland. The total purchase price of the real property was \$440,000. The City paid \$180,000 at closing. The balance of the purchase price, \$260,000 is to be paid in five annual payments of \$52,000. The annual payments are due on or before July 6, beginning with the first payment that was made on July 6, 2012.

Neither lease has a stated interest cost, the imputed interest rate is immaterial to the financial statements and has not been recognized.

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

Capital leases payable from governmental activities at September 30, 2015 consist of the following:

<u>Issue</u>	<u>FY End 30-Sep</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General Fund - John Deere Financial	2016	2.3%	15,866	4,785	20,651
Lease for 2014 Grader	2017	2.3%	16,235	4,418	20,653
	2018	2.3%	16,614	4,042	20,656
	2019	2.3%	16,999	3,657	20,656
	2020	2.3%	156,400	898	157,298
			<u>222,114</u>	<u>17,800</u>	<u>239,914</u>

<u>Issue</u>	<u>FY End 30-Sep</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General Fund - John Deere Financial	2016	2.3%	23,147	9,102	32,249
Lease for three 2014 Wheel Loaders	2017	2.3%	23,686	8,565	32,251
	2018	2.3%	24,236	8,016	32,252
	2019	2.3%	348,084	1,333	349,417
			<u>419,153</u>	<u>27,016</u>	<u>446,169</u>

<u>Issue</u>	<u>FY End 30-Sep</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Leases for real estate with Fernan Lake Preservation and the Fraternal Order of Eagles	2016	0.0%	114,500		114,500
			<u>114,500</u>	<u>-</u>	<u>114,500</u>

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

<u>Year ending September 30</u>	<u>Governmental Activities</u>
2016	\$ 167,400
2017	52,904
2018	52,908
2019	370,073
2020	157,298
Total minimum lease payments	<u>800,583</u>
Less: amount representing interest	<u>44,816</u>
Present value of minimum lease payments	<u>\$ 755,767</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

Capital leases payable from business-type activities at September 30, 2015 consist of the following issues:

<u>Issue</u>	<u>FY End 30-Sep</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Wastewater Fund - John Deere Financial	2016	2.3%	7,716	3,078	10,794
Lease for a 2014 Wheel Loader	2017	2.3%	7,895	2,900	10,795
	2018	2.3%	8,078	2,718	10,796
	2019	2.3%	116,028	1,109	117,137
			<u>139,717</u>	<u>9,805</u>	<u>149,522</u>
Wastewater Fund - John Deere Financial	2016	2.3%	18,434	3,687	22,121
Lease for a 2014 Wheel Loader and	2017	2.3%	18,863	3,261	22,124
Snow Blower	2018	2.3%	19,301	2,825	22,126
	2019	2.3%	115,806	1,109	116,915
			<u>172,404</u>	<u>10,882</u>	<u>183,286</u>
Water Fund - John Deere Financial	2016	2.3%	7,716	3,034	10,750
Lease for a 2014 Wheel Loader	2017	2.3%	7,895	2,855	10,750
	2018	2.3%	8,078	2,672	10,750
	2019	2.3%	116,028	444	116,472
			<u>139,717</u>	<u>9,005</u>	<u>148,722</u>

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

<u>Year ending September 30</u>	<u>Business-type Activities</u>
2016	\$ 43,665
2017	43,669
2018	43,672
2019	<u>350,524</u>
Total minimum lease payments	481,530
Less: amount representing interest	<u>29,692</u>
Present value of minimum lease payments	<u>\$ 451,838</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

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

Governmental Activities

Year	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Compensated Absences	Total (Memo Only)
Unknown	\$ -	\$ -	\$ -	\$ 2,914,709	\$ 2,914,709
2016	587,322	-	153,513		740,835
2017	729,679		39,921		769,600
2018	748,112		40,850		788,962
2019	760,698		365,083		1,125,781
Thereafter	4,909,189		156,400		5,065,589
	<u>7,735,000</u>	<u>-</u>	<u>755,767</u>	<u>2,914,709</u>	<u>11,405,476</u>
Plus issuance premium- net	85,049	-	-		85,049
	<u>\$ 7,820,049</u>	<u>\$ -</u>	<u>\$ 755,767</u>	<u>\$ 2,914,709</u>	<u>\$ 11,490,525</u>

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

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	\$ -	\$ -	\$ -			\$ 431,866	\$ 431,866
2016	356,101	615,000	591,478		33,866	-	1,596,445
2017	363,724	640,000	594,587		34,653	-	1,632,964
2018	371,035	665,000	597,564		35,457	-	1,669,056
2019	378,493	680,000	600,556		347,862	-	2,006,911
Thereafter	7,201,014	6,560,000	8,407,727			-	22,168,741
	<u>8,670,367</u>	<u>9,160,000</u>	<u>10,791,912</u>	<u>-</u>	<u>451,838</u>	<u>431,866</u>	<u>29,505,983</u>
Plus issuance premium- net	1,541,923	-	-			-	1,541,923
	<u>\$ 10,212,290</u>	<u>\$ 9,160,000</u>	<u>\$ 10,791,912</u>	<u>\$ -</u>	<u>\$ 451,838</u>	<u>\$ 431,866</u>	<u>\$ 31,047,906</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, 2015.

City of Coeur d'Alene

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015**

NOTE 8: INTEFUND TRANSACTIONS

Due to/from other funds as of September 30, 2015:

Receivable Fund	Payable Fund	Amount
General fund	Debt service fund-LID 145	\$ 26,996
General fund	Debt service fund-LID 149	51,823
General fund	Debt service fund-LID 151	445,423
General fund	Sanitation fund	145,000
General fund	Public parking fund	280,000
General fund	Cemetery fund	27,000
Parks capital improvement fund	Parking fund	150,000
Wastewater fund	General fund	1,100,000
Capital projects fund - 15th Street	Capital projects fund - Government Way	55,000
Capital projects fund - Seltice Way	Capital projects fund - Seltice Way sidewalks	7,000
		<u>\$2,288,242</u>

Interfund transfers as of September 30, 2015:

Fund	Transfers In	Transfers Out
General fund	\$ 1,816,876	\$ 49,017
Non-major governmental funds	849,798	467,969
Water fund	-	525,766
Wastewater fund	-	835,419
Sanitation fund	-	468,089
Non-major enterprise funds	15,000	335,414
	<u>\$ 2,681,674</u>	<u>\$ 2,681,674</u>

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

NOTE 9: INSURANCE

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

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 9: INSURANCE (CONTINUED)

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

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

Health Insurance

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

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

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, 2015, 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, 2015

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	\$ 13,345,596
Capital assets	106,152,700
Total assets	<u>119,498,296</u>
Liabilities:	
Current liabilities	2,040,432
Noncurrent liabilities	29,855,944
Total liabilities	<u>31,896,376</u>
Deferred inflows of resources:	<u>98,260</u>
Net position:	
Net investment in capital assets	75,676,378
Unrestricted	11,827,282
Total net position	<u>\$ 87,503,660</u>

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

	Wastewater Funds
Charges for services	\$ 8,246,567
Depreciation expense	(3,853,377)
Other operating expenses	(4,063,924)
Net pension expense (revenue)	<u>(150,316)</u>
Operating income	<u>178,950</u>
Non-operating revenues (expenses):	
Capitalization fees	1,580,286
Investment earnings	14,979
Interest expense	(503,566)
Amortization	128,493
Gain on sale of assets	-
Capital contributions	153,681
Operating transfer out	<u>(835,419)</u>
Change in net position	717,404
Beginning net position	87,671,895
Prior Period Adjustment	<u>(885,639)</u>
Ending net position	<u>\$ 87,503,660</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 11: SEGMENT INFORMATION FOR ENTERPRISE FUNDS (CONCLUDED)

CONDENSED STATEMENT OF CASH FLOWS

	Wastewater Funds
Net cash provided (used) by:	
Operating activities	\$ 2,405,206
Noncapital financing activities	(835,419)
Capital and related financing activities	(2,926,397)
Investing activities	14,979
Net increase (decrease)	(1,341,631)
Beginning cash and cash equivalents	12,474,488
Ending cash and cash equivalents	<u>\$ 11,132,857</u>

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, 2015**

NOTE 12: FUND BALANCE CLASSIFICATIONS (CONTINUED)

General Fund

Restricted

KCJA drug task force	\$ 41,396
Bellerive subdivision agreement	23,046
G.O. Bond proceeds	6,000,000
	<u>\$ 6,064,442</u>

Committed

Sick leave option 2	<u>\$ 207,553</u>
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Assigned

Recreation department - Avista waterfront improvements	\$ 7,198
Recreation department - equipment reserve	13,838
	<u>\$ 21,036</u>

General Obligation Bonds

Restricted

Debt service	<u>\$ 521,129</u>
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Other Governmental Funds

Restricted

Special revenue funds - Impact fees	\$ 3,993,662
Special revenue funds - Jewett House	13,289
Debt service funds - LID guarantee fund	37,502
	<u>\$ 4,044,453</u>

Committed

Special revenue funds - Library	\$ 111,275
Special revenue funds - Parks capital improvements	272,773
Special revenue funds - Cemetery perpetual care	1,743,178
Special revenue funds - Reforestation	240,889
Special revenue funds - Public art	624,972
	<u>\$ 2,993,087</u>

Assigned

Special revenue funds - Insurance fund	\$ 19,178
Special revenue funds - Annexation fees	31,330
Special revenue funds - Art commission	2,326
Capital projects funds - Miscellaneous projects	15,388
Capital projects funds - 15th Street at Cherry Hill	68,370
Capital projects funds - 15th Street - Harrison to Best	14,359
Capital projects funds - Kathleen Avenue Rewidening	50,000
Capital projects funds - Seltice Way Design	17,964
Capital projects funds - Levee Certification	25,638
	<u>\$ 244,553</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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.

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.

Employee membership data related to the PERSI Base Plan as of June 30, 2015 was as follows:

Retirees and beneficiaries currently receiving benefits	42,657
Terminated employees entitled to but not yet receiving benefits	11,859
Active plan members	67,008
	<u>121,524</u>

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.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 13: PENSION PLANS (CONTINUED)

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate. As of September 30, 2015 and 2014 it was 6.79%. The employer contribution rate is set by the Retirement Board and was 11.32% of covered compensation. The City's contributions were \$1,906,431 and \$1,772,150 for the years ended September 30, 2015 and 2014.

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

At September 30, 2015, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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 July 1, 2015, the City's proportion was .6012650 percent.

For the year ended September 30, 2015, the City recognized pension expense of \$1,577,788. At September 30, 2015, 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	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 949,160	\$ (949,160)
Changes in assumptions or other inputs	288,350	-	288,350
Net difference between projected and actual earnings on pension plan investments	2,913,927	4,157,858	(1,243,931)
Changes in the District's proportion and differences between the District's contributions and the District's proportionate contributions	395,110	-	395,110
District's contributions subsequent to the measurement date	478,248	-	478,248
Total	<u>\$ 4,075,635</u>	<u>\$ 5,107,018</u>	<u>\$ (1,031,383)</u>

\$478,248 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, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2014 the beginning of the measurement period ended June 30, 2015 is 5.5 years.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 13: PENSION PLANS (CONTINUED)

PERSI BASE PLAN (continued)

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:

<u>Year ended June 30:</u>	
2016	(812,187)
2017	(812,187)
2018	(812,187)
2019	589,505
2020	(57,684)

Actuarial Assumptions

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

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

Inflation	3.25%
Salary increases	4.25% - 10.00%
Salary inflation	3.75%
Investment rate of return	7.10% Net of pension plan investment expenses
Cost-of-living 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 in 2012 for the period July 1, 2007 through September 30, 2011 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through September 30, 2013. The Total Pension Liability as of June 30, 2015 is based on the results of an actuarial valuation date of July 1, 2015.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 13: PENSION PLANS (CONTINUED)

PERSI BASE PLAN (continued)

Actuarial Assumptions (continued)

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

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

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

Asset Class	Index	Target Allocation	Term Expected Real Rate of Return
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI ACWI ex USA	15.00%	7.55%
*Arithmetic return			
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Long-Term Expected Geometric Rate of Return			7.50%
Assumed Investment Expenses			0.40%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			7.10%

Discount Rate

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 13: PENSION PLANS (CONTINUED)

PERSI BASE PLAN (continued)

Discount Rate (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 7.10 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 (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
City's proportionate share of the net pension liability (asset)			
Total Plan	\$ 19,284,597	\$ 7,917,682	\$ (1,532,400)

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.

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.

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.

Employee membership data related to the PERSI FRFPlan as of June 30, 2015 was as follows:	
Retirees and beneficiaries currently receiving benefits	535
Terminated employees entitled to but not yet receiving benefits	-
Active plan members	<u>2</u>
	<u>537</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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.

The total FRF employer contribution rate through December 31, 2014 was 37.55%. This includes the employer excess rate of 25.89% plus the PERSI class 2 firefighters rate of 11.66%. As of January 1, 2015 the total employer rate was reduced to 25.31% which includes the lower employer excess rate of 13.65% plus the PERSI class 2 firefighters' rate of 11.66%. The FRF member rate for the year for class B is 11.45% which is 3.09% above the class 2 rate of 8.36%. The City's contributions were \$570,299 and \$788,108 for the years ended September 30, 2015 and 2014, respectively.

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

At September 30, 2015, the City reported an asset for its proportionate share of the net pension asset. The net pension asset was measured as of July 1, 2015, and the total pension asset 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 July 1, 2015, the City's proportion was 7.3707911 percent.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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)

For the year ended September 30, 2015, the City recognized pension expense (revenue) of (\$1,977,405). At September 30, 2015, 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	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ -
Changes in assumptions or other inputs	-	-	-
Net difference between projected and actual earnings on pension plan investments	904,682	1,299,037	(394,355)
Changes in the District's proportion and differences between the District's contributions and the District's proportionate contributions	-	-	-
District's contributions subsequent to the measurement date	192,382	-	192,382
Total	<u>\$ 1,097,064</u>	<u>\$ 1,299,037</u>	<u>\$ (201,973)</u>

\$192,382 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, 2016.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2014 the beginning of the measurement period ended June 30, 2015 is 1 year.

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:

<u>Year ended June 30:</u>	
2016	(206,842)
2017	(206,842)
2018	(206,842)
2019	226,171
2020	-

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.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 13: PENSION PLANS (CONTINUED)

PERSI FRF PENSION PLAN (continued)

Actuarial Assumptions (continued)

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

Inflation	3.25%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.10% Net of pension plan investment expenses
Cost-of-living adjustments	1.00%

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

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

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

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 13: PENSION PLANS (CONTINUED)

PERSI FRF PENSION PLAN (continued)

Actuarial Assumptions (continued)

Asset Class	Index	Target Allocation	Long-term Expected Real Rate of Return
Core Fixed Income	Barclays Aggregate	30.00%	0.80%
Broad US Equities	Russell 3000	55.00%	6.90%
Developed Foreign Equities	MSCI ACWI ex USA	15.00%	7.55%
*Arithmetic return			
Actuarial Assumptions			
Assumed Inflation - Mean			3.25%
Assumed Inflation - Standard Deviation			2.00%
Portfolio Arithmetic Mean Return			8.42%
Portfolio Long-Term Expected Geometric Rate of Return			7.50%
Assumed Investment Expenses			0.40%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			7.10%

Discount Rate

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

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
City's proportionate share of the net pension liability (asset)			
Total Plan	\$ 1,539,889	\$ 3,981,015	\$ 6,038,680

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 13: PENSION PLANS (CONTINUED)

PERSI FRF PENSION PLAN (continued)

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.

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.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 13: PENSION PLANS (CONTINUED)

POLICE RETIREMENT FUND (continued)

Single-Employer Defined Benefit Pension Plan (Continued)

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

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

At September 30, 2015, the City reported a net pension liability of \$273,211 for the police retirement trust fund. The City recognized \$2,550 of pension expense and \$37,173 of deferred outflows of resources related to the police retirement pension plan. The deferred outflows were a result of the difference between projected and actual earnings on pension plan investments.

The investment return was 1.8% for 2015.

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, 2015. The City's contributions to the fund are set to amortize the fund's benefit liabilities over the period ending September 30, 2027. This represents a 30 year amortization of the fund's unfunded actuarial liability. The actuary recommends a minimum yearly contribution of \$152,000 to adequately satisfy future expected cash flow requirements. The fund's asset balance is not expected to decrease for at least the next ten years. These calculations are based on the actuarial assumptions, including annual post-retirement benefits increases of 3% and investment returns of 4.75%. Any adverse future experience of the fund will require an increase in the minimum recommended contribution of \$152,000.

There are no long-term contracts for contributions to the plan or any legally required reserves. Investments at year end included cash equivalents of \$111,020 and U.S. Government issues of \$1,288,564. 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 3.5%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5%) or 1-percentage-point higher (4.5%) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net pension liability (asset)			
Total Plan	\$ 389,470	\$ 273,211	\$ 170,446

City of Coeur d'Alene

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015**

NOTE 13: PENSION PLANS (CONTINUED)

POLICE RETIREMENT FUND (continued)

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 used to calculate the funding results are as follows:

- Long-Term Rate of Return: 4.60%
- 20-Year AAA Municipal Bond Rate: 3.14%
- Return on Assets: 4.50%
- Discount Rate - Pre- and post-retirement interest rates were assumed at 3.50% per year.
- Cost of Living Adjustments - Benefits has been assumed to increase at 3.0% per year.
- Expenses - No assumption of asset expenses were made.
- Mortality Rates - RP2000 Unisex Mortality Table.
- 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	2015	-	13	-	-	-	-

	Year	Asset (Gain)/Loss	Recognized Period	Amortized Amount	Amortization Balance	Deferred Outflows	Deferred Inflows
Asset (Gain)/Loss	2015	37,173	5	7,435	37,173	37,173	-

NOTE 14: POST EMPLOYMENT HEALTH PLANS

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 14: POST EMPLOYMENT HEALTH PLANS (CONTINUED)

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

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

Annual required contribution	152,213
Interest on net OPEB obligation	47,760
Adjustment to annual required contribution	(70,235)
Annual OPEB cost (expense)	129,738
Contributions made	(64,415)
Increase in net OPEB obligation	65,323
Net OPEB obligation - beginning of year	1,193,990
Net OPEB obligation - end of year	1,259,313

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, and the five preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Contribution as Percentage of OPEB Cost	Net OPEB Obligation
9/30/2010	528,802	3.69%	509,309
9/30/2011	558,194	5.58%	1,036,330
9/30/2012	113,074	15.38%	1,132,008
9/30/2013	115,349	64.87%	1,172,532
9/30/2014	128,798	83.34%	1,193,900
9/30/2015	129,738	49.65%	1,259,313
9/30/2016	135,301	37.94%	1,343,278

Funded Status and Funding Progress – As of September 30, 2015, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$1,039,316 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,039,316.

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 14: POST EMPLOYMENT HEALTH PLANS (CONCLUDED)

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

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

In the September 30, 2015, actuarial valuation, the most recent actuarial valuation date, the Projected Unit Credit (PUC) actuarial cost method was used. The actuarial assumptions used to calculate the funding results are as follows:

Investment Return (Interest Rate) – Pre- and post-retirement interest rates were assumed at 4.00% per year.

- Medical Inflation Rate – Medical cap of \$500 per month will increase at a rate of 10% reduced by .5% per year until a level 5%.
- Expenses – No assumption of asset expenses were made.
- Mortality Rates – RP2000 Unisex Mortality Table.
- Turnover Rates – T2 Turnover Table.
- Disability Rates – None assumed.
- Retirement Rates – Retirement date will occur when an employee becomes eligible under the rule of 80 or 90 but not before age 55.
- Spouse – Assume same age as employee and married at time of retirement.
- Utilization Probability – 20% of retired employees will be eligible for the plan's benefits upon the City Council's discretion.
- Probability of re-employment after retirement – None.
- Actuarial Value of Assets – Same as market value of assets.
- Gains/losses are amortized using a closed level dollar method over a period of 15 years.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 15: PRIOR PERIOD ADJUSTMENT – CHANGE IN ACCOUNTING PRINCIPLE

Effective October 1, 2014, the City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions, which improves information provided by local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

As a result of implementing GASB Statement No. 68, the City has restated the beginning net position in the statement of activities, effectively decreasing net position as of October 1, 2014 by \$9,296,072 in total, \$7,719,747 related to governmental activities and \$1,576,325 related to business-type activities. The decrease is a result of recognizing the net pension liability of \$4,253,969 and net deferred inflows of resources of \$5,042,103 at September 30, 2014.

NOTE 16: COMPONENT UNIT DISCLOSURES

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

Agency Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a written 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 \$10,391,041 and the bank balance is \$10,394,620. As of September 30, 2015, the Agency's bank balance was not exposed to custodial credit risk. Details are as follows:

Amount insured by FDIC	<u>\$10,394,620</u>
------------------------	---------------------

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

State statutes authorize the Agency's investments. The Agency is authorized to invest in 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, and government pool and money market funds consisting of any of these securities.

City of Coeur d'Alene

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015**

NOTE 16: COMPONENT UNIT DISCLOSURES (CONTINUED)

Capital Assets

Activity for ignite cda's capital assets for the fiscal year ended September 30, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,946,918	\$ 728,193	\$ 75,248	\$ 3,599,863
Total Capital assets not being depreciated	<u>2,946,918</u>	<u>728,193</u>	<u>75,248</u>	<u>3,599,863</u>
Capital assets being depreciated:				
Buildings and sites	2,184,718	-	84,853	2,099,865
Total capital assets being depreciated	<u>2,184,718</u>	<u>-</u>	<u>84,853</u>	<u>2,099,865</u>
Less accumulated depreciation for:				
Buildings and sites	555,816	53,439	29,167	580,088
Total accumulated depreciation	<u>555,816</u>	<u>53,439</u>	<u>29,167</u>	<u>580,088</u>
Total capital assets being depreciated, net	<u>1,628,902</u>	<u>(53,439)</u>	<u>55,686</u>	<u>1,519,777</u>
Governmental activities capital assets, net	<u>\$ 4,575,820</u>	<u>\$ 674,754</u>	<u>\$ 130,934</u>	<u>\$ 5,119,640</u>

During the fiscal year, \$53,439 in depreciation expense was charged to the property rental function.

Agency Notes Payable

Library Site:

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

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

On April 1, 2008, in lieu of remitting the balloon payment due, the Agency refinanced the balance through Washington Trust Bank. The total amount refinanced was \$752,047. Repayment terms are monthly payments due the first of each month, bearing interest at the rate of 4.00%. A balloon payment in the amount of \$555,676 is due April 1, 2013.

City of Coeur d'Alene

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015**

NOTE 16: COMPONENT UNIT DISCLOSURES (CONTINUED)

Agency Notes Payable (continued)

On April 1, 2013, in lieu of remitting the balloon payment due, the Agency refinanced the balance through Washington Trust Bank. The total amount refinanced was \$555,676. Repayment terms are monthly payments due the first of each month, bearing interest at the rate of 2.65%. The annual requirement to retire the debt is as follows:

<u>Fiscal year ending September 30,</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	2.65%	52,205	10,918	63,123
2017	2.65%	53,627	9,496	63,123
2018	2.65%	323,895	3,528	327,423
		<u>\$ 429,727</u>	<u>\$ 23,942</u>	<u>\$ 453,669</u>

516 N. Park Drive:

On March 30, 2005, the Agency entered into a contract to purchase property at 516 Park Dr. The total purchase price was \$170,000, of which \$25,500 was paid at closing. Repayment terms are: 60 monthly payments of \$812, including interest at 4.58%; 59 monthly payments of \$812, including interest at 3.88%; and a final payment on April 15, 2015. The debt was retired in the current fiscal year.

211 N. 4th Street:

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

301 E. Lakeside Avenue:

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

<u>Fiscal year ending September 30,</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	1.74%	413,408	4,620	418,028
		<u>\$ 413,408</u>	<u>\$ 4,620</u>	<u>\$ 418,028</u>

City of Coeur d'Alene

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015**

NOTE 16: COMPONENT UNIT DISCLOSURES (CONTINUED)

Agency Notes Payable (Continued)

712 E. Young Avenue:

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

<u>Fiscal year ending September 30,</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	1.64%	219,056	300	219,356
		<u>\$ 219,056</u>	<u>\$ 300</u>	<u>\$ 219,356</u>

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

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

<u>Fiscal year ending September 30,</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	4.64%	11,006	13,534	24,540
2017	4.64%	11,539	13,001	24,540
2018	4.64%	270,066	9,406	279,472
		<u>\$ 292,611</u>	<u>\$ 35,941</u>	<u>\$ 328,552</u>

Midtown:

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

City of Coeur d'Alene

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015**

NOTE 16: COMPONENT UNIT DISCLOSURES (CONTINUED)

Agency Notes Payable (Continued)

Bond Payable – Washington Trust:

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 City 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 City Revenue. The annual requirements to retire the debt are as follows:

<u>Fiscal year ending September 30,</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	3.26%	1,750,261	329,739	2,080,000
2017	3.26%	1,809,452	270,548	2,080,000
2018	3.26%	1,869,753	210,247	2,080,000
2019	3.26%	1,932,064	147,936	2,080,000
2020	3.26%	1,996,268	83,732	2,080,000
2021	3.26%	1,022,227	17,033	1,039,260
		<u>\$ 10,380,025</u>	<u>\$ 1,059,235</u>	<u>\$ 11,439,260</u>

The following is a summary of debt activity for the year ended September 30, 2015:

	<u>Beginning Balance</u>	<u>Principal Additions</u>	<u>Principal Payments</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Library Site	\$ 480,548	\$ -	\$ 50,821	\$ 429,727	\$ 63,123
516 N. Park Dr.	104,747	-	104,747	-	-
211 N. 4th Street	177,322	-	177,322	-	-
301 E. Lakeside Ave.	435,790	-	22,382	413,408	413,408
712 E. Young Ave.	239,090	-	20,034	219,056	219,056
839 N. 3rd St. & 845 N. 4th St.	303,109	-	10,498	292,611	24,540
Midtown	393,686	-	393,686	-	-
Bond Payable- Washington Trust	10,837,544	1,250,000	1,707,519	10,380,025	1,750,261
	<u>\$ 12,971,836</u>	<u>\$ 1,250,000</u>	<u>\$ 2,487,009</u>	<u>\$ 11,734,827</u>	<u>\$ 2,470,388</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, 2015

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 17,169,716	\$ 17,169,716	\$ 17,447,814	\$ 278,098
Licenses and permits	4,604,938	4,780,878	5,131,161	350,283
Intergovernmental	8,702,913	8,821,300	8,672,725	(148,575)
Charges for services	312,500	315,400	323,352	7,952
Fines and forfeits	377,450	377,450	337,712	(39,738)
Assessments collected	-	-	843,123	843,123
Investment (loss) earnings	21,000	6,500	14,463	7,963
Contributions	-	-	-	-
Miscellaneous	144,700	355,019	387,254	32,235
Total revenues	31,333,217	31,826,263	33,157,604	1,331,341
EXPENDITURES				
Current:				
General government	5,919,736	5,927,736	5,687,995	239,741
Public safety	20,377,905	19,663,654	18,629,149	1,034,505
Public works	3,993,559	5,266,772	4,981,013	285,759
Culture and recreation	2,547,285	2,570,085	2,517,829	52,256
Capital outlay	350,720	2,443,931	2,048,487	395,444
Debt service:				
Principal payments	-	37,737	37,737	-
Interest and fiscal agent fees	-	-	15,059	(15,059)
Total expenditures	33,189,205	35,909,915	33,917,269	1,992,646
(Deficiency) excess of revenues				
(under) over expenditures	(1,855,988)	(4,083,652)	(759,665)	3,323,987
OTHER FINANCING SOURCES (USES)				
Debt Issuance	-	719,075	6,238,075	5,519,000
Operating transfers in	1,844,023	1,844,023	1,816,876	(27,147)
Operating transfers out	(48,500)	(48,500)	(49,017)	(517)
Total other financing sources (uses)	1,795,523	2,514,598	8,005,934	5,491,336
Net change in fund balances	(60,465)	(1,569,054)	7,246,269	8,815,323
Fund balances - beginning of year	60,465	1,569,054	6,710,632	5,141,578
Fund balances - end of year	\$ -	\$ -	\$ 13,956,901	\$ 13,956,901

City of Coeur d'Alene

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION September 30, 2015

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 not amended during the year ended September 30, 2015.

City of Coeur d'Alene, Idaho

**REQUIRED SUPPLEMENTARY INFORMATION
POLICE RETIREMENT TRUST FUND
September 30, 2015**

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Actual Employer Contribution	Annual Required Contribution (ARC)	Percentage Of ARC Contribution
9/30/06	152,076	152,000	100.05%
9/30/07	150,639	152,000	99.10%
9/30/08	151,414	152,000	99.61%
9/30/09	150,261	152,000	98.86%
9/30/10	150,113	152,000	98.76%
9/30/11	156,501	152,000	102.96%
9/30/12	155,718	152,000	102.45%
9/30/13	155,087	152,000	102.03%
9/30/14	154,349	152,000	101.55%
9/30/15	157,569	152,000	103.66%

SCHEDULE OF FUNDING PROGRESS

Valuation Date	Actuarial Value Of Assets	Actuarial Accrued Liabilities Entry Age	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAL as a Percentage Of Covered Payroll
9/30/2006	1,362,500	2,959,310	1,596,810	46.04%	\$0*	N/A
9/30/2007	1,349,423	2,789,756	1,440,333	48.37%	\$0*	N/A
9/30/2008	1,339,090	2,680,981	1,341,891	49.95%	\$0*	N/A
9/30/2009	1,369,447	2,337,405	967,958	58.59%	\$0*	N/A
9/30/2010	1,390,088	2,140,260	750,172	64.95%	\$0*	N/A
9/30/2011	1,397,640	2,196,862	799,222	63.62%	\$0*	N/A
9/30/2012	1,410,501	1,775,450	364,949	79.44%	\$0*	N/A
9/30/2013	1,383,636	1,729,671	346,035	79.99%	\$0*	N/A
9/30/2014	1,378,937	1,773,548	394,611	77.75%	\$0*	N/A
9/30/2015 **	1,398,468	1,671,680	273,212	83.66%	\$0*	N/A

*All members are retired

**Last year of valuation

City of Coeur d'Alene, Idaho

**REQUIRED SUPPLEMENTARY INFORMATION
POLICE RETIREMENT TRUST FUND
September 30, 2015**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Total pension liability

Service cost	\$ -
Interest cost	60,931
Changes in benefit terms	-
Experience (gain) loss	-
Changes of assumptions	-
Benefit payments	<u>(161,123)</u>
Net change in total pension liability	(100,192)
Total pension liability - beginning of year	<u>1,773,548</u>
Total pension liability - end of year	<u><u>\$ 1,673,356</u></u>

Plan fiduciary net position

Contributions - employer	\$ 157,569
Net investment income	29,401
Benefit payments	(161,123)
Administrative expense	(5,448)
Other	<u>-</u>
Net change in fiduciary net position	20,399
Plan fiduciary net position - beginning of year	<u>1,379,746</u>
Plan fiduciary net position - end of year	<u><u>1,400,145</u></u>

Net pension liability	<u><u>273,211</u></u>
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Plan fiduciary net position as a % of total pension liability	83.67%
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Covered payroll	\$ -
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Net pension liability as a % of covered employee payroll	N/A
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City of Coeur d'Alene

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

	<u>9/30/2015</u>
City of Coeur d'Alene's net pension liability percentage	100%
City of Coeur d'Alene's net pension liability	\$ 273,211
City of Coeur d'Alene's total pension liability	\$ 1,673,356
City of Coeur d'Alene's fiduciary net position	\$ 1,400,145
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
Plan fiduciary net position as a percentage of the total pension liability	83.67%

* 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, 2015 (measurement date)

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

	<u>9/30/2015</u>
City contributions	\$ 157,569
City's actuarially determined contributions	\$ 152,000
Difference between the actuarially determined contribution and the actual contribution	\$ 5,569
City's covered-employee payroll	\$ -
Contributions as a percentage of covered-employee payroll	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, 2015 (measurement date)

City of Coeur d'Alene, Idaho

**SCHEDULE OF FUNDING PROGRESS FOR
POST-EMPLOYMENT BENEFIT PLANS
September 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) /c)
September 30, 2009	\$ -	\$ 3,329,330	\$ 3,329,330	0%	\$ -	N/A
September 30, 2010	\$ -	\$ 3,642,711	\$ 3,642,711	0%	\$ -	N/A
September 30, 2011	\$ -	\$ 739,874	\$ 739,874	0%	\$ -	N/A
September 30, 2012	\$ -	\$ 775,830	\$ 775,830	0%	\$ -	N/A
September 30, 2013	\$ -	\$ 977,982	\$ 977,982	0%	\$ -	N/A
September 30, 2014	\$ -	\$ 956,292	\$ 956,292	0%	\$ -	N/A
September 30, 2015	\$ -	\$ 1,039,316	\$ 1,039,316	0%	\$ -	N/A

City of Coeur d'Alene

SCHEDULE OF CITY'S SHARE OF NET PENSION LIABILITY

PERSI - Base Plan

Last 10 - Fiscal Years *

	<u>9/30/2015</u>
City of Coeur d'Alene's portion of the net pension liability	0.6012650%
City of Coeur d'Alene's proportionate share of the net pension liability	\$ 7,917,682
City of Coeur d'Alene's covered-employee payroll	\$ 16,816,284
City of Coeur d'Alene's proportional share of the net pension liability as a percentage of its covered-employee payroll	47.08%
Plan fiduciary net position as a percentage of the total pension liability	91.38%

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

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

SCHEDULE OF CITY OF COEUR D'ALENE'S CONTRIBUTIONS

PERSI - Base Plan

Last 10 - Fiscal Years *

	<u>9/30/2015</u>
Statutorily required contribution	\$ 1,966,750
Contributions in relation to the statutorily required contribution	\$ (1,931,507)
Contribution (deficiency) excess	\$ 35,242
City's covered-employee payroll	\$ 16,816,284
Contributions as a percentage of covered-employee payroll	11.49%

* 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 July 1, 2015 (measurement date)

City of Coeur d'Alene

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

	<u>9/30/2015</u>
City of Coeur d'Alene's portion of the net pension asset	7.3707911%
City of Coeur d'Alene's proportionate share of the net pension asset	\$ 3,981,015
City of Coeur d'Alene's covered-employee payroll	\$ 4,759,755
City of Coeur d'Alene's proportional share of the net pension asset as a percentage of its covered-employee payroll	83.64%
Plan fiduciary net position as a percentage of the total pension asset	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 July 1, 2015 (measurement date)

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

	<u>9/30/2015</u>
Statutorily required contribution	\$ -
Contributions in relation to the statutorily required contribution	\$ (833,303)
Contribution (deficiency) excess	\$ (833,303)
City's covered-employee payroll	\$ 4,759,755
Contributions as a percentage of covered-employee payroll	17.51%

* 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 July 1, 2015 (measurement date)

FINANCIAL SECTION

OTHER SUPPLEMENTARY INFORMATION

City of Coeur d'Alene, Idaho

COMBINING BALANCE SHEET - BY FUND TYPE NONMAJOR GOVERNMENTAL FUNDS September 30, 2015

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,304,307	\$ 40,048	\$ 130,302	\$ 5,474,657
Investments	1,639,810	-	-	1,639,810
Receivables:				
Taxes delinquent	23,755	-	-	23,755
Accounts	18,259	-	8,770	27,029
Assessments:				
Delinquent	-	1,579	-	1,579
Deferred	-	534,755	-	534,755
Due from other governments	6,512	-	38,471	44,983
Due from other funds	150,000	-	62,000	212,000
Total assets	<u>\$ 7,142,643</u>	<u>\$ 576,382</u>	<u>\$ 239,543</u>	<u>\$ 7,958,568</u>
LIABILITIES				
Accounts payable	\$ 56,053	\$ -	\$ 3,482	\$ 59,535
Due to other funds	27,000	524,241	62,000	613,241
Deposits	-	2,546	-	2,546
Total liabilities	<u>83,053</u>	<u>526,787</u>	<u>65,482</u>	<u>675,322</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue- property taxes	23,755	-	-	23,755
Unavailable revenue- special assessments	-	89,332	-	89,332
Total deferred inflows of resources	<u>23,755</u>	<u>89,332</u>	<u>-</u>	<u>113,087</u>
FUND BALANCES (DEFICITS)				
Restricted	4,006,951	37,502	-	4,044,453
Committed	2,993,087	-	-	2,993,087
Assigned	52,834	-	191,719	244,553
Unassigned	(17,037)	(77,239)	(17,658)	(111,934)
Total fund balances (deficits)	<u>7,035,835</u>	<u>(39,737)</u>	<u>174,061</u>	<u>7,170,159</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 7,142,643</u>	<u>\$ 576,382</u>	<u>\$ 239,543</u>	<u>\$ 7,958,568</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, 2015

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 1,663,546	\$ -	\$ -	\$ 1,663,546
Intergovernmental	31,587	-	2,384,606	2,416,193
Charges for services	1,076,699	-	-	1,076,699
Fines and forfeits	18,550	-	-	18,550
Assessments collected	-	65,396	-	65,396
Investment (loss) earnings	(7,892)	-	-	(7,892)
Interest	56,635	-	161	56,796
Contributions	-	-	3,763	3,763
Miscellaneous	197,642	-	-	197,642
Penalty and interest	-	502	-	502
Total revenues	<u>3,036,767</u>	<u>65,898</u>	<u>2,388,530</u>	<u>5,491,195</u>
EXPENDITURES				
Current:				
General government	712,910	-	-	712,910
Culture and recreation	1,505,041	-	-	1,505,041
Administrative expenses	-	-	1,978,225	1,978,225
Capital outlay	343,128	-	747,203	1,090,331
Debt service:				
Principal payments	114,500	45,000	-	159,500
Interest, fees and other	-	5,016	-	5,016
Total expenditures	<u>2,675,579</u>	<u>50,016</u>	<u>2,725,428</u>	<u>5,451,023</u>
Excess (deficiency) of revenues over (under) expenditures	<u>361,188</u>	<u>15,882</u>	<u>(336,898)</u>	<u>40,172</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	494,716	57,082	298,000	849,798
Operating transfers out	(410,887)	(57,082)	-	(467,969)
Total other financing sources (uses)	<u>83,829</u>	<u>-</u>	<u>298,000</u>	<u>381,829</u>
Net change in fund balances	445,017	15,882	(38,898)	422,001
Fund balances (deficits) - beginning of year	6,590,818	(55,619)	212,959	6,748,158
Fund balances (deficits) - end of year	<u>\$ 7,035,835</u>	<u>\$ (39,737)</u>	<u>\$ 174,061</u>	<u>\$ 7,170,159</u>

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

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

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

Insurance Fund: To administer expenditures for insurance premiums and to account for property tax revenues levied for insurance premiums and to record transfers from other funds to meet the insurance needs of the City.

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

Impact Fees Fund: Developmental impact fees are charged on new construction. The revenue generated from these fees will be used for capital improvements for Parks, Police, Fire and Streets.

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

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.

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

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

Public Art Fund: To account for funds received from construction projects of the City of Coeur d'Alene and contributions from Lake City Development Corporation 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, 2015

	<u>Library</u>	<u>Cemetery</u>	<u>Insurance Fund</u>	<u>Annexation Fees</u>	<u>Impact Fees</u>
ASSETS					
Cash and cash equivalents	\$ 114,362	\$ 1,204	\$ 18,544	\$ 31,330	\$ 3,993,662
Investments	-	-		-	-
Receivables:					
Taxes delinquent	7,726	-	16,029	-	-
Accounts	-	18,259		-	-
Due from other governments	5,531		981	-	-
Due from other funds		-		-	-
Total assets	<u>\$ 127,619</u>	<u>\$ 19,463</u>	<u>\$ 35,554</u>	<u>\$ 31,330</u>	<u>\$ 3,993,662</u>
LIABILITIES					
Accounts payable	\$ 8,618	\$ 9,500	\$ 347	\$ -	\$ -
Due to other Funds	-	27,000	-	-	-
Total liabilities	<u>8,618</u>	<u>36,500</u>	<u>347</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue- property taxes	<u>7,726</u>	-	16,029	-	-
Total deferred inflows of resources	<u>7,726</u>	<u>-</u>	<u>16,029</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Restricted	-	-	-	-	3,993,662
Committed	111,275	-	-	-	-
Assigned	-	-	19,178	31,330	-
Unassigned	-	(17,037)	-	-	-
Total fund balances (deficits)	<u>111,275</u>	<u>(17,037)</u>	<u>19,178</u>	<u>31,330</u>	<u>3,993,662</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 127,619</u>	<u>\$ 19,463</u>	<u>\$ 35,554</u>	<u>\$ 31,330</u>	<u>\$ 3,993,662</u>

Parks Capital Improvements	Cemetery Perpetual Care	Reforestation	Art Commission	Jewett House	Public Art	Total Nonmajor Special Revenue Funds
\$ 128,515	\$ 103,368	\$ 241,102	\$ 2,326	\$ 36,092	\$ 633,802	\$5,304,307
-	1,639,810	-	-	-	-	1,639,810
-	-	-	-	-	-	23,755
-	-	-	-	-	-	18,259
-	-	-	-	-	-	6,512
150,000	-	-	-	-	-	150,000
<u>\$ 278,515</u>	<u>\$ 1,743,178</u>	<u>\$ 241,102</u>	<u>\$ 2,326</u>	<u>\$ 36,092</u>	<u>\$ 633,802</u>	<u>\$7,142,643</u>
\$ 5,742	\$ -	\$ 213	\$ -	\$ 22,803	\$ 8,830	\$ 56,053
-	-	-	-	-	-	27,000
<u>5,742</u>	<u>-</u>	<u>213</u>	<u>-</u>	<u>22,803</u>	<u>8,830</u>	<u>83,053</u>
-	-	-	-	-	-	23,755
-	-	-	-	-	-	23,755
-	-	-	-	13,289	-	4,006,951
272,773	1,743,178	240,889	-	-	624,972	2,993,087
-	-	-	2,326	-	-	52,834
-	-	-	-	-	-	(17,037)
<u>272,773</u>	<u>1,743,178</u>	<u>240,889</u>	<u>2,326</u>	<u>13,289</u>	<u>624,972</u>	<u>7,035,835</u>
<u>\$ 278,515</u>	<u>\$ 1,743,178</u>	<u>\$ 241,102</u>	<u>\$ 2,326</u>	<u>\$ 36,092</u>	<u>\$ 633,802</u>	<u>\$7,142,643</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, 2015

	<u>Library</u>	<u>Cemetery</u>	<u>Insurance Fund</u>	<u>Annexation Fees</u>	<u>Impact Fees</u>
REVENUES					
Taxes	\$ 1,318,394	\$ -	\$ 345,152	\$ -	\$ -
Intergovernmental	2,700	-	-	-	-
Charges for services	11,595	140,508	-	31,000	681,262
Fines and forfeits	18,550	-	-	-	-
Unrealized gain (loss) on investments	-	-	-	-	-
Interest	205	8	14	14	4,513
Miscellaneous	8,953	12,642	-	-	-
Total revenues	<u>1,360,397</u>	<u>153,158</u>	<u>345,166</u>	<u>31,014</u>	<u>685,775</u>
EXPENDITURES					
Current:					
General government	-	236,647	351,581	-	1,885
Culture and recreation	1,236,341	-	-	-	-
Capital outlay	132,197	39,585	-	-	-
Debt Service:					
Principal payments	-	-	-	-	-
Total expenditures	<u>1,368,538</u>	<u>276,232</u>	<u>351,581</u>	<u>-</u>	<u>1,885</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,141)</u>	<u>(123,074)</u>	<u>(6,415)</u>	<u>31,014</u>	<u>683,890</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	90,000	80,487	-	-
Operating transfers out	-	(23,769)	-	(117,000)	(175,500)
Total other financing sources (uses)	-	66,231	80,487	(117,000)	(175,500)
Net change in fund balances	(8,141)	(56,843)	74,072	(85,986)	508,390
Fund balances - beginning of year	119,416	39,806	(54,894)	117,316	3,485,272
Fund balances (deficits) - end of year	<u>\$ 111,275</u>	<u>\$ (17,037)</u>	<u>\$ 19,178</u>	<u>\$ 31,330</u>	<u>\$ 3,993,662</u>

Parks Capital Improvements	Cemetery Perpetual Care	Reforestation	Art Commission	Jewett House	Public Art	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,663,546
28,887	-	-	-	-	-	31,587
121,541	-	83,700	7,093	-	-	1,076,699
-	-	-	-	-	-	18,550
-	(7,892)	-	-	-	-	(7,892)
241	50,634	278	3	52	673	56,635
25,565	-	10,595	-	8,981	130,906	197,642
<u>176,234</u>	<u>42,742</u>	<u>94,573</u>	<u>7,096</u>	<u>9,033</u>	<u>131,579</u>	<u>3,036,767</u>
-	6,935	-	6,312	66,270	43,280	712,910
209,910	-	58,790	-	-	-	1,505,041
97,496	-	-	-	-	73,850	343,128
114,500	-	-	-	-	-	114,500
<u>421,906</u>	<u>6,935</u>	<u>58,790</u>	<u>6,312</u>	<u>66,270</u>	<u>117,130</u>	<u>2,675,579</u>
<u>(245,672)</u>	<u>35,807</u>	<u>35,783</u>	<u>784</u>	<u>(57,237)</u>	<u>14,449</u>	<u>361,188</u>
			-			
257,388	43,769	3,454	-	13,500	6,118	494,716
(4,618)	(90,000)	-	-	-	-	(410,887)
<u>252,770</u>	<u>(46,231)</u>	<u>3,454</u>	<u>-</u>	<u>13,500</u>	<u>6,118</u>	<u>83,829</u>
7,098	(10,424)	39,237	784	(43,737)	20,567	445,017
265,675	1,753,602	201,652	1,542	57,026	604,405	6,590,818
<u>\$ 272,773</u>	<u>\$ 1,743,178</u>	<u>\$ 240,889</u>	<u>\$ 2,326</u>	<u>\$ 13,289</u>	<u>\$ 624,972</u>	<u>\$ 7,035,835</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 #129/132: Accounts for the accumulation of resources from special assessment levies created for the purpose of installing sanitary sewers in Hoffman, Sleepy Hollow, Forest Park, Pinegrove Park and Sunrise Terrace Subdivisions in 1998.

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

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

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

LID #150: Accounts for the accumulation of resources from special assessment levies created for the purpose of acquisition, construction and installation of improvements to water and sewer mains on Government Way.

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.

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

City of Coeur d'Alene, Idaho

COMBINING BALANCE SHEET NONMAJOR DEBT SERVICE FUNDS September 30, 2015

	LID #129/132	LID #145	LID #149	LID #151	LID Guarantee Fund	Total Nonmajor Debt Service Funds
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 40,048	\$ 40,048
Receivables:						
Assessments						
Delinquent	-	28	1,551	-	-	1,579
Deferred	12,093	26,967	50,272	445,423	-	534,755
Total assets	<u>\$12,093</u>	<u>\$26,995</u>	<u>\$51,823</u>	<u>\$445,423</u>	<u>\$ 40,048</u>	<u>\$576,382</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Deposits	\$ -	\$ -	\$ -	\$ -	\$ 2,546	\$ 2,546
Due to other funds	-	26,995	51,823	445,423	-	524,241
Total liabilities	<u>-</u>	<u>26,995</u>	<u>51,823</u>	<u>445,423</u>	<u>2,546</u>	<u>526,787</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-special assessments	12,093	26,967	50,272	-	-	89,332
Total deferred inflows of resources	<u>12,093</u>	<u>26,967</u>	<u>50,272</u>	<u>-</u>	<u>-</u>	<u>89,332</u>
FUND BALANCES (DEFICITS)						
Restricted	-	-	-	-	37,502	37,502
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	(26,967)	(50,272)	-	-	(77,239)
Total fund balances (deficits)	<u>-</u>	<u>(26,967)</u>	<u>(50,272)</u>	<u>-</u>	<u>37,502</u>	<u>(39,737)</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$12,093</u>	<u>\$26,995</u>	<u>\$51,823</u>	<u>\$445,423</u>	<u>\$ 40,048</u>	<u>\$576,382</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, 2015**

	LID #129/132	LID #130 #135/136	LID #145	LID #149	LID #151	LID Guarantee Fund	Total Nonmajor Debt Service Funds
REVENUES							
Assessments collected	\$ 8,538	\$ -	\$ 26,989	\$ 9,592	\$ -	\$ 20,277	\$ 65,396
Penalty and interest	472	-	-	-	-	30	502
Total revenues	9,010	-	26,989	9,592	-	20,307	65,898
EXPENDITURES							
Bond principal	-	45,000	-	-	-	-	45,000
Interest, fees and other	-	3,375	-	-	1,641	-	5,016
Total expenditures	-	48,375	-	-	1,641	-	50,016
Excess (deficiency) of revenues over (under) expenditures	9,010	(48,375)	26,989	9,592	(1,641)	20,307	15,882
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	48,000	-	-	-	9,082	57,082
Operating transfers out	(9,013)	(69)	-	-	-	(48,000)	(57,082)
Total other financing sources (uses)	(9,013)	47,931	-	-	-	(38,918)	-
Net change in fund balances	(3)	(444)	26,989	9,592	(1,641)	(18,611)	15,882
Fund balances (deficits) - beginning of year	3	444	(53,956)	(59,864)	1,641	56,113	(55,619)
Fund balances (deficits) - end of year	\$ -	\$ -	\$ (26,967)	\$ (50,272)	\$ -	\$ 37,502	\$ (39,737)

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.

15th Street at Cherry Hill: To administer expenditures for the purpose of providing utilities and access to City owned property at Cherry Hill Park.

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

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

Front Street Project: To administer expenditures for the purpose of modifications to the City's right of way, previously Front Street, from 2nd to 3rd Street.

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

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

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

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

City of Coeur d'Alene, Idaho

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
September 30, 2015**

	Misc. Capital Projects	15th Street at Cherry Hill	Govt Way Hanley to Prairie	15th St Harrison to Best
ASSETS				
Cash and cash equivalents	\$ 15,388	\$ 13,370	\$ 583	\$ 14,359
Accounts Receivable	-	-	8,770	-
Due from other governments	-	-	38,471	-
Due from other funds	-	55,000	-	-
Total assets	<u>\$ 15,388</u>	<u>\$ 68,370</u>	<u>\$ 47,824</u>	<u>\$ 14,359</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 3,482	\$ -
Due to other funds	-	-	55,000	-
Total liabilities	<u>-</u>	<u>-</u>	<u>58,482</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Assigned	15,388	68,370	-	14,359
Unassigned	-	-	(10,658)	-
Total fund balances (deficits)	<u>15,388</u>	<u>68,370</u>	<u>(10,658)</u>	<u>14,359</u>
Total liabilities and fund balances (deficits)	<u>\$ 15,388</u>	<u>\$ 68,370</u>	<u>\$ 47,824</u>	<u>\$ 14,359</u>

Front Street Project	Kathleen Avenue Rewidening	Seltice Way Sidewalks	Seltice Way Design	Levee Certification	Total Capital Projects Funds
\$ -	\$ 50,000	\$ -	\$ 10,964	\$ 25,638	\$ 130,302
-	-	-	-	-	8,770
-	-	-	-	-	38,471
-	-	-	7,000	-	62,000
<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 17,964</u>	<u>\$ 25,638</u>	<u>\$ 239,543</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,482
-	-	7,000	-	-	62,000
-	-	7,000	-	-	65,482
-	50,000	-	17,964	25,638	191,719
-	-	(7,000)	-	-	(17,658)
-	50,000	(7,000)	17,964	25,638	174,061
<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 17,964</u>	<u>\$ 25,638</u>	<u>\$ 239,543</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, 2015

	Misc. Capital Projects	15th Street at Cherry Hill	Govt Way Hanley to Prairie	15th St Harrison to Best
REVENUES				
Contributions	\$ -	\$ -	\$ 3,763	\$ -
Intergovernmental	-	-	2,284,606	-
Investment income	-	-	161	-
Total revenues	-	-	2,288,530	-
EXPENDITURES				
Services and supplies	-	-	1,807,405	-
Capital outlay	-	-	576,364	9,650
Total expenditures	-	-	2,383,769	9,650
Excess (deficiency) of revenues over (under) expenditures	-	-	(95,239)	(9,650)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	80,000	-
Total other financing sources (uses)	-	-	80,000	-
Net change in fund balances	-	-	(15,239)	(9,650)
Fund balance (deficit) - beginning of year	\$ 15,388	\$ 68,370	4,581	24,009
Fund balance (deficit) - end of year	\$ 15,388	\$ 68,370	\$ (10,658)	\$ 14,359

Front Street Project	Kathleen Avenue Rwidening	Seltice Way Sidewalks	Seltice Way Design	Levee Certification	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,763
-	-	-	-	100,000	2,384,606
-	-	-	-	-	161
-	-	-	-	100,000	\$ 2,388,530
19,909	-	7,000	5,036	138,875	1,978,225
42,790	-	-	-	118,399	747,203
62,699	-	7,000	5,036	257,274	2,725,428
(62,699)	-	(7,000)	(5,036)	(157,274)	(336,898)
-	-	-	23,000	195,000	298,000
-	-	-	23,000	195,000	298,000
(62,699)	-	(7,000)	17,964	37,726	(38,898)
62,699	\$ 50,000	-	-	(12,088)	212,959
\$ -	\$ 50,000	\$ (7,000)	\$ 17,964	\$ 25,638	\$ 174,061

The enterprise funds are used to account for the City's wastewater property management, street lighting, public parking operations and storm-water 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 non-major enterprise fund.

Wastewater Property Management Fund: To account for funds being held for building maintenance expenses for the Harbor Center building, this 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.

Storm-water Management: 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, 2015

	Business-type Activities - Nonmajor Enterprise Funds				
	Wastewater Property Management	Street Lighting	Public Parking Lot	Stormwater Management	Total Nonmajor Enterprise Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 60,668	\$ 23,380	\$ 3,470	\$ 317,054	\$ 404,572
Receivables:					
Accounts, net of allowance for uncollectible accounts	-	47,625	469,098	98,279	615,002
Total current assets	60,668	71,005	472,568	415,333	1,019,574
Non-current assets:					
Capital assets:					
Land	-	-	122,264	-	122,264
Construction in Progress	-	-	-	-	-
Other capital assets, net of accumulated depreciation	-	190,463	7,606,363	4,760,680	12,557,506
Total non-current assets	-	190,463	7,728,627	4,760,680	12,679,770
Total assets	60,668	261,468	8,201,195	5,176,013	13,699,344
LIABILITIES					
Current liabilities:					
Accounts payable	-	61,615	690	21,394	83,699
Due to other Funds	-	-	430,000	-	430,000
Total current liabilities	-	61,615	430,690	21,394	513,699
Non-current liabilities:					
Compensated absences	-	-	-	22,275	22,275
Net pension liability	-	-	-	34,266	34,266
Total non-current liabilities	-	-	-	56,541	56,541
Total liabilities	-	61,615	430,690	77,935	570,240
DEFERRED INFLOWS OF RESOURCES					
Net deferred pension inflows	-	-	-	4,463	4,463
NET POSITION					
Net investment in capital assets	-	190,463	7,728,627	4,760,680	12,679,770
Unrestricted	60,668	9,390	41,878	332,935	444,871
Total net position	\$ 60,668	\$ 199,853	\$ 7,770,505	\$ 5,093,615	\$ 13,124,641

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, 2015

	Business-type Activities - Nonmajor Enterprise Funds				
	Wastewater Property Management	Street Lighting	Public Parking Lot	Stormwater Management	Total Nonmajor Enterprise Funds
OPERATING REVENUES					
Services	\$ -	\$ 514,896	\$ 289,250	\$ 1,021,976	\$ 1,826,122
OPERATING EXPENSES					
Administration	-	-	-	110,251	110,251
Maintenance	-	12,213	8,337	171,175	191,725
Supplies	-	-	-	1,875	1,875
Contracted services	-	587,360	52,003	4,958	644,321
Depreciation	-	26,398	450,973	259,789	737,160
Bad debt expense	-	352	-	708	1,060
Net pension expense (revenue)	-	-	-	6,828	6,828
Total operating expenses	-	626,323	511,313	555,584	1,686,392
Operating income (loss)	-	(111,427)	(222,063)	466,392	139,730
NONOPERATING REVENUES					
Investment income	-	74	-	431	505
Total nonoperating revenues	-	74	-	431	505
Income (loss) before contributions and transfers	-	(111,353)	(222,063)	466,823	140,235
Capital contributions	-	-	-	-	-
Operating transfers in		15,000		-	15,000
Operating transfers out		-	(227,684)	(107,730)	(335,414)
Change in net position		(96,353)	(449,747)	359,093	(180,179)
Total net position - beginning	60,668	296,206	8,220,252	4,774,753	13,351,879
Prior period adjustment	-	-	-	(40,231)	(40,231)
Total net position - ending	\$ 60,668	\$ 199,853	\$ 7,770,505	\$ 5,093,615	\$ 13,131,469

City of Coeur d'Alene, Idaho

COMBINING STATEMENT OF CASH FLOWS NONMAJOR PROPRIETARY FUND TYPES For the Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds				
	Waste- water Property Mgt	Street Lighting	Public Parking Lot	Storm- water Mgt	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ -	\$ 513,724	\$ 5,152	\$ 1,019,085	\$ 1,537,961
Payments to suppliers	-	(577,999)	225,313	(178,635)	(531,321)
Payments to employees	-	-	-	(105,645)	(105,645)
Net cash provided (used) by operating activities	-	(64,275)	230,465	734,805	900,995
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfers in	-	15,000	-	-	15,000
Operating transfers out	-	-	(227,684)	(107,730)	(335,414)
Net cash provided (used) by noncapital financing activities	-	15,000	(227,684)	(107,730)	(320,414)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital asset purchases	-	-	-	(552,428)	(552,428)
Net cash provided (used) by financing activities	-	-	-	(552,428)	(552,428)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	-	74	-	431	505
Net cash provided (used) by investing activities	-	74	-	431	505
Net increase (decrease) in cash and cash equivalents	-	(49,201)	2,781	75,078	28,658
Cash and cash equivalents, beginning of year	60,668	72,581	689	241,976	375,914
Cash and cash equivalents, end of year	<u>\$60,668</u>	<u>\$ 23,380</u>	<u>\$ 3,470</u>	<u>\$ 317,054</u>	<u>\$ 404,572</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ -	\$(111,427)	\$(222,063)	\$ 466,392	\$ 132,902
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
(Increase) decrease in assets:					
Depreciation	-	26,398	450,973	259,790	737,161
Accounts receivable	-	(1,172)	(284,098)	(2,891)	(288,161)
Increase (decrease) in liabilities:					
Accounts payable	-	21,926	653	11,404	33,983
Due to other funds	-	-	285,000	-	285,000
Compensated absences	-	-	-	1,612	1,612
(Decrease) increase in net pension liability	-	-	-	15,856	15,856
(Decrease) increase in deferred inflows of resources	-	-	-	(17,358)	(17,358)
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ (64,275)</u>	<u>\$ 230,465</u>	<u>\$ 734,805</u>	<u>\$ 900,995</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 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, 2015, 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 7, 2016.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

A handwritten signature in black ink that reads "Anderson Bros". The script is cursive and fluid.

Anderson Bros. CPA's, P.A.

March 7, 2016

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 OMB CIRCULAR A-133**

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 Circular A-133 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, 2015. 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 the requirements of laws, regulations, contract, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2015.

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 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Coeur d'Alene'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Anderson Bros., CPA's, P.A.
March 7, 2016

City of Coeur d'Alene, Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the year ended September 30, 2015

Program Title	Federal CFDA Number	Pass Through Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development:</u>			
<i>Direct programs:</i>			
CDBG Block Grants / Entitlement Grants	14.218		\$ 242,816
<u>U.S. Department of Justice</u>			
<i>Direct programs:</i>			
Bulletproof Vest Partnership Program	16.607		5,075
Edward Byrne Memorial Justice Assistance Grant Program	16.738		33,373
Subtotal direct			38,448
<i>Passed through the State of Idaho:</i>			
Missing Children's Assistance	16.543	826000176	5,613
Edward Byrne Memorial Justice Assistance Grant Program	16.738	826000176	7,392
Subtotal passed through the State of Idaho			13,005
Total U.S. Department of Justice			51,453
<u>U.S. Department of Transportation</u>			
<i>Passed through the State of Idaho:</i>			
Highway Planning and Construction	20.205	826000176	2,198,600
Federal Highway Administration	20.219	826000176	28,887
State and Community Highway Safety	20.600	826000176	6,352
National Priority Safety Program	20.616	826000176	16,048
Total U.S. Department of Transportation			2,249,887
<u>Environmental Protection Agency</u>			
<i>Passed through the State of Idaho:</i>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	826000176	525,334
<u>Institute of Museum and Library Services</u>			
<i>Passed through the State of Idaho:</i>			
Grants to States	45.310	826000176	2,700
<u>U.S. Department of Homeland Security</u>			
<i>Passed through the State of Idaho:</i>			
Homeland Security Grant Program	97.067	826000176	123,889
			\$ 3,196,079

City of Coeur d'Alene, Idaho

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the year ended September 30, 2015

NOTE 1: BASIS OF PRESENTATION

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Pass-through entity identifying numbers are presented where available.

City of Coeur d'Alene, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS September 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ 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: Unqualified

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

Identification of major programs:

CFDA Number(s)

20.205

Name of Federal Program or Cluster

Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

City of Coeur d'Alene, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS September 30, 2015

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.